

2015 Annual Report

For the year ended December 31, 2015

District of Lantzville

British Columbia, Canada



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District of Lantzville British Columbia

2015 Annual Report

Fiscal year ended December 31, 2015



This Annual Report has been prepared by the Finance and Administration
Departments

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Table of Contents

INTRODUCTORY INFORMATION	7
MESSAGE FROM THE MAYOR.....	9
2015 OFFICIALS	11
2015 ELECTED OFFICIALS.....	12
REPORT FROM THE DIRECTOR OF FINANCIAL SERVICES	14
STRATEGIC DIRECTION FOR 2016-2018.....	16
MUNICIPAL SERVICES AND OPERATIONS FOR 2015	16
DEPARTMENTAL REPORTS.....	17
FINANCIAL STATEMENTS	29
STATEMENT OF RESPONSIBILITY.....	31
INDEPENDENT AUDITORS' REPORT.....	32
STATEMENT OF FINANCIAL POSITION.....	34
STATEMENT OF OPERATIONS.....	35
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	36
STATEMENT OF CASH FLOWS	37
NOTES TO THE FINANCIAL STATEMENTS	38
SCHEDULE OF TANGIBLE CAPITAL ASSETS	50
SCHEDULE OF STATUTORY RESERVE FUNDS.....	51
SCHEDULE OF STATUTORY SEGMENT DISCLOSURES	52
STATISTICAL INFORMATION	55
TAXABLE ASSESSMENTS	56
TAX REVENUE BY PROPERTY CLASS	57
RESERVE FUND BALANCES.....	58
DEBENTURE DEBT	58
TAXES COLLECTED FOR OTHER AGENCIES	59
ACCUMULATED SURPLUS	59
TOP 10 PRINCIPAL CORPORATE TAXPAYERS.....	60
OTHER INFORMATION	61
2015 PERMISSIVE TAX EXEMPTIONS.....	62
DECLARATION OF DISQUALIFICATION FROM OFFICE	63

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INTRODUCTORY INFORMATION

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MESSAGE FROM THE MAYOR



As your Mayor it is my honour to report to you on the past activities and future directions of your municipal Council and staff. It is with great respect for the residents that I now report to you on the activities for 2015 and the outlook for the future.

In the period January through April the business of the District included Council establishing the strategic priorities for the next 4 years, approving the annual budget and 5 year financial plan as required by legislation and holding an evening Town Hall meeting to bring residents, Council, staff and developers together to discuss details and concerns regarding the Foothills development. This cooperative evening with the sharing of ideas and information was a great success with approximately 180 residents attending during the evening.

Unfortunately April and May, 2015 was the period when 3 senior staff members and 4 council members resigned from their positions. This resulted in the Ministry of Community, Sport and Cultural Development putting their trust in the remaining 3 Council members and staff to operate the municipality and fulfill the responsibilities to the residents of the District of Lantzville.

The remaining Council members took action by appointing an interim Chief Administrative Officer, Jim Dias and an interim Director of Financial Services, Doug Lang. With their assistance Council got back to business including calling by-election for August 8th, 2015, carrying on with the operations of the District as planned and began the recruitment of a new CAO. As your Mayor, I am very thankful for the willingness of Jim Dias and Doug Lang to step up and assist our community during an unprecedented period in Lantzville's history. Their knowledge and experience allowed both Council and staff to work smoothly through this transitional period.

A key point to note is the dedication and commitment of the remaining staff members. The services to the community such as water, sewer, fire protection, corporate administration, and park maintenance continued without interruption throughout this period. I thank all District staff for a job well done.

September 2015 began with a meeting held to swear in the new Council members. After another successful Minetown Day on September 12th and with a full complement of Council and staff the District quickly moved ahead with new initiatives including planning for well replacements and redevelopment, awarding paving contracts for community streets and directed staff to recruit for the communities first part-time Fire Chief.

While the events of 2015 were unusual in their nature and outcomes they also provided the opportunity for both renewal and new viewpoints on how our community is governed. The current combination of new and old, both in Council and staff provide a balance of both history and future focus that allows the individuals to work together in a constructive, progressive manner. This was a creation of strength through adversity.

In December 2015 Council held a Strategic Planning Session to acknowledge that a majority of Council was new and therefore had no input on the previously created plan. These Strategic Priorities provide both direction and focus for both Council and staff over the next few years.

With these actions, Council reaffirmed and committed to the District's Mission statement as well as set forth to accomplish the 2016-2018 Strategic Priorities Chart.

District of Lantzville Mission Statement:

"Provide efficient, effective and environmentally and economically sustainable services and good governance for the public while managing growth of the community and respecting Lantzville's diverse character and charm."

These priorities will guide the activities of your Council and the allocation of resources over the rest of this term. A vast majority of which have been moved forward to some degree just in the first 6 months of 2016 and I look forward to reporting to you on our successes in my next report.

In the meantime, the District Council, staff and volunteers will continue to work collaboratively to build the community that reflects the community values of Lantzville residents. You are invited to participate in this process through Town Hall meetings, Council meetings, meeting with individual Council members and staff or corresponding with the District through email or by letter. Keep abreast of the activities of the District by following us on Twitter (@DoLantzville) and Facebook.

Sincerely,



Colin Haime, Mayor

DISTRICT OF LANTZVILLE

2015 OFFICIALS

MAYOR

Colin Haime

COUNCILLORS

Bob Colclough	Denise Haime
John Coulson	Dot Neary
Will Geselbracht	Mark Swain

MUNICIPAL OFFICERS

Chief Administrative Officer	Brad McRae, M.A.
Director of Corporate Administration	Trudy Coates
Director of Financial Services	Jeannie Beauchamp, CPA, CGA, MBA

AUDITORS

KPMG LLP

BANKERS

Coastal Community Credit Union

SOLICITORS

Fulton & Company LLP

DISTRICT OF LANTZVILLE

2015 ELECTED OFFICIALS

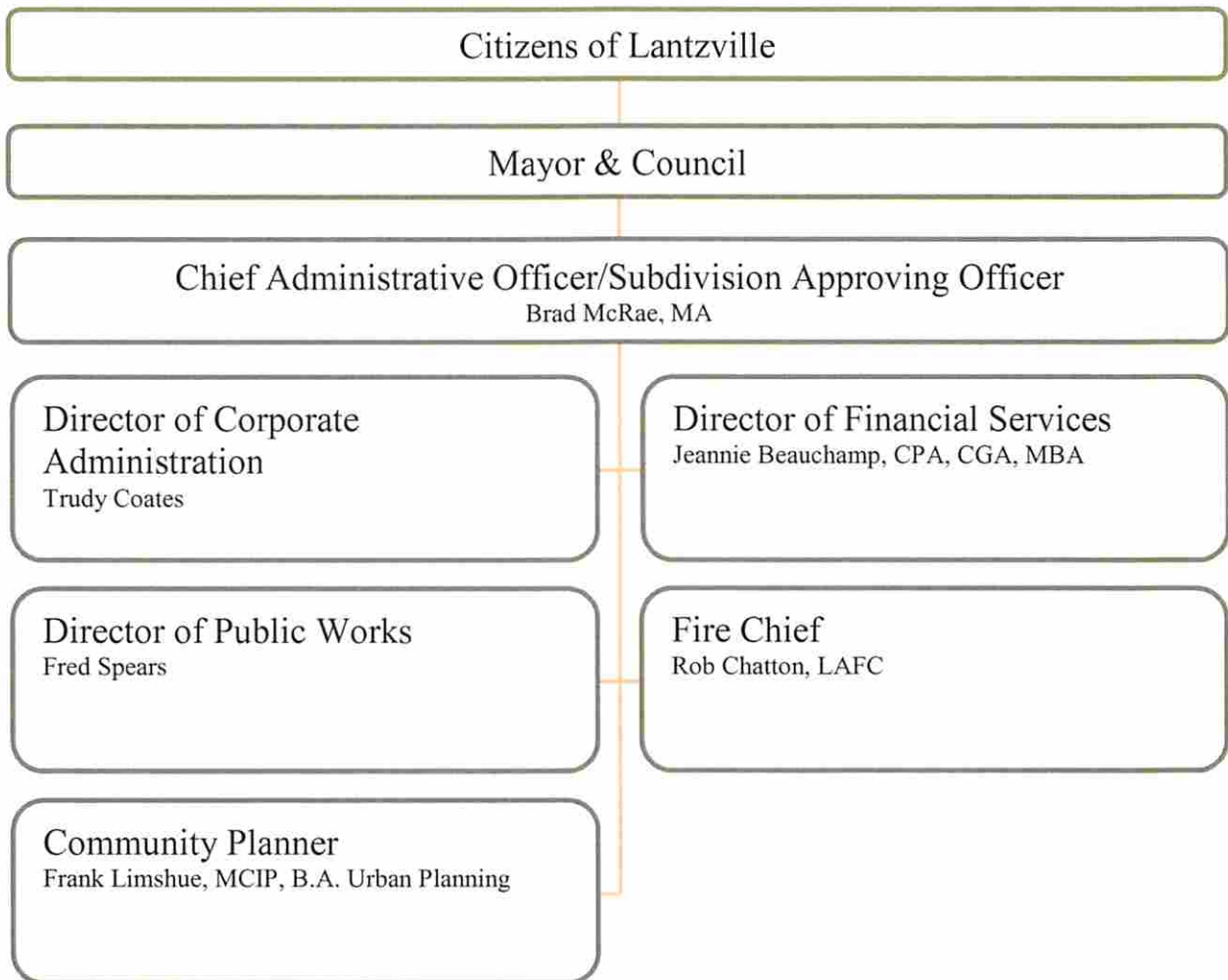
The Municipal Council is Lantzville's governing body. Lantzville's Municipal Council is comprised of a Mayor and six Councillors. Your 7-member Council is serving a term expiring in 2018. Under the *Community Charter*, their role is to provide good government; services its citizens need and want; stewardship for its public assets; and a positive economic, social and environmental climate. Council is responsible to set budgets, levy taxes, adopt bylaws, establish policies and make decisions that guide the growth, development and operation of the District of Lantzville. District staff are responsible for day-to-day operations, implementing Council decisions and policies, and providing advice to elected officials.

Council usually holds two meetings each month, which are open to the public. Meeting agendas and schedules are available from the Municipal Hall or on the Municipality's website at www.lantzville.ca.



Front row (left to right): Councillor Denise Haime, Mayor Colin Haime, Councillor Dot Neary
Back row (left to right): Councillor John Coulson, Councillor Mark Swain, Councillor Bob Colclough, Councillor Will Geselbracht

DISTRICT OF LANTZVILLE
ORGANIZATIONAL STRUCTURE





District of Lantzville

Incorporated June 2003

REPORT FROM THE DIRECTOR OF FINANCIAL SERVICES

June 2016

Mayor and Council
District of Lantzville

Your Worship and Members of Council,

I am pleased to present the District of Lantzville's 2015 Annual Financial Report for the fiscal year ended December 31, 2015, as required by Sections 98 of the *Community Charter*.

This report includes the auditor's report, the 2015 financial statements, and supplementary information for the District of Lantzville.

The financial statements for the year ended December 31, 2015 were prepared by District staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, and have been applied on a basis consistent with that of the preceding year.

The District maintains a system of internal accounting controls designed to safeguard the assets of the District and to provide reliable financial information. We confirm and test these systems on a cyclical basis by contracted audit services.

The audit firm KPMG LLP was appointed by Council and is responsible for expressing an opinion as to whether the consolidated financial statements fairly present the financial position of the District of Lantzville and the results of its 2015 operations.

The 2015 audited financial statements were presented to and approved by Council.

As at December 31, 2015, the District had an accumulated surplus of \$38.5 million, an increase of \$0.5 million for the year. This is largely comprised of net investments in tangible capital assets (\$32.2 million), which includes land, park infrastructure, buildings, roads, and utility assets. The District currently holds no debenture debt. The reserves remained stable at \$3.3 million. Capital expenditures for the year decreased by \$0.1 million to \$0.9 million including \$0.3 million for a new fire truck, \$0.3 million for water infrastructure upgrades, \$0.2 million for road upgrades and \$0.1 million for culvert upgrades.

Revenues from general operations increased by \$0.2 million and were mainly comprised of an increase in grants, driven by the Strategic Communities Investment Fund Grant. Expenses remain comparable to the prior year.

Respectfully,



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

STRATEGIC PRIORITIES FOR 2016-2018

The District of Lantzville conducts a comprehensive annual planning process which begins with strategic direction from Council. This is followed by a joint review by both Council and senior staff, which focuses on the nature and extent of the services that the District will provide to its residents. Based on this framework, a five year financial plan is developed. The five year financial plan includes the costs of ongoing operations, strategic projects and planned capital expenditure projects to provide the necessary infrastructure for the proposed services. Specific to this year, as a by-election was held in 2015; a revised Strategic Plan was developed and is reflected within this report.

Strategic Priorities

Council recognizes the importance of planning for the future and continues to conduct strategic planning sessions as a means of identifying and establishing priorities, goals and objectives in response to issues identified by both residents of the community and Council. Council's priorities, as identified at its strategic planning sessions held in December 2015 are as follows:

- Water Agreement: *Revision and submission to Nanaimo*
- Communication, Engagement, and Transparency: *Development of supportive policies*
- Economic Development Strategy: *Develop long term sustainable economic growth map*
- Official Community Plan: *Develop new OCP*
- First Nations Relationship Building: *Establishment of working relations with neighbouring community*
- Village Core Plan: *Review, revise and implement plan*

MUNICIPAL SERVICES AND OPERATIONS FOR 2015

OVERVIEW OF SERVICES

1. General Government

- Administration
- Corporate Services
- Financial Services

2. Protective Services

- Fire suppression, prevention, and rescue
- Emergency Preparation
- Fire Bylaw Enforcement

3. Community Planning

- Development planning
- Land development
- Subdivision approval

4. Public Works

- Transportation services (roads and drainage)
- Waterworks
- Sewer collection
- Parks and trails

In 2015, the District of Lantzville continued to contract the following services from the Regional District of Nanaimo:

- Building inspection
- Bylaw enforcement
- Animal control
- GIS, mapping
- Emergency planning

The contracting of these services is reviewed on a yearly basis to ensure best value for service.

DEPARTMENTAL REPORTS

1. GENERAL GOVERNMENT

a. ADMINISTRATION

The Chief Administrative Officer (CAO) is responsible for the overall administration on specific Council objectives as well as overall supervision of operations of the municipality. The current Chief Administrative Officer also holds the powers of the Statutory Approving Officer. Duties of the office include:

- Being a support for Mayor and Council in providing clear, factual, non-biased information so that Council can make good decisions
- Implementing corporate policies
- Providing support and direction to senior staff in the day to day operations of the municipality
- Supporting Councils strategic objectives
- Fostering both a positive work environment and displaying a commitment to community

In addition to the management staff, the District has two full-time and one part-time staff at the District office who assist with administration and financial services.

Progress on 2015 Objectives

Development Cost Charge Bylaw update: *Ongoing.* Current Council reviewing draft DCC policy and Bylaw in June/July 2016

Costin Hall seismic and structural upgrades: *Incomplete.* Dependent on Council direction as it is unknown what the plans are for the building.

Heritage Church assessment: *Completed.*

DCC Bylaw update: *Ongoing.* This project is dependent on finalization of the interconnection of the water system with the City of Nanaimo.

Development of a draft communications and engagement policy: *Completed.* Draft and final policy completed as of June 2016.

Objectives for 2016

Council has set forth a list of objectives for 2016, including but not limited to:

- Support and facilitate the creation of a new Official Community Plan
- Finalize the Development Cost Charges Bylaw
- Develop and implement an Economic Development Strategy
- Improve Communications, Engagement, and Transparency with Lantzville residents
- Strengthen relationships with Snaw-Naw-As (Nanoose) First Nation
- Successfully amend the current Lantzville/Nanaimo Water Agreement
- Complete Village Core Plan
- Develop and complete Lantzville Water Master Plan

Performance Measures

- Degree of implementation of the above initiatives and projects
- Increase in current infrastructure
- Health of the organization as a whole
- Community participation and feedback

b. CORPORATE ADMINISTRATION

The Director of Corporate Administration is responsible for:

- statutory duties of the corporate officer per section 148 of the *Community Charter*, including keeping the corporate seal and accepting service of notices and documents on behalf of the corporation, and acting as the Signing Officer
- receiving and distributing correspondence, including referrals to Council and/or staff
- developing the agenda for Council and committee meetings, ensuring accurate minutes of Council and committees are prepared and actions are tracked
- preparing reports, bylaws, and policies for the CAO's and Council's consideration, and conducting research assignments and special projects

- providing procedural advice and administrative support to Council, committees and the Chief Administrative Officer
- the records management system including maintaining and safeguarding minutes, bylaws and other records, and providing public access to records
- communications such as the community newsletter, website, and publications, including publishing notices and advertisements, and assisting with special events and public relations
- administering oaths and taking affirmations, affidavits and declarations, and certifying copies of bylaws and other documents
- organizing and conducting the District's elections and referendums

In addition to the above, Corporate Administration continues to act as the Freedom of Information and Protection of Privacy Coordinator and Secretary to the Board of Variance, provides assistance with Human Resources functions, and liaises with the public, elected officials, advisory bodies, Provincial ministries, and other local governments.

Progress on 2015 Objectives

Facilitate 2015 by-election pursuant to legislation: *Completed.*

Review Procedure Bylaw and provide report to Council with recommendations for changes: *Ongoing.* Report submitted in November 2015, referred to 2016 for Council review of draft bylaw

Review and recommend to Council a review of other District bylaws for applicability and relevance: *Ongoing.* Review of bylaws and updates confirmed as priority for 2016-2018 in Strategic Priorities Chart

Objectives for 2016:

- Complete review with Council and implement draft Council Procedure Bylaw
- Update records management system
- Update policy index, review policies and provide recommendations
- Update bylaw index, review bylaws and provide recommendations
- Increase and improve corporate communications consistent with District policies on communication, engagement and transparency

Performance measures:

- Increased community feedback and involvement in District decision-making processes as a result of the various communication methods used by the District
- Adoption of updated or new bylaws and policies
- Updated records management system, with enhanced indexing, accessibility and safeguarding

c. FINANCIAL SERVICES

The Director of Financial Services is responsible for:

- statutory duties of the financial officer per section 149 of the *Community Charter*, including the following:
 - (a) receiving all money paid to the municipality;
 - (b) ensuring the keeping of all funds and securities of the municipality;
 - (c) investing municipal funds, until required, in authorized investments;
 - (d) expending municipal money in the manner authorized by the council;
 - (e) ensuring that accurate records and full accounts of the financial affairs of the municipality are prepared, maintained and kept safe;
 - (f) exercising control and supervision over all other financial affairs of the municipality.
- Preparing the 5 year financial plan
- Preparing the annual financial statements and other financial reporting
- Act as the District's Collector

Progress on 2015 Objectives

Adequate contributions to reserves: *Completed.* The District continued to contribute annually towards capital and operating reserve funds. A full review of the required contribution level will be conducted upon the completion of a long term capital plan.

Long term capital planning: *Ongoing.* Long term capital plans will be created in conjunction with the upcoming creation of an asset management plan.

Investments: *Completed.* The District continued to apply a conservative approach to the District's investments.

Objectives for 2016:

- Purchase and implementation of asset accounting and asset management software
- Conduct an in-depth review of finance systems
- Meet the requirements set out in the Public Sector Accounting Board section 3260 – Liability for Contaminated Sites

Performance measures:

- Degree of implementation of the above noted initiatives and projects
- Financial health of the organization

2. PROTECTIVE SERVICES

a. FIRE SUPPRESSION, PREVENTION, AND RESCUE

The Fire Chief is responsible for:

- Overall fire safety of the municipality
- Training and education for fire personnel
- Ensuring budgets and operations are managed responsibly
- Maintaining certifications and accreditations of fire personnel
- Fire inspections
- Public education on fire safety

In addition to the above, Protective Services is working to establish up-to-date financial and administrative procedures, and maintaining a positive, sound relationship with the community.

Progress on objectives for 2015:

Succession planning: *Ongoing.* Lantzville now has its first paid Part-Time Fire Chief which supported the retirement of the volunteer Fire Chief. Staff are developing clear guidelines to succession planning to support advancement.

Implementation of 2014 Fire Underwriters Survey (FUS) report recommendations:
Ongoing.

Continue fire inspections in accordance with the District's bylaw: *Ongoing.* This is part of general operations of the Fire Department.

Volunteer retention: *Ongoing.* Fire staff are looking at both retention both through incentives and training opportunities.

Ensure adequate training: *Ongoing.* Fire staff are developing training plans for membership on a regular basis.

Regular communications with members of the Department: *Ongoing.* Part of standard operational practice.

Objectives for 2016:

- **Revamp administrative procedures:** *initiated and ongoing.* With the addition of a new paid Part-Time Fire Chief, a thorough review is being undertaken to ensure the District is in compliance with Provincial legislative requirements.
- **Equipment inventory and Asset Management:** *initiated and ongoing.*
- **Playbook Fire Service Level:** *Summer 2016.* The Fire Department Playbook requires municipalities to set the level of service required for the community. This report will be presented to Mayor and Council shortly.

Performance measures:

- Increase presence in the public
- Identified cost savings presented during the 2017 budget cycle
- Setting of the Fire Service Level as per the Provincial Playbook

3. COMMUNITY PLANNING

a. DEVELOPMENT PLANNING

The primary role of the Planning Department is to provide the District with a planning program to promote the orderly and economic development of the community by adhering to the District's OCP, Zoning and Subdivision Bylaws. Until April 2013, the District provided this service through a planning consultant.

Progress on 2015 Objectives:

Council adoption of the Village Commercial Core Improvement Plan, and initiation of the detailed design for streetscape improvements: *Ongoing.* A draft plan was completed and approved by Council November 27, 2014. A subsequent public information meeting held on January 20, 2015. The document remained in draft form. It expected that much of the work will be used in the upcoming Official Community Plan Review.

Research and public engagement regarding the legalization of secondary suites: *Ongoing.* This work was delayed in 2015. It is expected that a portion of this work will flow through the Official Community Plan review process expected to commence in 2016. It should be noted, if community findings are favourable for secondary suites, legalization would be dependent on Lantzville's water capacities.

Council approval of land use bylaws (i.e. OCP, Zoning) when required: *Ongoing.* There were no amendments to existing land use bylaws in 2015.

Objectives for 2016:

- Council adoption of the Village Commercial Core Improvement Plan, and initiation of the detailed design for streetscape improvements
- Research and public engagement regarding the legalization of secondary suites
- Council consideration of a pesticides bylaw
- Council approval of land use bylaws (i.e. OCP, Zoning) when required

Performance Measures:

- Council approval of OCP revisions and amended zoning bylaws, after consultation with residents and other interested parties/stakeholders
- Applicant satisfaction with process
- Developer satisfaction with process

b. LAND DEVELOPMENT AND SUBDIVISION APPROVAL

The Approving Officer processes subdivision applications to ensure that all legislative requirements are met, District policies and bylaws are adhered to, and that development approval is coordinated among District departments and outside agencies.

Progress on 2015 Objectives:

Subdivision applications/approvals are done in a timely manner: *Ongoing.* There two applications received in 2015. One of these applications was for Phase 1A (31 lots) of the Foothills development.

Objectives for 2016:

- Subdivision applications/approvals are done in a timely manner
- Subdivision applications/approvals are given subject to legislation requirements and that adhere to District's low impact development standards
- Subdivision applications/approvals are given subject to application of the District's various applicable bylaws and policies

Performance Measures:

- Timely manner in which subdivision applications/approvals are processed
- Subdivisions are developed to the standards pursuant to District bylaws

4. ENGINEERING, PUBLIC WORKS & PARKS

The District has two full-time and one seasonal staff in this department which ensures the safe and efficient operation of the District's waterworks, the sanitary sewer collection systems, storm drainage systems, parks, municipal buildings, signage and other related facilities and equipment. In addition, a casual on-call employee provides services on an as-needed basis.

Transportation services (roads and drainage):

A municipality is responsible for maintaining local roads within its boundaries. The District contracts this service directly to Windley Contracting Ltd. The public works department provides some road maintenance services such as pothole repairs, signage and other minor road repair items.

Waterworks

The District supplies and distributes water for household use, commercial and fire suppression purposes to approximately 900 properties. The District is responsible for ensuring that the water it supplies meets strict drinking water quality guidelines. The District is also responsible for maintaining and improving the equipment and infrastructure related to this supply and distribution system.

Sewer Collection

The District provides sewer collection services for approximately 460 properties. The District is responsible for maintaining and improving the District-owned equipment and infrastructure related to this system within federal and provincial regulations.

Parks and Recreation

The District maintains various parks, playgrounds, and road ends within the District.

Progress on 2015 Objectives:

Application for Sewer Phase 3 Grant: *Ongoing.* Staff has made application for funding of Phase 3 of Sewer for Lantzville residents. Staff and Council have met with the Minister of Community, Sport and Cultural Development and have provided information on all facets of questions posed.

Progress on Municipal Water: *Ongoing.* Staff has prepared amendments to the current Lantzville/ Nanaimo Water Agreement to present to the City of Nanaimo Council. Staff have facilitated a Water Town Hall Meeting and have issued a Request for Proposal to develop a Water Master Plan.

Promote safe travel for vehicles, pedestrians and cyclists: *Ongoing.* The District carried out widening and grading of road shoulders throughout the community to ensure safe passage for pedestrian traffic. Also, painting of the roadway lines including pedestrian delineating lines was carried out in 2015.

Facilitate replacement of culvert under Phantom Road: *Ongoing.* The contract for the works identified in the Capital Plan as Phantom Road Culvert Replacement was awarded to Copcan Civil Ltd. on July 20, 2015. All works were completed on September 23, 2015 within budget.

Facilitate completion of road resurfacing projects in the 2015 Capital Plan, including Lavender Road and Lancrest Terrace: *Ongoing.* The contract for the 2015 Capital Plan Road Upgrades was awarded to Lafarge Canada Inc. on September 14, 2015 and included Lavender Road and Lancrest Terrace and was completed on time and within budget. The works identified as Lorenzen Lane and Tweedhope Road patching was not carried out in 2015 and has been identified as a carried forward capital expenditure in 2016.

Ensure the District operates its sanitary sewer collection system in accordance with Federal and Provincial Regulations: *Ongoing.* The District operated the Sanitary Sewer System within all Federal and Provincial Regulations. There was one connection to the sanitary sewer system in 2015.

Work with the Parks and Recreation Commission (PRC) to identify opportunities for trail improvements: *Ongoing.* The construction of a foot bridge over Knarston Creek was completed. A plan to build a Mountain Bike Skills Park was identified in 2015.

Upgrade playground equipment to Rotary Park: *Ongoing.* The replacement of the Rotary Park Playground Equipment has been postponed until 2016.

Objectives for 2016:

- Complete rehabilitation and exploration of Well systems
- Facilitate maintenance and replacement of storm sewers throughout the District
- Facilitate completion of road resurfacing projects in the 2016 Capital Plan, including Bayview Park Drive and patching of Tweedhope Road and Lorenzen Lane.
- Ensure the District operates its sanitary sewer collection system in accordance with federal and provincial regulations
- Successful completion of Sewer Phase 3 funding grant application

Performance Measures:

- Completion of capital and operating projects within the 2016 Financial Plan parameters
- Satisfactory results from ongoing water sampling procedures
- Reduction in water consumption, particularly in the peak summer months
- Increased number of low-flush toilet rebate monies returned to property owners

5. BUILDING INSPECTION

Building Inspectors enforce the Building Code and regulatory bylaws governing building, heating, plumbing, and zoning. The District contracts with the Regional District of Nanaimo to provide Building Inspection services to the residents of Lantzville. There were a total of 38 building permits issued, of which, only 4 permits were for new single-family dwellings. The estimated construction value was \$3.7 million.

Progress on 2015 Objectives:

Building permit applications/approvals are done in a timely manner: *Ongoing.* Building permits continue to be issued on a timely basis in accordance with regulatory and legislative requirements including District bylaws.

Building permits are issued subject to meeting B.C. Building Code requirements, District bylaws, and other regulations as applicable: *Ongoing.* Building permits were issued on a timely basis in accordance with B.C. Building Code requirements, District bylaws, and other regulations as applicable.

Objectives for 2016:

- Building permit applications/approvals are done in a timely manner
- Building permits are issued subject to meeting B.C. Building Code requirements, District bylaws, and other regulations as applicable

Performance Measures:

- Timely manner in which applications/approvals are processed

6. EMERGENCY MANAGEMENT

The District has contracted with the Regional District of Nanaimo for the provision of emergency preparedness, response and recovery services. This contractual arrangement has the Regional District of Nanaimo providing the District of Lantzville with an Emergency Program Coordinator (EPC) on a permanent basis, as well as access to two alternate EPC's in emergency circumstances.

Progress on 2015 Objectives:

- EPC's continuing attendance at various conferences/workshops and participation in the Mid-Island Emergency Program Coordinators Committee, Regional Community Recovery Working group (focus on recovery/resilience in the community), and BC Association of Emergency Managers.
- Ongoing recruitment, orientation and training of local ESS volunteers to ensure operational readiness.
- Ongoing establishment of Neighbourhood Emergency Preparedness (NEP) groups and participation in Minetown Day to promote public education and preparedness.
- Coordinate continuing emergency response training for District staff as needed.
- Coordinate emergency response training for elected officials, including presenting an Emergency Plan Overview at a Council Meeting.
- Participate in Emergency Preparedness Week in May 2015.
- Continue community communications and presentations regarding emergency preparedness

(NOTE: All of the above noted matters are in progress as they are yearly operational matters)

Objectives for 2016

- The 2015 Objectives are fluid and thus will be the 2016 objectives unless otherwise identified.

Performance Measures:

- Education and training that facilitates EPC, staff and Council competencies to effectively respond to and recover from an emergency or disaster
- Number of NEP and ESS volunteers recruited
- Emergency Response Centre is operational
- EOC supplies are current and emergency communications capacity is sufficient

7. BYLAW ENFORCEMENT

The District has a contractual arrangement with the Regional District of Nanaimo to provide bylaw enforcement services to Lantzville residents. A bylaw enforcement officer investigates complaints from residents relating to such matters as dangerous animal control, noise, and land use matters. The District's policy when dealing with enforcement issues are investigated upon complaint in addition to seeking voluntary compliance whenever possible.

Progress on objectives for 2015:

Reporting to Council at In-Camera meetings: *Completed.*

Performance Measures:

- Council receipt of bylaw enforcement reports
- Number of contraventions resolved on a voluntary basis

Objectives for 2016

- Review, adopt, rescind, and amend current bylaws as developed by staff
- Complete current compliance based enforcement case files

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FINANCIAL STATEMENTS



DISTRICT OF LANTZVILLE

Financial Statements

Year ended December 31, 2015

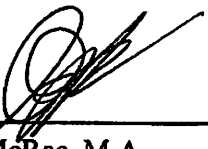
**DISTRICT OF LANTZVILLE
STATEMENT OF RESPONSIBILITY**

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.



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



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Canada
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Fax (250) 480-3539

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

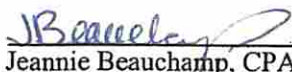
As at December 31, 2015 with comparative information for 2014

	2015	2014 (Note 2)
Financial assets:		
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
Financial liabilities:		
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
Net financial assets	6,246,547	6,008,620
Non-financial assets:		
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
Accumulated surplus (Note 8)	\$ 38,458,612	\$ 38,043,938

Commitments and contingent liabilities (Note 12)

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

Approved by:


 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)
Revenue:			
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
Total revenues	3,544,883	3,621,479	3,384,027
Expenses: (Note 11 and Schedules C)			
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
Total expenses	3,373,329	3,206,805	3,100,697
Annual surplus (deficit)	171,554	414,674	283,330
Accumulated surplus, beginning of year	38,043,938	38,043,938	37,760,608
Accumulated surplus, end of year	\$ 38,215,492	38,458,612	\$ 38,043,938

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)
Annual Surplus (deficit)	\$ 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)
Change in net financial assets	(452,766)	237,927	34,822
Net financial assets at beginning of year	6,008,620	6,008,620	5,973,798
Net financial assets at end of year	\$ 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)
Operating transactions:		
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
Financing transactions:		
Temporary investments	(1,009,280)	(11,705)
Capital transactions:		
Proceeds from sale of tangible capital assets	-	2,500
Acquisition of tangible capital assets	(903,567)	(1,007,920)
	(903,567)	(1,005,420)
Increase (decrease) in cash and cash equivalents	(348,153)	206,163
Cash and cash equivalents, beginning of year	6,233,742	6,027,579
Cash and cash equivalents, end of year	\$ 5,885,589	\$ 6,233,742

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

District of Lantzville



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:

Asset	Useful Life - Years
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.

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

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:

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

5. Employee future benefit obligations:

Employee benefit obligations represent accrued benefits as follows:

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

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:

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



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
	\$ 348,436	\$ 43,156	\$ 2,631	\$ -	\$ 394,223

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
	\$ 38,458,612	\$ 38,043,938

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	\$ 2,315,597	\$ 2,229,320

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

District of Lantzville



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
	\$ 472,695	\$ 296,323

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	\$ 171,554



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		
HISTORICAL COST:											
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
ACCUMULATED AMORTIZATION:											
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
NET BOOK VALUE	\$ 8,799,199	\$ 711,989	\$ 1,071,212	\$ 978,013	\$ 164,812	\$ 8,250,100	\$ 7,800,899	\$ 4,299,561	\$ 88,754	\$ 32,164,539	\$ 32,014,575

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
	GENERAL FUND						SEWER FUND		WATER FUND			
Opening balance	\$ 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)
Closing balance	\$ 26,338	\$ 1,187,600	\$ 640,031	\$ 130,723	\$ 278,892	\$ 36,343	\$ 206,356	\$ 646,933	\$ 129,243	\$ 3,282,459	\$ 2,824,171	\$ 3,274,579

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
REVENUE										
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
EXPENSES										
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
SURPLUS / (DEFICIT)	\$ 234,997	\$ (261,658)	\$ 12,268	\$ 661	\$ 38,783	\$ 54,203	\$ 116,596	\$ 218,824	\$ 414,674	\$ 171,554

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
REVENUE										
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
EXPENSES										
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
SURPLUS/(DEFICIT)	\$ 250,934	\$ (357,435)	\$ (35,966)	\$ 2,411	\$ 3,202	\$ 41,960	\$ 131,941	\$ 246,283	\$ 283,330	\$ 607,010

Schedule C - 2014

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STATISTICAL INFORMATION

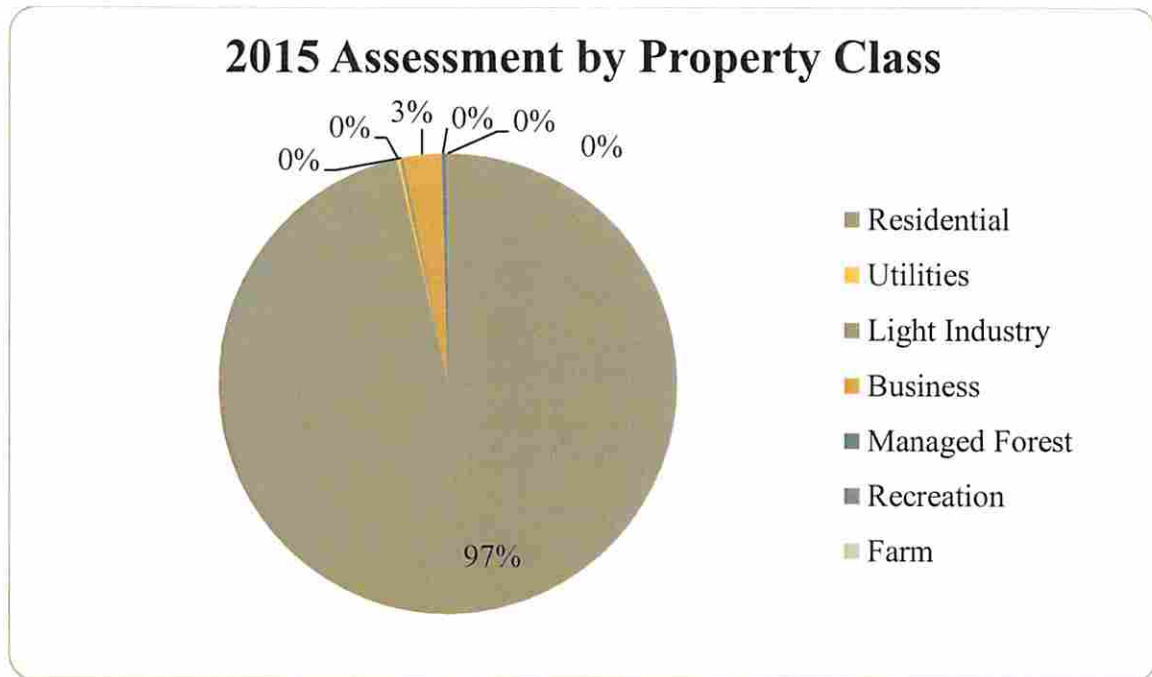
(UNAUDITED)

DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TAXABLE ASSESSMENTS OF LAND AND IMPROVEMENTS 2011-2015 (IN THOUSANDS)

Property Class	2011	2012	2013	2014	2015
Residential	719,821	713,803	674,822	682,914	682,719
Utilities	1,428	1,446	1,454	1,517	1,459
Light Industry	1,485	1,548	1,479	1,417	1,730
Business	20,479	19,759	18,780	18,812	19,084
Managed Forest	1,270	1,202	1,227	1,120	1,245
Recreation	1,746	1,632	1,627	1,684	1,748
Farm	111	110	105	106	101
	746,340	739,500	699,494	707,570	708,086

Source: BC Assessment

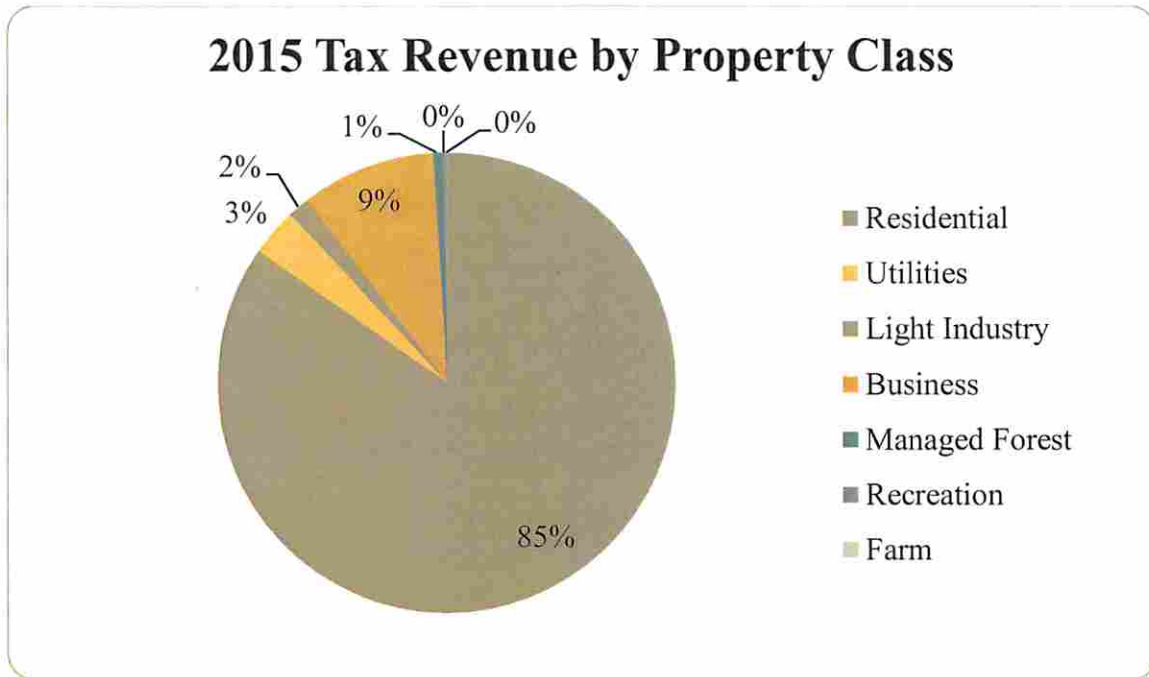


DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TAX REVENUE BY PROPERTY CLASS 2011-2015

Property Class	2011	2012	2013	2014	2015
Residential	1,179,787	1,209,182	1,239,175	1,282,377	1,315,053
Utilities	52,545	52,784	52,560	54,648	52,220
Light Industry	17,034	18,359	19,012	18,619	23,323
Business	134,257	133,888	137,944	141,302	147,040
Managed Forest	7,806	7,636	8,449	7,887	8,993
Recreation	5,008	4,838	5,228	5,532	5,892
Farm	236	241	251	259	254
	<u>1,396,672</u>	<u>1,426,927</u>	<u>1,462,620</u>	<u>1,510,624</u>	<u>1,552,774</u>

Source: District of Lantzville Finance Department

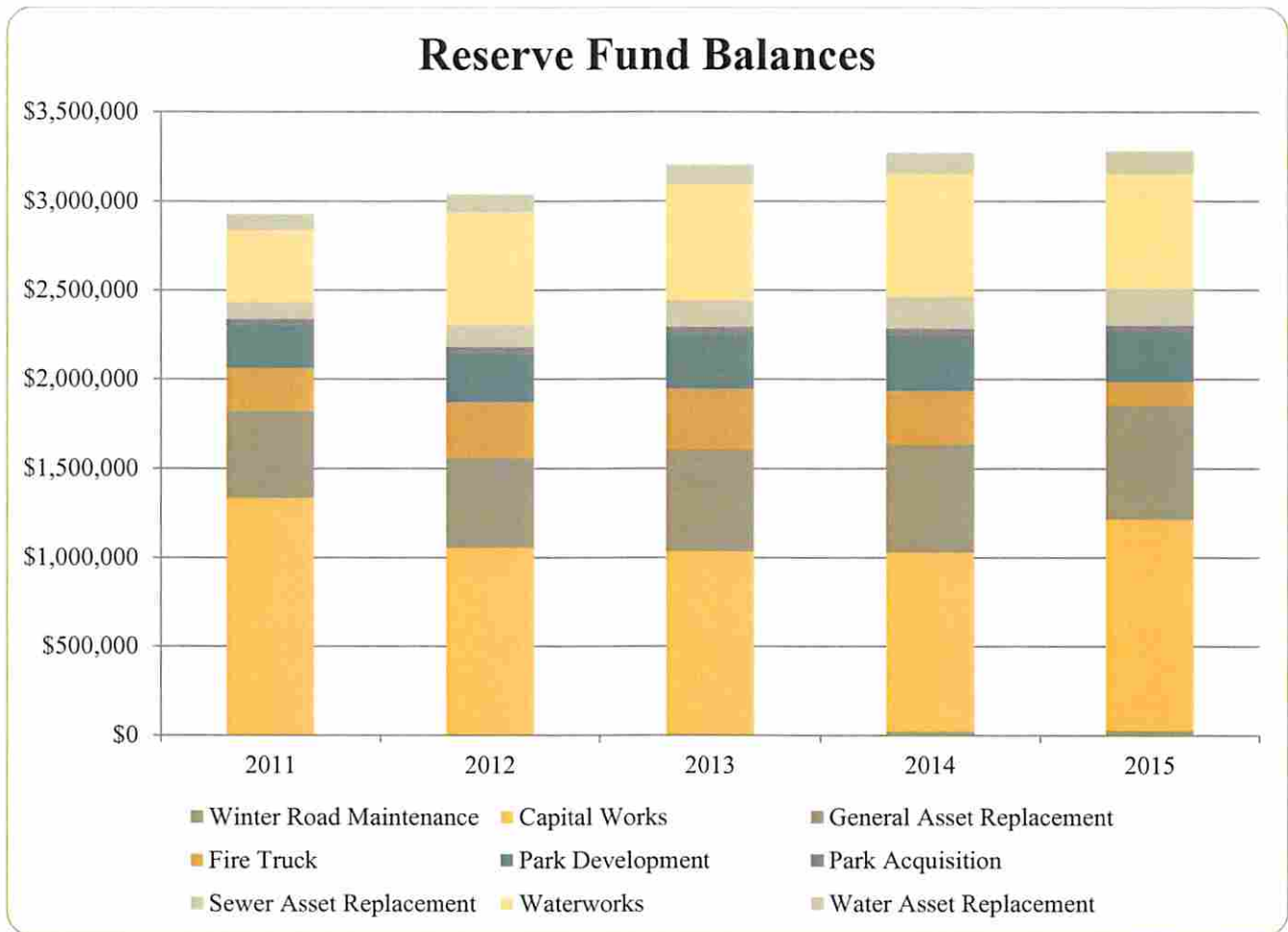


DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

RESERVE FUND BALANCES

	2011	2012	2013	2014	2015
Winter Road Maintenance	-	-	-	21,154	26,338
Capital Works	1,334,789	1,055,305	1,033,560	1,008,377	1,187,660
General Asset Replacement	485,169	499,517	571,085	605,180	640,031
Fire Truck	239,619	313,941	340,136	298,901	130,723
Park Development	241,579	273,727	310,298	313,091	278,892
Park Acquisition	35,124	35,446	35,761	36,083	36,343
Sewer Asset Replacement	97,275	124,285	151,507	178,988	206,356
Waterworks	402,630	635,360	650,750	692,727	646,933
Water Asset Replacement	92,321	101,504	110,744	120,078	129,243
	2,928,506	3,039,085	3,203,841	3,274,579	3,282,459

Source: District of Lantzville Finance Department



DEBENTURE DEBT

The District of Lantzville has not carried Debenture Debt during the prior five years

DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TAXES COLLECTED FOR OTHER AGENCIES

	2011	2012	2013	2014	2015
School	1,896,645	1,902,284	1,846,321	1,867,136	1,847,774
Regional Hospital	127,996	169,597	166,031	168,666	168,511
RDN	583,611	594,556	567,491	598,711	635,902
Policing	183,778	181,324	191,668	197,547	202,303
BC Assessment	51,029	48,850	47,095	48,025	46,457
MFA	158	157	148	150	150
	<u>2,845,228</u>	<u>2,898,780</u>	<u>2,820,767</u>	<u>2,882,249</u>	<u>2,903,112</u>

Source: District of Lantzville Finance Department

ACCUMULATED SURPLUS

	2011	2012	2013	2014	2015
Accumulated Surplus	<u>36,445,012</u>	<u>37,237,117</u>	<u>37,670,245</u>	<u>38,458,612</u>	<u>38,043,938</u>

Source: District of Lantzville Finance Department

DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TOP 10 PRINCIPAL CORPORATE TAXPAYERS

Registered Owner	2015 Municipal Taxes Levied
FortisBC Energy (Vancouver Island) Inc	\$29,242
Telus Communications Inc	21,647
Foillan Holdings Inc	17,200
679048 BC Ltd	11,696
Hogler Enterprises Ltd	9,955
Lantzville Hospitality Ltd	9,539
Datco Holdings Ltd Inc	9,284
Winchelsea View Golf Course Ltd	7,725
Maneki Neko Holdings Inc	7,208
Timberwest Forest Ltd	6,248
Total Tax Contribution from Top 10 Taxpayers	\$130,377
Total Municipal Tax	\$1,552,774
Proportion of municipal tax paid by top ten	8.4%

Source: District of Lantzville Finance Department

OTHER INFORMATION

DISTRICT OF LANTZVILLE
REPORT ON PERMISSIVE TAX EXEMPTIONS
Amount of Municipal Property Taxes that would have been imposed if no tax exemption
2015

2015 PERMISSIVE TAX EXEMPTIONS

Roll #	Civic Address	Owner	Lessee - Occupant	2015 Taxation Exemption	General Municipal Taxes
350 07917.000	7113 Lantzville Road	Anglican Synod Diocese of BC	St. Phillip's by the Sea Anglican Church	242,000	\$ 816
350 07945.100	7244 Lantzville Road (Church)	District of Lantzville	Seaside Community Society – Woodgrove Christian Community Church	268,100	904
350 07920.000	Lot 1, Plan 9671, DL 27G (School Road Tennis Courts – Parking Lot)	District of Lantzville		329,000	1,109
350 07906.500	7225 Lantzville Road	Seaview Centennial Branch #257 of the Royal Canadian Legion		403,700	2,574
350 07919.500	7232 Lantzville Road (Costin Hall)	District of Lantzville	Seaside Community Society	555,000	4,276
351 19458.008	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	67,100	2,401
350 19459.009	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	20,900	748
350 19459.012	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	34,200	1,224
350 19459.014	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	56,400	2,018
350 19459.017	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	55,500	1,986
350 19459.018	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	75,500	2,702
350 19459.019	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	74,800	2,677
350 19460.003	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	16,900	605
					\$ 24,040

2015 Annual Municipal Report

DECLARATION OF DISQUALIFICATION FROM OFFICE

NIL REPORT

June 13, 2016

No application has been made for any Council or former Council member to be disqualified from office under section 111 of the *Community Charter*.



Trudy Coates
Director of Corporate Administration



DISTRICT OF LANTZVILLE

District of Lantzville
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