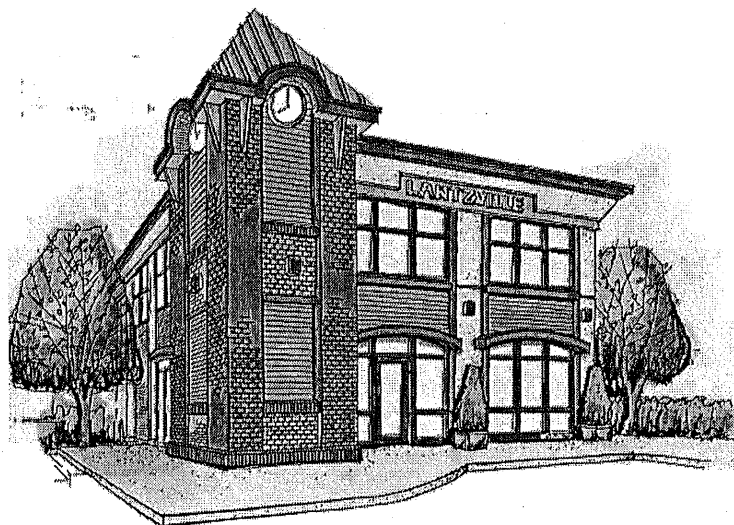


DISTRICT OF LANTZVILLE  
BRITISH COLUMBIA, CANADA

ANNUAL REPORT

PRESENTED TO COUNCIL ON JUNE 23<sup>rd</sup>, 2008



**2008 Annual Report**  
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## **PURPOSE OF THIS REPORT**

This report has two primary purposes. The first purpose is to provide information about the activities of the District of Lantzville (the "District") and its objectives for the fiscal year ended December 31<sup>st</sup>, 2007. The second purpose is to inform readers about the District's goals and objectives met during 2007, report on current year projects goals and objectives, and identify priorities for the year 2008.

## **LETTER FROM THE MAYOR**

*An Open Letter to the Citizens of the District of Lantzville*

It is with pleasure that I, once again, take this opportunity to provide this information update to the residents of Lantzville regarding municipal services and operations of the District of Lantzville.

Good governance begins with the identification of mission statement, values, identifying strategic priorities and developing an action plan to facilitate those priorities. I am pleased to report that Council again, reaffirmed the District's mission statement and values adopted by Council in 2006. Council's mission statement reads as follows:

*"provide a high level of affordable services in an environmentally and economically sustainable fashion, while managing growth of the community and respecting the unique rural character and charm".*

Along with this mission statement Council also elected to reaffirm the following values:

*"Act in a professional manner at all times,  
Have respect for:     each other,  
                              the roles of Council & staff  
                              the decision making process,  
                              opinions of all of our constituents,  
Carry out adequate research and thoughtfully consider the issues before us, while  
serving and representing all our community".*

Since incorporation, Council has participated in annual Strategic Planning sessions as a means of identifying and establishing priorities in response to issues identified by both residents of the community and Council. Early January of this year, Council met and identified the following strategic priorities for 2008 as follows:

- Infrastructure
- Service Delivery
- Parks & Recreation
- Communications
- Planning; and
- Finances

Essentially these priorities remained the same as 2007 with the exception of their order.

Council continues to review municipal services which in itself are an incredible task. One must respect the desires of the community while recognizing that developing services for the community also have a financial impact.

Council also strives to accommodate the desires of residents of the community and have taken advantage of funding opportunities in a number of initiatives. The provision of water and sewer services continues to be a high priority of Council. While Council has been successful in negotiating an emergency water connection between the City of Nanaimo and the District of Lantzville discussions continue between the two jurisdictions with regards to a permanent supply of potable water.

Council has experienced success in our funding application made under the B.C. Community Water Improvement Program for Phase 1 of the District's sanitary sewer collection system, our success continues with our application for Phase II (lower Lantzville) being approved under the new federal/provincial funding program entitled Canada – British Columbia Municipal Rural Infrastructure Program. Projected costs associated with Phase II were estimated to be \$4.8 million and the District will be receiving approximately \$3.2 million from the MRIF program while the remaining project cost will be the responsibility of the District.

Council continues to work on behalf of the residents of the community and identify a list of objectives and a means of how these objectives may be achieved through ongoing consultation with residents both formally and informally. In closing, I would like to take this opportunity to encourage residents of the community to continue to provide input, either by attendance at meetings of Council, written submissions, or by scheduling a meeting with myself or any members of Council and/or staff of the District. We, as a Council, wish to ensure that we continue to recognize and implement the desires of the community. Given that 2008 is an election year, this report does not identify strategic direction beyond 2008. Council of the day wishes to allow the newly elected Council the opportunity to establish its own strategic direction and the newly elected Council will be afforded that opportunity early January 2009.

In closing a friendly reminder that 2008 is the year of local municipal elections. General voting day is Saturday, November 15<sup>th</sup>, 2008, and I would encourage all eligible voters to cast your vote in this very important, democratic process.

Sincerely

Colin Haime  
Mayor  
District of Lantzville

## **DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS**

In accordance with Section 98(2)(e) and Section 111 of the *Community Charter*, the following is a list of disqualified Council Members.

- None

## **OBJECTIVES & MEASURES FOR 2008**

### **Background**

The District of Lantzville was incorporated on June 25<sup>th</sup>, 2003. Much of Council's efforts continue to focus on establishing a form of governance that residents of the community are looking for in addition to establishing the District's independence where possible. Council is also working diligently in implementing the basic infrastructure needs of the community such as water and sewer.

### **STRATEGIC DIRECTION FOR 2008**

The District of Lantzville has a comprehensive annual planning process which begins with strategic direction from Council. This is followed by a joint review by both Council and staff of 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 and capital expenditure programs to provide the necessary infrastructure for the proposed services.

Since incorporation, Council has recognized the importance of planning and since incorporation, continues to participate in annual Strategic Planning Sessions as a means of identifying and establishing priorities in response to issues identified by both residents of the community and Council. Once again, in early January of this year, Council met and identified the following strategic priorities for 2008 as follows:

#### **1. Infrastructure**

- (a) Sewer - One of six priorities of Council, infrastructure continues to be the number one priority for the District of Lantzville. Implementation of the sanitary sewer collection system continues to monopolize a majority of staff time even though phase one is substantially complete. Staff continue to deal with the administrative issues associated with phase one such as invoicing, connection follow-up and continued consultation. Further, the District has been successful in securing grant funding for phase two and have proceeded with the final design process, negotiations for easements, borrowing requirements, consultation, etc. While our experience with the implementation of phase one has provided somewhat of a 'comfort' level when dealing with the various legalities and implementation process, there are differences with phase two implementation such as loan authorization bylaw; and potential for alternate approval process.
- (b) Water Supply - We continue to negotiate with the City of Nanaimo regarding a permanent connection/supply. With that, we continue to face challenges as to the demands and expectations of the City that go beyond the relationship of just supplying water. Other initiatives tied to this supply are ongoing financial

contributions to the City relating to economic development, tourism and the Port Theatre. That being said, it is in the District's best interest to continue to seek other sources of supply recognizing that while negotiations with the City continue to take time of the CAO, seeking out new sources add to the financial burden of the District.

- (c) Knarston Creek Overflow Project – The District was successful in receiving grant funding for 80% of the costs associated with the Knarston Creek Overflow Project. The project has been postponed (at the request of the affected property owners subjected to flooding) until August 2009, to permit further study by an established local 'working group'.
- (d) Road Maintenance – Council have received a report from staff outlining road maintenance options pertaining to the District assuming road maintenance responsibilities effective July 1<sup>st</sup>, 2008. Staff have proposed that the District contract out major road reconstruction, ditching/shouldering, brush cutting, line striping and snow removal while public works staff would assume responsibility for pothole patching, emergency water/sewer breaks, transportation of granular materials for small jobs, signage and snow clearing for District owned facilities.

The report identified that staff solicit RFPs for provision of the road maintenance services in addition to obtaining quotes for the purchase of a one-ton truck with dump box and snow removal equipment. Costs associated with this service provision have been identified in the District's draft Five Year FP 2008 – 2012 and monies had been previously allocated to reserves for the purchase of the one-ton truck. The District has awarded the contract for road maintenance provisions to Windley Contracting Ltd.

Given the provincial direction to reduce green house gas emission, Council too discussed the environmental implications when carrying out the various initiatives of the District. Council noted that they will continue to support programs/incentives with regards to the following:

- Low flush toilet implementation & rebate program
- Sewage improvements
- Low impact development standards
- Water conservation methods/restrictions; and
- Public education; and
- Recycling Program initiated by the Hurford District Girl Guides/Brownies & Sparks at Seaview Elementary School

## **2. Finances:**

As with infrastructure, finance also encompasses a variety of topics e.g., taxes, grants, financial planning, etc.

- (a) Taxes/Tax Rates – The District of Lantzville generates revenue by collecting taxes. The amount of taxes collected is based on a combination of mainly two things -- property assessments and tax rates. Tax rates are determined by

Council while property assessments are independent and completed by BC Assessment. During Council's strategic planning discussions it is a concern of this Council that based on the ever increasing assessments and Council's inability to control costs such as policing, regional services, etc. that it is affecting the taxpayer's ability to pay. Paying for municipal services while being cognizant of the taxpayer's ability to pay will be an issue that will continue to face the District of Lantzville. Council, when providing and/or implementing the various service levels will continue to keep at the forefront the taxpayer's ability to pay.

- (b) Grants – One way to ease the tax burden is that of grant monies made available either federally/provincially or both. The District has taken advantage of monies available through other levels of government both in the past and present and continues to do so. However, the various grant applications come with their own challenges that being they consume a significant amount of staff time in preparation and submission and then implementation once successful. Council is reminded that most grant applications do not fund projects 100% and therefore, municipalities are still required to come up with monies to meet their obligations/share of the grant (portions vary depending on the grant funding program).

### **3. Planning:**

Issues identified by Council that pertain to planning are the following:

- Formalize policy dealing with large scale development incorporating long-term amenities
- Downtown Revitalization & Beautification Committee

The District is relatively new to 'major' development process (Lantzville Foothill Estates is a good example) and Council, through strategic priority discussions elected to conduct a workshop. While this initiative was identified by Council in 2007, the District has yet to facilitate these discussions. It is staff's intention that the workshop will involve Council/senior staff/planning consultant and the District's Approving Officer. The focus of the workshop will be to develop process and procedures when Council finds themselves entertaining applications for 'major' development and will look to encouraging early discussions with developers regarding the process. This initiative will now incorporate identifying long-term amenities that Council may wish to define for the benefit of the Community. Amenities may include consideration of a museum, affordable housing, library services, public works facility, etc.

Another objective of Council is downtown revitalization and beautification. Council did conduct a meeting that saw the owners/operators of the 'Village Core' participate in informal discussions with the intent to solicit the group's level of interest in participating in the Village Commercial Core Improvement Plan. The informal information exchange was facilitated by the District's planning consultant and included presentations from neighbouring jurisdictions as it related to their downtown revitalization initiatives. The session was well attended and there appears to be a desire amongst the 'Village Core' owners/operators to proceed with this initiative. Following the information exchange the District's contract planner identified costs associated with this initiative in the range of

\$100,000 therefore, Council has elected to postpone further works in this regard until such time as Council has had an opportunity to consider other financing options.

#### **4. Communications:**

While both Council and staff feel that internal communications are excellent, Council would like to focus on re-establishing communications with the members of our Fire Department. Council, through their strategic priority process identified items that may facilitate in opening the lines of communication with a view of developing a more collaborative relationship. These may include a formal tour of the hall, conducting a survey of the members to find out what they serve/need, refresh approach as to fire fighter recognition, examine need for administrative support and the hosting of an informal meet and greet between Council and staff of the District and members of the department.

Council would also look to re-establishing communications/relationship with our neighbouring First Nations - NFN. A meeting has been scheduled mid-February between the Mayor/CAO and the Band's newly-elected Chief David Bob and Band Administrator, Brent Edwards. It is Council's desire to resurrect regular meetings/discussions/dinners between our neighbouring band.

#### **5. Parks & Recreation:**

This function was established as a priority of Council in 2006. A Commission was formalized and included the following responsibilities:

- review Foothills to Foreshore Plan
- facilitate Mine Town Day; and
- develop a Tourism Plan

Council formally received the draft Parks, Trails and Recreation Plan at their meeting held January 28<sup>th</sup>, 2008. With the presentation of this Plan, this concludes the services of the District's consultant, Ms. Harriet Rueggeberg. Members of the Commission have now retained the services of a consultant charged with developing a Tourism/Marketing Plan on behalf of the District (this plan to also meet our obligations of Community Tourism Funding).

#### **6. Service Delivery:**

Like infrastructure and finance, service delivery consists of a number of components. Items such as our existing contractual arrangements with the Regional District of Nanaimo (a number of functions), planning consultant and approving officer.

While contracting with the RDN for building inspection, bylaw enforcement, animal control, mapping, etc., is the most cost effective for the District at this time, one would expect that given our municipal status that we would want to provide this service to our residents directly through our office. However, significant challenges in attracting and retaining an individual with the expertise to perform these functions on a full-time basis, let alone one to two days per week, is the District's biggest hurdle at this time. Until such time as the District has infrastructure to facilitate development and the ability to attract, retain and employ a professional on a full-time basis, the District continues to



contract these services with the Regional District. We do however, need to be cognizant that the RDN faces their own challenges by way of retaining professional individuals in their building/bylaw/planning department and there may come a time when they will find themselves in the position that they can no longer provide this service on the part of the District.

## **MUNICIPAL SERVICES & OPERATIONS FOR 2007 - OVERVIEW OF SERVICES**

The District currently provides the following services:

1. General Government
  - Administration
  - Corporate Services
  - Financial Services
2. Protective Services
  - Fire Suppression, Fire Prevention, Rescue
  - Emergency Preparedness
  - Bylaw Enforcement
3. Community Planning
  - Development Planning
  - Land Development and Subdivision
  - Building Inspections
4. Engineering & Public Works & Parks
  - Transportation, Roads and Drainage
  - Waterworks
  - Parks

The District continues to establish itself following incorporation in 2003. In 2007, the District continued to contract from the Regional District of Nanaimo Building Inspection Services, Bylaw Enforcement, Animal Control, and Mapping services. We have since added the services of Emergency Planning to assist the District's Emergency Planning Coordinator, Mr. Al Millbank, to establish the various components of preparing a community in the event of an emergency.

In the following section, the service is described and information on specific objectives and results of operations is presented.

## **DEPARTMENTAL REPORTS**

### **1. General Government**

- **Administration**

The Chief Administrative Officer is responsible for the overall administration of the District's departments. The duties of this office include being an advisor to Council, implementing corporate policy, providing leadership and direction for senior staff in the day-to-day and long-term business affairs of the District in accordance with Council goals and objectives.

Goals & Related Progress (2007):

***Continue to Explore Options for Increasing Lantzville's Water Supply:***

Council of the District of Lantzville and Council of the City of Nanaimo have entered into a Memorandum of Understanding for the supply of water from the City of Nanaimo. With the completion of the emergency water connection, attention is now focused on securing a permanent supply.

***Facilitate the Implementation of Phase II of the Sanitary Sewer Collection***

***System:*** Due to success in the District's grant funding application Phase I of the District's first sanitary sewer collection system was initiated. This phase consisted of two stages, stage one interceptor pipe (foreshore) which was completed in fall of 2006 and stage two, 208 residential connections completed December 2007.

***Facilitate the Implementation of Phase II of the Sanitary Sewer Collection System:***

Due to success in the District's grant funding application Phase II of the District's second phase of the sanitary sewer collection system is underway. This phase will see approximately 225 residential connections and the construction of a main pumping station that will accommodate future sanitary sewer phases of the District.

***Facilitate the Implementation of Development Cost Charges:*** Works began in 2006 for the development of the District's first Development Cost Charge Bylaw. Various levels of involvement from Council, staff, consultants, and the District's engineers were essential to the development of this particular bylaw.

Goals for 2008

1. Continue to pursue water supply with City of Nanaimo in addition to investigate alternate supply sources
2. Implementation of Phase II of the Sanitary Sewer Collection System
3. Implementation of Knarston Creek Overflow Project although construction postponed until 2009
4. Investigate feasibility of community amenities
5. Investigate various new initiatives/alternatives in service delivery

Performance Measures

- ✓ degree of implementation of the above projects
- ✓ increase in basic infrastructure
- ✓ community feedback
- ✓ employee recruitment/retention

• **Corporate Services**

The main objective of the corporate services department is to continue to develop, enhance and build on communications between other levels of government, various agencies, Council, staff, and residents of the community.

Goals for 2007 & Progress:

***Ensure the District adheres to Legislation and Continues to meet the various Statutory Demands of Corporate Services:*** It is with great pleasure that we are able to report to the community that the District, regardless of the

number of senior level vacancies, met and adhered to all legislation and regulatory requirements while we administered the infrastructure projects and the overall day to day operations of the municipality.

Goals for 2008:

- ✓ continue to enhance and encourage communication with Lantzville residents
- ✓ continue to work on establishing a formal policy that will address both internal and external communications to the satisfaction of all who access/require information
- ✓ continue to investigate appropriate bylaws and policies that will benefit the overall operations of the District
- ✓ facilitate the 2008 general local elections

Performance Measures

- ✓ increased community feedback and involvement in District decision-making processes as a result of the various levels of communication methods used by the District
- ✓ adoption of bylaws & policies
- ✓ conduct 2008 general local elections pursuant to legislation

• **Financial Services**

The Finance Department's responsibilities include:

- levying and collecting municipal taxes and utility rates
- expending municipal money in the manner authorized by Council
- preparing accurate and full accounts of the District's financial affairs
- developing, monitoring & implementing the District's financial plan
- safeguarding and managing the District's assets
- reporting on the District's financial position
- developing and maintaining financial information systems and internal controls

Goals for 2007 & Progress:

***Ensure the District adheres to Legislation and Continues to meet the various Statutory Demands Related to the overall Financial Operations of the District:*** With the departure of Mr. Paul Sangalang, the position of Director of Financial Services became vacant in the fall of 2007. While the District embarked on filling this position the District retained the services of an interim finance officer to assist the District during this time of transition. The District continues to make every effort in filling this position which remains vacant.

Goals for 2008:

- ✓ enhance the financial health of the District through the use of thoughtful, long-term budgeting and inventory strategy
- ✓ continue to promote community understanding of the District's financial plan by presenting financial information in an easy to understand format
- ✓ develop a new set of accounts that would reflect the operations of the municipality
- ✓ establish invoicing structure for Phase II of the sanitary sewer collection system
- ✓ successfully fill the vacancies in the Financial area of the District of Lantzville

- ✓ meet new reporting requirements relating to Tangible Capital Assets

#### Performance Measures

- ✓ adequate cash position to conduct planned municipal business
- ✓ increased community feedback and participation in developing the financial plan
- ✓ quarterly financial progress reports prepared and made available to Lantzville residents
- ✓ successful implementation of the procedures relating to Tangible Capital Asset reporting requirements

## **2. PROTECTIVE SERVICES**

### **• Fire Suppression, Fire Prevention and Rescue**

The Lantzville Volunteer Fire Department provides the District's fire suppression, victim rescue/extrication, fire prevention, First Responder and public education services.

#### Goals for 2007 & Progress:

#### ***Ensure Effective Fire Suppression Capability by Continuing Recruitment of Members, Conducting Adequate Training & Promoting Public Education:***

2006 saw the membership of the Lantzville Volunteer Fire Department reach its full complement. Under the leadership of the Fire Chief, Deputy Chief and various officers, the department continues to provide the level of public safety/protection that is desired. The department may wish to focus on increasing the level of public education either by way of semi-annual visits to the schools within the District, including private educational facilities and/or community consultation.

#### ***Improve relationships with Council, staff and members of the department:***

Council would like to improve the relationships between members of Council, staff and members of the department. Council, during their strategic planning session identified some steps that could be taken which would lead to improved communications/relationships.

#### Goals for 2008:

- ✓ ensure effective fire suppression capability by assessing current fire hall inventory and facilities
- ✓ retain sufficient volunteer member levels
- ✓ ensure adequate training of volunteer membership
- ✓ increase level of public safety educational opportunities
- ✓ establish on-going/regular communications with members of the department

#### Performance Measures

- ✓ degree of compliance with Fire Underwriters' Survey recommendations
- ✓ effective and efficient responses to fire, accident, and health emergency events
- ✓ public readiness in case of fire related emergency

- **Emergency Preparedness**

Council formally appointed a resident of the community and volunteer member of the fire department to act as the District's Emergency Program Coordinator in 2007. This position continues to be extremely taxing for one individual and therefore, the District is entering into an agreement with the Regional District of Nanaimo to provide Lantzville's EPC with assistance in this regard.

Goal for 2007 & Progress:

***Develop a Community Emergency Plan for the District:*** While Council has appointed an individual to fill the position of EPC on behalf of the District the District has also retained the services of the Regional District of Nanaimo in this regard to provide Lantzville with the assistance/training necessary to implement the various components of emergency planning.

Goals for 2008:

- ✓ EPC's attendance at various conferences/workshops and participating in the Mid-Island Emergency Program Coordinators function
- ✓ achieve efficiencies in an emergency situation by co-coordinating the provision of manpower and equipment between neighbouring municipalities, Mid-Island Emergency Program Coordinators and the Provincial Emergency Plan system
- ✓ apply for various grant funding available specific to emergency functions
- ✓ finalize/execute contract between the District of Lantzville/RDN for the provision of emergency services

Performance Measures

- ✓ education & training that facilitates EPC competencies to deal with an emergency
- ✓ establish the District's own emergency response manual
- ✓ database facilitating easy access to community information that would provide the District with assistance in the case of an emergency

- **Bylaw Enforcement**

The District has a contract 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 animals, noise control, land use and traffic violations. The Bylaw Enforcement Officer takes the necessary steps to resolve the issue and the District's policy is to seek voluntary compliance whenever possible.

### **3. COMMUNITY PLANNING**

- **Land Use Planning**

The primary role of the Planning Department is to provide the District with a planning program to promote the orderly and economical development of the community by adhering to the District's OCP, Zoning and Subdivision Bylaws. Currently the District provides this service through a planning consultant, Mrs. Pamela Shaw. Mrs. Shaw is about to embark on her fourth year with the District in this capacity.

Goals for 2007 & Progress:

***Develop a process that is User Friendly:*** While the District's planning consultant spends only one day in the District office, this day/time has been regulated to ensure minimal impact to residents/developers of the community utilizing this service.

***Develop Internal Procedures that will facilitate the Planning Function in a Cost Effective Fashion:*** Internal procedures and policies have been established as it relates to land use applications etc. The District continues to review procedures and policies that will enhance current processes based on the advice, guidance and past experience and expertise of our planning consultant.

Goals for 2008:

- ✓ Develop a process specific to 'major' development
- ✓ Develop a list of 'amenities' desired by Council/residents of the Community
- ✓ Establish appropriate land uses throughout the District of Lantzville
- ✓ Investigate housing alternatives

Performance Measures

- ✓ applicant satisfaction
- ✓ developer satisfaction
- ✓ amendments to the OCP to see appropriate land use designations
- ✓ development/construction of housing alternatives

• **Land Development and Subdivision**

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

Although there were no specific goals or objectives established for this particular function, the District has retained the services of a retired Approving Officer via contract. To mitigate costs and unnecessary demands of the Approving Officers time accommodations have been made to establish a reporting structure which results in no direct residential contact with the Approving Officer. Contact is facilitated through the District office by way of the Director of Public Works and the Planning consultant. However, the Approving Officer does coordinate his attendance at the District office to match that of our planning consultant. Further, our Director of Public Works has designated this day as his 'office day' and therefore, is also available to provide necessary advice/information and direction relating to this function.

Goal for 2008:

- ✓ subdivision applications/approvals are done in a timely manner
- ✓ subdivision applications/approvals are given subject to legislative requirements and that adhere to District's low impact development standards
- ✓ subdivision applications/approvals are given subject to application of the District's Development Cost Charge Bylaw

#### Performance Measures

- ✓ timely manner in which subdivision applications/approvals are processed
- ✓ subdivisions are developed to the standards pursuant to District bylaws

- **Building Inspections**

Building Inspectors enforce the Building Code and regulatory bylaws governing building, heating, plumbing, and zoning. The District has contracted the Regional District of Nanaimo to provide Building Inspection services to the residents of Lantzville.

Although there were no specific goals or objectives set for this service it is the District's desire to terminate the contract with the Regional District of Nanaimo and in turn, establish the District's own Building Inspection function, this to establish a higher more efficient level of service to residents of the community. Discussions are in the preliminary stages as to how the District will accomplish this task with minimal impact to taxpayer dollars but also, to provide this service at a level that is expected. Further, establishment of this function will be done on a cost recovery basis.

While the District remains desirous of providing this service directly, we now face significant challenges in attracting and retaining an individual with the expertise to perform these functions on a full-time basis, let alone one to two days per week, is the District's biggest hurdle at this time. Until such time as the District has infrastructure to facilitate development and the ability to attract, retain and employ a professional on a full-time basis staff have encouraged Council to maintain the status quo. However, we do need to be cognizant that our service provider faces their own challenges by way of retaining professional individuals in their building/bylaw/planning department and there may come a time when they will find themselves in the position that they can no longer provide this service to the District.

#### **4. ENGINEERING/PUBLIC WORKS & PARKS**

The District has three full-time staff in this department, a Director of Public Works, Maintenance Technician, and Utility/Equipment Operator to ensure the safe and efficient operation of the District's waterworks, the soon to be implemented Phase I sanitary sewer collection system, parks, buildings and other related facilities and equipment. In addition, a summer student is hired to assist with the maintenance of parks on a short-term basis.

- **Transportation, Roads and Drainage**

A municipality is responsible for maintaining local roads within its boundaries. As part of Lantzville's incorporation, the Province of British Columbia has provided a five year transition period during which it is paying the contractor for this service. The transition period expires in June 2008. However, any new road construction is either the responsibility of the District or the developer.

#### Goals for 2007 & Progress:

***Knarston Creek Overflow Project/Drainage:*** While the District did secure funding in the amount of \$400,000 to address the ongoing flooding of Knarston

Creek the project has been postponed at the request of the affected property owners in order to permit them the opportunity to identify alternative solutions versus the hard construction being proposed by the District. A 'working group' has been established and the group has until February 2009 to present Council with alternatives in this regard.

***Phase II - Sanitary Sewer Collection System for the District:*** The District was successful in obtaining grant monies for Phase 1I of the sanitary sewer collection system. To date Phase II, if the project remains on schedule, is anticipated to be completed late 2009.

Goals for 2008:

- ✓ develop a road construction and maintenance strategy consistent with the community goals of livability and rural atmosphere
- ✓ implementation of Phase II of the proposed sanitary sewer collection system
- ✓ implementation of Knarston Creek Overflow Project or possible alternatives identified by 'working group'
- ✓ to promote safe travel for pedestrians and cyclists identify, where appropriate, future trails/linkages

Performance Measures

- ✓ degree of completion of Phase 2 sanitary sewer collection system
- ✓ degree of completion of Knarston Creek Overflow project
- ✓ degree of trail identification and potential implementation where not cost prohibitive

• **Waterworks**

The District supplies and distributes water for household use, commercial and fire suppression purposes to roughly 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.

Goals for 2007 & Progress:

***Continue to seek/investigate supplemental water supply:***

To enhance the District's water supply negotiations continue with our neighbouring municipality the City of Nanaimo for the provision of water. As indicated earlier in this report the District of Lantzville and the City of Nanaimo signed a Memorandum of Understanding which have established the 'playing field' for the two parties. Council however, recognizing the importance of seeking an additional supply of potable water for the residents of the community of Lantzville will continue to investigate new sources of water.

***Continue to provide programs to promote and conduct Water***

***Conservation:*** The District established a low-flush toilet rebate program. The District staff review applications and if residents qualify i.e., provide receipt of CSA approved low flush toilet, proof of installation and photograph of the old, destroyed



toilet, the District will provide a rebate to the property owners. The program was established in late 2005 and to date forty-six rebates have been issued.

Goals for 2008:

- ✓ ensure that the District provides safe reliable water for drinking purposes
- ✓ ensure that the District system operates with adequate flows for fire protection purposes
- ✓ protect the community aquifer through water conservation strategies such as public education, watering restrictions, tiered water consumption rates
- ✓ continue to promote the low-flush toilet rebate program

Performance Measures

- ✓ a new water supply source is identified and an implementation strategy is developed
- ✓ satisfactory results from ongoing water sampling procedures
- ✓ reduction in water consumption, particularly in the peak summer months
- ✓ number of low-flush toilet rebate monies returned to property owners

## **STATEMENT OF PROPERTY TAX EXEMPTIONS**

In accordance with Section 98(2)(b) of the *Community Charter*, the following properties in the District of Lantzville were provided permissive property tax exemptions by Council

<b>Property Description</b>	<b>Proposed Exemption</b>	<b>Approximate Value of Taxation Exemption – 2007 (includes Municipal &amp; Other)</b>
<b>7113 Lantzville Road</b> St. Philip's by the Sea Anglican Church	Land & Improvements	\$ 13,133
<b>7244 Lantzville Road</b> Woodgrove Christian Community Church (Heritage Church)	Land & Improvements	\$3,195
<b>Lot 1, Plan 9671, DL 27G</b> Tennis Courts (School Rd.)	Recreation Land	\$ 4,358
<b>7232 Lantzville Road</b> Costin Hall	Land & Improvements	\$13,727
<b>7225 Lantzville Road</b> Seaview Centennial Branch #257 of The Royal Canadian Legion	Land & Improvements	\$6,783

**DISTRICT OF LANTZVILLE  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31<sup>ST</sup>, 2007**

**Management's Responsibility**

To the Mayor and Council of District of Lantzville:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Mayor and Council are composed entirely of persons who are neither management nor employees of the District. The Mayor and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Mayor and Council fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Mayor and Council are also responsible for the appointment of the District's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Mayor and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with both the Mayor and Council and management to discuss their audit findings.

April 10, 2008

  
Twyla Graff  
Chief Administrative Officer

## AUDITORS' REPORT

To the Mayor and Council  
District of Lantzville

We have audited the consolidated statement of financial position of the District of Lantzville as at December 31, 2007 and the consolidated statements of financial activities and cash flows and the related schedules for the year then ended. These financial statements are the responsibility of the management of the District. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2007 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information, including the schedules A to D presented on pages 14-17, are presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Meyers Morris Penny LLP*

Nanaimo, B.C.  
April 10, 2008

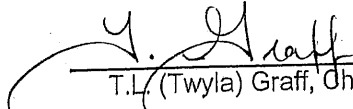
CHARTERED ACCOUNTANTS

**MAP**  
**PAGE**

**DISTRICT OF LANTZVILLE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2007**

	<u>2007</u>	<u>2006</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 3 )	\$ 3,347,667	\$ 3,283,138
Accounts receivable (note 4)	1,283,112	983,846
	<u>4,630,779</u>	<u>4,266,984</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 5)	1,117,440	625,636
Deferred revenue (note 6)	195,383	1,094,895
Deposits (note 7)	35,844	29,607
	<u>1,348,667</u>	<u>1,750,138</u>
<b>NET FINANCIAL ASSETS</b>	3,282,112	2,516,846
<b>NON-FINANCIAL ASSETS</b>		
Capital assets (note 8)	14,565,777	11,381,446
	<u>\$ 17,847,889</u>	<u>\$ 13,898,292</u>
Commitments and Contingencies (Note 14)		
<b>FUND BALANCES (note 2(a))</b>		
Operating (note 9, schedule A)	\$ 1,574,379	\$ 1,030,868
Capital (schedule B)	-	-
Reserve (note 10, schedule C)	<u>1,707,733</u>	<u>1,485,978</u>
	3,282,112	2,516,846
<b>EQUITY IN CAPITAL ASSETS (note 11)</b>	<u>14,565,777</u>	<u>11,381,446</u>
	<u>\$ 17,847,889</u>	<u>\$ 13,898,292</u>

**APPROVED:**

  
T.L. (Twyla) Graff, Chief Administrative Officer

See accompanying notes to consolidated financial statements.

**PAGE**

**DISTRICT OF LANTZVILLE  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 Actual	2007 Budget	2006 Actual
<b>REVENUE</b>			
Net property taxes available for municipal purposes (schedule D)	\$ 1,263,549	\$ 1,265,346	\$ 1,204,425
Grants in lieu of taxes	61,251	52,100	52,030
Utility taxes and fees	783,347	652,126	645,403
Revenue from own sources	97,256	89,050	110,050
Interest	110,277	75,000	133,536
Government grants and transfers (note 12)	2,027,042	6,836,711	1,775,530
Developer contributions	1,045,988	1,045,000	-
Other	7,326	-	2,770
	<u>5,396,036</u>	<u>10,015,333</u>	<u>3,923,744</u>
<b>EXPENDITURES</b>			
General government services	582,525	678,327	1,410,598
Legislative	72,808	92,400	69,519
Protective services	222,651	261,985	233,067
Garbage and recycling	131,559	138,100	125,702
Parks & recreation	90,891	116,207	15,404
Planning	62,188	79,800	68,445
Public works	254,899	868,718	243,987
Water	197,816	411,750	1,788,872
Sewer	3,015,433	9,610,217	1,116,627
Other regional services	-	41,000	-
	<u>4,630,770</u>	<u>12,298,504</u>	<u>5,072,221</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	765,266	(2,283,171)	(1,148,477)
Debt proceeds	-	2,200,000	-
Debt principal repayment	-	(110,000)	-
	<u>765,266</u>	<u>(193,171)</u>	<u>(1,148,477)</u>
<b>CONSOLIDATED FUND BALANCES, BEGINNING OF YEAR</b>	2,516,846	2,516,846	3,665,323
<b>CONSOLIDATED FUND BALANCES, END OF YEAR</b>	<u>\$ 3,282,112</u>	<u>\$ 2,323,675</u>	<u>\$ 2,516,846</u>

See accompanying notes to consolidated financial statements.

**DISTRICT OF LANTZVILLE  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 Actual	2006 Actual
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ 765,266	\$ (1,148,477)
Changes in non-cash financial assets		
Increase in accounts receivable	(299,266)	(759,851)
Decrease in investment in lantzville woodlot corporation	-	1
Changes in financial liabilities		
Increase in accounts payable and accrued liabilities	491,804	321,918
(Decrease) increase in deferred revenue	(899,512)	1,042,434
Increase in deposits	6,237	-
	<u>(700,737)</u>	<u>604,502</u>
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 64,529	 (543,975)
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 3,283,138	 3,827,113
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 3,347,667</u>	 <u>\$ 3,283,138</u>

See accompanying notes to consolidated financial statements.

**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**1. INCORPORATION OF THE DISTRICT OF LANTZVILLE**

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. All of the assets, liabilities and operations of the Lantzville Improvement District and the Sunset Beach Improvement District were transferred to the District of Lantzville (the District) effective midnight June 25, 2003, as required by the Order of the Lieutenant Governor in Council of the Province of British Columbia dated April 3, 2003. These improvement districts were subsequently dissolved.

The District operates under provisions of the Local Government Act and Community Charter.

The District's principal activities include the provision of local government services to residents of the incorporated area. These include general government, fire protection, garbage and recycling, parks and recreation, planning and development, and water and sewer services.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The District of Lantzville, follows accounting principles generally accepted for British Columbia municipalities. The financial statements have been prepared using guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the District are as follows:

**(a) Fund accounting**

The financial resources and operations of the District have been consolidated for financial statement purposes and include the accounts of all of the funds of the District, the General, Water, Sewer, Capital and Reserve Funds.

Operating Funds – These funds comprise the principal operating activities of the District and include a fund for general, sewer and water utilities purposes. The change in the operating fund balances are shown in note 9.

Capital Funds – These funds are used to acquire capital assets. The fund balances represent the differences between the cost of capital assets acquired and the funding which has been obtained. During 2006 and 2007 all capital asset acquisitions were fully funded.

Reserve Funds – These funds have been created to hold assets for specific future requirements. They are comprised of the funds shown in note 10.

Certain amounts, as approved by Council, are set aside in reserves for future capital expenditures. Transfers to and/or from are reflected as an adjustment to the respective fund.

**(b) Revenue recognition**

Tax revenues are recognized in the year that they are levied. Operating grants are recognized when they are earned. Receipts that are restricted by legislation or by agreement with external parties are deferred and reported as deferred revenues. When qualifying expenditures are incurred, deferred revenues are recognized as revenue at equal amounts. Capital grants and developer contributions are recognized when the related expenditure is incurred and when collection is reasonably assured. Water fees are recognized when the commodity has been received by the customer. Interest and penalties are recognized when earned. Government transfers are recognized in the financial statements as revenue in the period in which the events



**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**(b) Revenue recognition (cont'd)**

giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

**(c) Capital assets**

Capital assets with a purchase or construction value exceeding \$10,000 are reported as capital expenditures and are classified according to their functional use. Capital assets that are donated are reported at their fair market value at the time of donation. Amortization is not recorded, and the District follows a policy of using reserve funds for major asset replacements and improvements.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset cost.

**(d) Financial instruments**

The District's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the District is not exposed to significant interest, credit or currency risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

**(e) Use of estimates**

Preparation of financial statements in accordance with accounting principles generally accepted for municipalities requires management to make estimates based upon assumptions. These estimates and assumptions affect the amounts of assets and liabilities reported or disclosed as at the date of the financial statements and the reported amount of revenues and expenditures during the period. Significant areas requiring the use of management estimates relate to the collectibility of accounts receivable, accruals for expected employee compensated absences, and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

**(f) Employee Benefits**

The District recognizes expenses relating to employee benefits in the period in which the employees render services in return for the benefits, including compensated employee absences that accumulate but do not vest. Absences due to employee illness are paid when an injury or illness occurs, but entitlement to such compensation arises as employees render service. Entitlement to compensated absence due to illness or injury is measured as the expected future utilization of this benefit.

**(g) Recent Accounting Pronouncements**

**Financial Statement Presentation**

In February 2007, the Canadian Institute of Chartered Accountants issued amendments to the recommendations in Section PS 1200 Financial Statement Presentation. PS 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. The amendments to this Section consisted of expanding its scope to include local governments and introducing a new financial statement reporting model based on full accrual accounting principles. Revised PS 1200 is effective for interim and annual financial statements of local governments with fiscal years beginning on or after January 1, 2009.

**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**3. CASH AND CASH EQUIVALENTS**

December 31 cash balances include amounts designated for specific future capital purposes, deferred revenue and various deposits, as follows:

	<u>2007</u>	<u>2006</u>
Cash available for operations	\$1,587,874	\$1,767,553
Development cost charges (note 6)	16,216	0
Deposits (note 7)	35,844	29,607
Cash designated for future capital purposes (note 10)	1,707,733	1,485,978
<b>Total</b>	<u><u>\$3,347,667</u></u>	<u><u>\$3,283,138</u></u>

Cash deposited at the Coastal Community Credit Union earns interest at the rate of prime minus 2%. Cash deposited at the Municipal Finance Authority (\$987,462 as at December 31, 2007 and \$945,067 as at December 31, 2006) is invested in the MFABC Money Market Fund, whose market value is equal to its cost.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable comprise the following as at December 31:

	<u>2007</u>	<u>2006</u>
Other governments	\$1,150,567	\$817,394
Property and parcel taxes	70,070	72,339
User fees and other	62,475	94,113
<b>Total</b>	<u><u>\$1,283,112</u></u>	<u><u>\$983,846</u></u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable comprise the following as at December 31:

	<u>2007</u>	<u>2006</u>
General	\$618,972	\$337,845
Other governments	455,551	250,957
Salaries, wages and benefits	42,917	36,834
<b>Total</b>	<u><u>\$1,117,440</u></u>	<u><u>\$625,636</u></u>

In 2005, the District entered into a Memorandum of Understanding agreement with the City of Nanaimo to provide a one-time contribution of \$200,000 towards the cost of developing the New Nanaimo Centre. The amount payable to the City of Nanaimo remains outstanding and is recorded under other governments.

**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**6. DEFERRED REVENUE**

Deferred revenue comprises the following as at December 31:

	<u>2007</u>	<u>2006</u>
Treaty Negotiation Grant	\$11,322	\$6,000
Tourism Grant	10,353	0
Developer Contribution for Sewer Works – Phase I	0	1,007,754
Prepaid Tax Certificate Accounts	3,268	1,495
Development Cost Charges	16,216	0
Federal Gas and Public Transit Funds	154,224	79,646
<b>Total</b>	<u><u>\$195,383</u></u>	<u><u>\$1,094,895</u></u>

Continuity schedule:

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$1,094,895	\$52,461
New contributions received in the year	113,063	1,034,803
Interest earned on contributions	43,413	26,755
Recognized as revenue during the year	(1,055,988)	(19,124)
<b>Balance at end of year</b>	<u><u>\$195,383</u></u>	<u><u>\$1,094,895</u></u>

The Federal Gas and Public Transit Funds 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 agreements.

Development Cost Charges are property development related fees. The use of these funds are restricted by legislation (*Community Charter*) and can only be used for the purposes for which they were collected, being primarily to fund new infrastructure capital works.

**7. DEPOSITS**

Deposits comprise the following as at December 31:

	<u>2007</u>	<u>2006</u>
Performance Deposits	\$19,844	\$29,607
Sewer Works – Phase I Deposits	16,000	0
<b>Total</b>	<u><u>\$35,844</u></u>	<u><u>\$29,607</u></u>

Performance deposits are funds collected from various property developers and held as security to ensure the completion of specified agreed on works. These funds will be released once the related works are completed, or used by the District to complete the works for which they are held.

Sewer Works – Phase I deposits are funds collected from various residents in the phase I sewer area. These funds are refundable to residents whose sewer connection is made by June 30, 2008 or June 30, 2009 if a pump is required for the connection. All deposits not refunded will be taken into revenue by the District in either 2008 or 2009 accordingly.

**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**8. CAPITAL ASSETS**

	<u>Dec/31/2006</u>	<u>Plus:</u> <u>Additions</u>	<u>Less:</u> <u>Disposals</u>	<u>Dec/31/2007</u>
<b>General fund</b>				
Land	\$1,213,235			\$1,213,235
Buildings	2,023,429			2,023,429
Equipment and vehicles	1,078,754	45,839		1,124,593
Roads	214,093			214,093
Total	4,529,511			4,575,350
<b>Sewer fund</b>	1,159,963	3,003,368		4,163,331
<b>Water fund</b>				
Land	342,456			342,456
Equipment	144,324	24,771		169,095
Engineering structures	5,205,192	110,353		5,315,545
Total	5,691,972			5,827,096
<b>Total</b>	<b>\$11,381,446</b>	<b>3,184,331</b>		<b>\$14,565,777</b>

Beginning for fiscal 2009, section 3150, Tangible Capital Assets, of the Public Sector Accounting Board reporting requirements will require the capitalization and depreciation, on a historical cost basis, of all District owned and contributed assets. During the current fiscal year, the District has begun to work towards compliance with the new recommendations for accounting for tangible capital assets. The District has obtained an insurance appraisal report which has provided a complete listing and values of the buildings and equipment owned by the District of Lantzville. The District has also identified the cumulative District purchased or built capital asset values as shown in the above table.

**9. OPERATING FUND BALANCES**

The Operating Funds comprise the principal operating activities of the District and include the general, sewer and water funds. These funds can be used for any legal purpose authorized by Council. The change in the fund balances during the year ended December 31, 2007 are as follows:

	<u>Dec/31</u> <u>2006</u>	<u>Plus: Fund</u> <u>Revenues</u> <u>over</u> <u>Expenditures</u>	<u>Less:</u> <u>Transfers</u> <u>to Capital</u> <u>Funds</u>	<u>Less:</u> <u>Transfers</u> <u>to Reserve</u> <u>Fund</u>	<u>Total</u> <u>Change in</u> <u>Fund</u> <u>Balance</u>	<u>Dec/31</u> <u>2007</u>
General fund	\$462,279	\$783,403	\$728	\$414,278	\$368,398	\$830,676
Water fund	562,180	259,852	38,430	158,550	62,872	625,052
Sewer fund	6,409	146,345	23,976	10,127	112,242	118,651
<b>Total</b>	<b>\$1,030,868</b>	<b>\$1,189,600</b>	<b>\$63,134</b>	<b>\$582,955</b>	<b>\$543,512</b>	<b>\$1,574,379</b>

**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**10. RESERVE FUND BALANCES**

Reserve Funds are statutory reserves that have been internally restricted by Council. Reserve establishing bylaws have been adopted pursuant to the *Community Charter*, which define how these reserves are to be used. The change in the fund balances during the year ended December 31, 2007 are as follows:

	<u>Dec/31/2006</u>	<u>Plus:</u> <u>Transfers from</u> <u>Operating</u> <u>Funds</u>	<u>Plus:</u> <u>Interest</u>	<u>Less:</u> <u>Transfers to</u> <u>Capital</u> <u>Funds</u>	<u>Dec/31/2007</u>
<b>General fund</b>					
Asset replacement	\$428,076	\$141,000	\$18,089	\$45,111	\$542,054
Fire truck	30,057	58,200	2,248	0	90,505
Park acquisition	32,032	0	1,217	0	33,249
Park development	169,638	54,100	7,474	0	231,212
Capital works	562,734	160,978	19,333	268,903	474,142
Total	1,222,537	414,278	48,361	314,014	1,371,162
<b>Sewer fund</b>	8,611	10,127	327	10,128	8,937
<b>Water fund</b>					
Asset replacement	91,643	16,250	3,320	24,771	86,442
Waterworks	163,187	142,300	7,567	71,862	241,192
Total	254,830	158,550	10,887	96,633	327,634
<b>Total</b>	<b>\$1,485,978</b>	<b>582,955</b>	<b>59,575</b>	<b>420,775</b>	<b>\$1,707,733</b>

**11. EQUITY IN CAPITAL ASSETS**

Equity in capital assets represents the total capital assets less long-term debt assumed to acquire those assets. The change in equity in capital assets during the year ended December 31, 2007 is as follows:

	<u>2007</u>	<u>2006</u>
Balance at beginning of period	\$11,381,446	\$7,630,096
Plus: Capital expenditures	3,184,331	3,751,350
<b>Total</b>	<b>\$14,565,777</b>	<b>\$11,381,446</b>

**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**12. GOVERNMENT GRANTS AND TRANSFERS**

The following government transfers have been included in revenues:

	<u>2007</u>	<u>2006</u>
Operating transfers from provincial government	348,670	296,885
Small Communities Grant	23,938	23,942
Other	<u>372,608</u>	<u>320,827</u>
Water capital transfers	-	714,096
Sewer capital transfers	<u>1,654,434</u>	<u>740,607</u>
	1,654,434	1,454,703
<b>Total</b>	<b><u>\$2,027,042</u></b>	<b><u>\$1,775,530</u></b>

**13. EXPENDITURES BY OBJECT**

The financial statements report on expenditures by functions. The District's expenditures by objects are as follows:

	<u>2007</u>	<u>Budget</u>	<u>2006</u>
Salaries, wages, benefits (note 2 (f))	\$592,798	\$652,450	\$545,650
Capital assets	3,184,331	10,527,717	3,751,352
Audit and legal	66,422	63,600	43,778
Fire services honoraria'	44,147	49,500	45,222
General insurance	36,423	40,000	31,789
Other operating goods and services	729,472	965,237	654,430
<b>Consolidated total</b>	<b><u>\$4,630,770</u></b>	<b><u>\$12,298,504</u></b>	<b><u>\$5,072,221</u></b>

**14. COMMITMENTS AND CONTINGENCIES**

**(a) Municipal Pension Contingency**

The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan. The Board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 144,000 active members and approximately 51,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The District of Lantzville paid \$26,712 for employer contributions to the plan in fiscal 2007 (2006 - \$22,824).

**(b) Municipal Insurance Contingency**

The District is a participant in the Municipal Insurance Association of British Columbia ( the "Association"). Should the Association 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.

**DISTRICT OF LANTZVILLE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**15. COMPARATIVE FIGURES**

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

## SCHEDULE A

**DISTRICT OF LANTZVILLE**  
**CONSOLIDATED STATEMENT OF OPERATING FUND FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 Actual	2007 Budget	2006 Actual
<b>REVENUE</b>			
General property taxes (schedule D)	\$ 1,263,549	\$ 1,265,346	\$ 1,204,425
Grants in lieu of taxes	61,251	52,100	52,030
Utility taxes and fees	783,347	652,126	645,403
Revenue from own sources	97,256	89,050	110,050
Interest	50,702	75,000	42,584
Government grants and transfers (note 12)	372,608	401,000	320,827
Other	7,326	-	2,770
	<u>2,636,039</u>	<u>2,534,622</u>	<u>2,378,089</u>
<b>EXPENDITURES</b>			
General government services	582,525	678,327	565,945
Legislative	72,808	92,400	69,519
Protective services	177,540	212,285	179,204
Garbage and recycling	131,559	138,100	125,702
Parks & recreation	90,891	116,207	15,404
Planning	62,188	79,800	68,445
Public works	254,171	312,218	243,987
Water	62,692	86,750	50,397
Sewer	12,065	13,700	2,266
Other regional services	-	41,000	-
	<u>1,446,439</u>	<u>1,770,787</u>	<u>1,320,869</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>1,189,600</u>	<u>763,835</u>	<u>1,057,220</u>
<b>NET INTER-FUND TRANSFERS:</b>			
Transfers to capital funds	(63,134)	(100,000)	(1,034,270)
Transfers to reserve funds	(582,955)	(709,335)	(229,478)
<b>INCREASE (DECREASE) IN OPERATING FUND BALANCES</b>	<u>543,511</u>	<u>(45,500)</u>	<u>(206,528)</u>
<b>CONSOLIDATED OPERATING FUND BALANCES, BEGINNING OF YEAR</b>	<u>1,030,868</u>	<u>1,030,868</u>	<u>1,237,396</u>
<b>CONSOLIDATED OPERATING FUND BALANCES, END OF YEAR</b>	<u>\$ 1,574,379</u>	<u>\$ 985,368</u>	<u>\$ 1,030,868</u>

See accompanying notes to consolidated financial statements.

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**DISTRICT OF LANTZVILLE**  
**CONSOLIDATED STATEMENT OF CAPITAL FUND FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	2007 Actual	2007 Budget	2006 Actual
<b>REVENUES</b>			
Government grants and transfers (note 12)	\$ 1,654,434	\$ 6,435,711	\$ 1,454,703
Developer contributions	1,045,988	1,045,000	-
	<u>2,700,422</u>	<u>7,480,711</u>	<u>1,454,703</u>
<b>EXPENDITURES</b>			
General government services			844,653
Legislative	45,111	49,700	53,863
Protective services			
Environmental health			
Parks & recreation	728	556,500	
Public Works			
Street lighting	3,003,368	9,596,517	1,114,361
Sewer	135,124	325,000	1,738,475
Water			
	<u>3,184,331</u>	<u>10,527,717</u>	<u>3,751,352</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(483,909)	(3,047,006)	(2,296,649)
Debt proceeds		2,200,000	
Debt principal repayment		(110,000)	
Transfers from operating funds	63,134	100,000	1,034,270
Transfers from reserve funds	420,775	857,006	1,262,379
	<u></u>	<u></u>	<u></u>
<b>CHANGE IN CONSOLIDATED CAPITAL FUND BALANCES</b>			
<b>CONSOLIDATED CAPITAL FUND BALANCES, BEGINNING OF YEAR</b>			
<b>CONSOLIDATED CAPITAL FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

DISTRICT OF LANTZVILLE  
CONSOLIDATED STATEMENT OF RESERVE FUND FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 Actual	2007 Budget	2006 Actual
<b>REVENUES</b>			
Interest	\$ 59,575	\$ -	\$ 90,952
	-	-	-
<b>EXPENDITURES</b>			
	59,575	-	90,952
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
Transfers from operating funds	582,955	709,335	229,478
Transfers to capital funds	(420,775)	(857,006)	(1,262,379)
<b>INCREASE (DECREASE) IN CONSOLIDATED RESERVE FUND BALANCES</b>	221,755	(147,671)	(941,949)
<b>CONSOLIDATED RESERVE FUND BALANCES, BEGINNING OF YEAR</b>	1,485,978	1,485,978	2,427,927
<b>CONSOLIDATED RESERVE FUND BALANCES, END OF YEAR (note 10)</b>	<u>\$ 1,707,733</u>	<u>\$ 1,338,307</u>	<u>\$ 1,485,978</u>

See accompanying notes to consolidated financial statements.

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**DISTRICT OF LANTZVILLE**  
**NET PROPERTY TAXES AVAILABLE FOR MUNICIPAL PURPOSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

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

	2007 <u>Actual</u>	2007 <u>Budget</u>	2006 <u>Actual</u>
Total property taxes	\$3,925,133		\$3,759,348
Less property taxes collected on behalf of other governments			
School District	1,795,698		1,819,174
School District - policing	140,981		-
Regional Hospital District	147,487		149,243
Regional District of Nanaimo	402,646		415,035
BCA and MFA	47,271		47,641
Vancouver Island Regional Library	127,501		123,830
	<u>2,661,584</u>	<u>-</u>	<u>2,554,923</u>
Net property taxes available for municipal purposes	<u>\$ 1,263,549</u>	<u>\$ 1,265,346</u>	<u>\$ 1,204,425</u>

See accompanying notes to consolidated financial statements.

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