



DISTRICT OF LANTZVILLE

Consolidated Financial Statements

Year ended December 31, 2009

District of Lantzville
Consolidated Financial Statements
December 31, 2009
Index

	<u>Page</u>
Management Report	
Auditors' Report	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Cash Flows.....	3
Consolidated Statement of Changes in Net Financial Assets.....	4
Notes to Consolidated Financial Statements.....	5-16
Schedules:	
Schedule A - Consolidated Schedule of Tangible Capital Assets.....	17
Schedule B - Consolidated Schedule of Statutory Reserve Fund Activities.....	18
Schedule C - Consolidated Schedule of Segment Disclosures for the year ended December 31, 2009.....	19
Schedule C - Consolidated Schedule of Segment Disclosures for the year ended December 31, 2008.....	20

**District of Lantzville
Consolidated Financial Statements
December 31, 2009**

Management's Responsibility

To the Mayor and Council of the District of Lantzville:

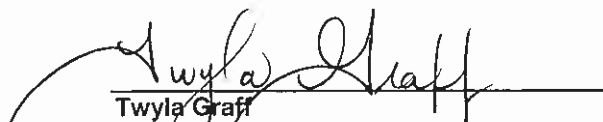
The accompanying financial statements of the District of Lantzville are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The District's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Mayor and Council are composed entirely of persons who are neither management nor employees of the District. The Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems. Mayor and Council meets periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements. The Mayor and Council are also responsible for the appointment of the District's external auditors.

Meyers Norris Penny LLP Chartered Accountants, the independent auditors appointed by the Mayor and Council have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to and meet periodically with both the Mayor and Council and management to discuss their audit findings as to integrity of the financial reporting process.

March 12, 2010


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, 2009 and the consolidated statements of operations and accumulated surplus, cash flows, changes in net financial assets 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, 2009 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Nanaimo, B.C.
March 12, 2010

Myra Norris Penny LLP

CHARTERED ACCOUNTANTS

District of Lantzville

Consolidated Statement of Financial Position

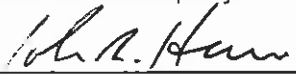
As at December 31, 2009



	2009	2008
		<i>(Restated Note 15)</i>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 4,028,077	4,907,936
Accounts receivable (Note 3)	1,712,899	341,800
	<u>5,740,976</u>	<u>5,249,736</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	685,604	358,818
Deferred revenue (Note 5)	818,613	593,961
Deposits (Note 6)	13,579	19,542
	<u>1,517,796</u>	<u>972,321</u>
Net Financial Assets	<u>4,223,180</u>	<u>4,277,415</u>
Non-Financial Assets		
Tangible capital assets (Note 7 and Schedule A)	28,840,069	26,092,670
Prepaid expenses	7,955	8,245
	<u>28,848,024</u>	<u>26,100,915</u>
Accumulated Surplus (Note 8)	<u>\$ 33,071,204</u>	<u>\$ 30,378,330</u>

See accompanying notes and schedules to the consolidated financial statements.

On behalf of the Municipality:



Colin Haime, Mayor



Jedha Holmes, CA, Deputy Director of Financial Services

District of Lantzville

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2009



	2009	2009 Budget	2008
	(Unaudited-Note 14)	(Restated-Note 15)	
Revenue:			
Taxation (Note 9)	\$ 1,358,717	1,356,160	\$ 1,312,944
Government grants and transfers (Note 10)	2,523,964	3,895,948	512,606
Utility taxes and fees	789,875	759,302	970,843
Services and Fees (own sources)	75,761	73,750	109,283
Grants in lieu of taxes	69,486	69,000	65,521
Interest	49,617	90,000	130,543
Contribution from developer	-	-	113,000
Other	10,543	-	7,877
	<u>4,877,963</u>	<u>6,244,160</u>	<u>3,222,617</u>
Expenses (Note 11):			
General government	698,743	734,002	658,130
Transportation services	529,689	397,020	511,537
Protective services	275,610	246,473	264,943
Sewer	77,390	117,381	50,655
Water	240,643	200,941	264,276
Garbage and recycling	146,699	152,309	142,345
Parks and recreation	83,145	131,802	82,724
Legislative services	87,093	103,550	84,083
Planning and environmental development	46,077	74,800	55,497
	<u>2,185,089</u>	<u>2,158,278</u>	<u>2,114,190</u>
Surplus for the year	<u>2,692,874</u>	<u>4,085,882</u>	<u>1,108,427</u>
Accumulated surplus,			
beginning of year, as previously stated	19,190,290	19,190,290	17,847,889
prior period adjustment (Note 15)	11,188,040	-	11,422,014
Accumulated surplus, beginning of year, as re-stated	<u>30,378,330</u>	<u>19,190,290</u>	<u>29,269,903</u>
Accumulated surplus, end of year	<u>\$ 33,071,204</u>	<u>\$ 23,276,172</u>	<u>\$ 30,378,330</u>

Commitments and contingencies are specified in Note 12.

See accompanying notes and schedules to the consolidated financial statements.

District of Lantzville

Consolidated Statement of Cash Flows

For the year ended December 31, 2009



	2009	2008
		<i>(Restated-Note 15)</i>
Net inflow (outflow) of cash related to the following activities:		
Operating		
Surplus (deficit) for the year	\$ 2,692,874	\$ 1,108,427
Non-cash items included in operations:		
Contribution from developer	-	(113,000)
Amortization of tangible capital assets	466,477	449,175
Gain on the sale of tangible capital assets	(5,000)	
Change in prepaid expenses	290	(8,245)
	461,767	327,930
Net change in non-cash working capital balances related to operations	(825,624)	564,965
Cash provided by operating transactions	2,329,017	2,001,322
Capital		
Purchase of tangible capital assets	(3,213,876)	(441,053)
Proceeds from sale of tangible capital assets	5,000	
Cash used by capital transactions	(3,208,876)	(441,053)
Increase (decrease) in cash and cash equivalents	(879,859)	1,560,269
Cash and cash equivalents, beginning of year	4,907,936	3,347,667
Cash and cash equivalents, end of year	\$ 4,028,077	\$ 4,907,936

See accompanying notes and schedules to the consolidated financial statements.

District of Lantzville



Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2009

	2009	2009 Budget	2008
		<i>(Unaudited-Note 14)</i>	<i>(Restated-Note 15)</i>
Surplus (deficit) for the year	\$ 2,692,874	4,085,882	\$ 1,108,427
Purchase of tangible capital assets	(3,213,876)	(5,610,900)	(441,053)
Tangible capital assets acquired by donation			(113,000)
Amortization of tangible capital assets	466,477	-	449,175
Gain (loss) on sale of tangible capital assets	(5,000)	-	
Proceeds on sale of tangible capital assets	5,000	-	
	<u>(54,525)</u>	<u>(1,525,018)</u>	<u>1,003,549</u>
Acquisition of prepaid expense	(7,955)	-	(8,245)
Use of prepaid expenses	8,245	-	
	<u>290</u>	<u>-</u>	<u>(8,245)</u>
Increase (decrease) in net financial assets	(54,235)	(1,525,018)	995,304
Net financial assets, beginning of year	4,277,415	4,277,415	3,282,111
Net financial assets, end of year	<u>\$ 4,223,180</u>	<u>\$ 2,752,397</u>	<u>\$ 4,277,415</u>

See accompanying notes and schedules to the consolidated financial statements.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



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*.

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

1. Significant Accounting Policies

(a) Basis of Presentation:

The District follows accounting principles generally accepted for British Columbia municipalities and applies such principles consistently. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The financial resources and operations of the District have been consolidated for financial statement purposes and include the accounts of all the funds of the District, which include General, Water and Sewer Operating, Capital and Reserve Funds. Inter-fund transactions have been eliminated on consolidation.

(b) Revenue Recognition:

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transaction or events occurred that give rise to the revenues, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenues are recognized in the year that they are levied.

Parcel tax revenues are recognized in the year that they are levied. Parcel taxes paid in advance, which relate to phase 1 sewer operating costs, are deferred and amortized proportionately to revenue over the term for which the parcel tax is expected to be levied.

Operating grants are recognized when they are earned. Receipts that are restricted by legislation or by agreement with external parties are recorded as deferred revenues. When qualifying expenses are incurred, deferred revenues are recognized as revenue in equal amounts.

Water and sewer fees are recognized when the commodity or service has been received by the customer.

Interest and penalties are recognized when earned. Allocations of interest are made to statutory reserve funds and certain restricted non-statutory funds.

Capital grants and developer contributions are recognized when the related expenditure is incurred and when collection is reasonably assured.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



Government transfers are recognized in the financial statements as revenue in the period in which the events 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) Financial instruments:

The District's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and deposits. Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest, credit or currency risks arising from these financial instruments.

(d) Tangible Capital Assets:

Tangible capital assets, comprised of capital assets and capital assets under construction exceeding \$10,000, are recorded at cost less accumulated amortization and are classified according to their functional use. Contributed tangible capital assets are recorded at fair value at the date of the contribution. Amortization is provided on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. One-half of the amortization is claimed in the first year of acquisition and in the last year. Estimated useful lives are as follows:

Asset	Rate
Buildings	15 - 80 years
Equipment	5 - 10 years
Land Improvements	10 - 50 years
Roads Infrastructure	10 - 75 years
Vehicles	10 - 25 years
Sewer Infrastructure	10 - 100 years
Water Infrastructure	10 - 100 years

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset or enhance the service potential of capital assets are capitalized.

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

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



(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 expenses during the period. Significant areas requiring the use of management estimates relate to accruals for expected employee compensated absences and provisions for contingencies. Included in the accrual for expected employee compensated absences is an estimate for sick leave which is based on methodology requiring significant judgement that could result in material error. Amortization is based on estimates of the asset's useful lives. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

(f) Employee Future Benefits:

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

(g) Adoption of New Accounting Policies:

In accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the District has adopted the following sections commencing in the current fiscal year:

PS 1200 Financial Presentation which introduced a new financial statement reporting model based on full accrual accounting principles effective for financial statements of local governments with fiscal years beginning on or after January 1, 2009.

PS 3150 Tangible Capital Assets which provides for the accounting, measurement, valuation, amortization, write-downs, disposals, and presentation and disclosure of tangible capital assets.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



2. Cash and Cash Equivalents

December 31 cash balances include amounts designated for specific future capital purposes, restricted revenue (development cost charges, note 5) and various deposits (note 6), as follows:

	2009	2008
Restricted cash		
Statutory reserves (Note 8)	\$ 2,555,129	\$ 2,287,824
Development cost charges (Note 5)	226,179	161,751
Restricted revenues - deposits (Note 6)	13,579	19,542
	2,794,887	2,469,117
Unrestricted cash		
Cash available for operations	\$ 1,233,190	2,438,819
	\$ 4,028,077	\$ 4,907,936

Cash deposited at the Coastal Community Credit Union earns interest at the rate in the range of prime minus 1 to 2 %. Cash deposited at the Municipal Finance Authority (\$1,034,753 at December 31, 2009 (2008 - \$1,023,558)) is invested in the MFABC Money Market Fund which earned an effective yield of 3.51% (2008-3.6%) and whose market value is equal to its cost.

3. Accounts Receivable

Accounts receivable comprise the following as at December 31:

	2009	2008
Other governments	\$ 1,496,219	\$ 141,193
Property and parcel taxes	138,300	110,143
User fees and other	78,380	90,464
	\$ 1,712,899	\$ 341,800

4. Accounts Payable

Accounts payable comprise the following as at December 31:

	2009	2008
General	\$ 620,023	\$ 164,140
Other governments	-	141,898
Salaries, wages and benefits	65,581	52,780
	\$ 685,604	\$ 358,818

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



5. Deferred Revenue

Deferred revenue comprise the following as at December 31:

	2008	Receipts	Interest	Revenue	2009
Federal Gas and Public Transit Funds	\$ 240,838	\$ 149,931	\$ 2,969	\$ -	\$ 393,738
Development cost charges	161,751	62,619	1,809	-	226,179
Administration and inspection fees	109,442	-	-	-	109,442
Phase 1 sewer operating costs prepaid by residents	39,880	-	-	2,162	37,718
Prepaid property taxes	19,280	28,106	-	19,280	28,106
Tourism Grant	10,513	13,442	-	12,492	11,463
Treaty Negotiation Grant	11,322	-	-	-	11,322
Prepaid tax certificate accounts	935	260	-	550	645
	\$ 593,961	\$ 254,358	\$ 4,778	\$ 34,484	\$ 818,613

Federal Gas and Public Transit Funds

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 agreement.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



Development Cost Charges

Development Cost Charges are restricted revenue liabilities representing fees collected from property development. The use of these funds is 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. In accordance with generally accepted accounting standards, the District records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred.

	2008	Receipts	Interest	2009
Water	\$ 58,310	15,574	619 \$	74,503
Sewer	32,885	6,182	337	39,404
Drainage	30,159	16,532	360	47,050
Highway Facilities	30,952	13,548	353	44,852
Parkland	9,446	10,783	140	20,370
	\$ 161,751	\$ 62,619	\$ 1,809	\$ 226,179

6. Deposits

Deposits comprise the following as at December 31:

	2009	2008
Performance deposits	\$ 13,579	\$ 15,542
Sewer Works – Phase I deposits	-	4,000
	\$ 13,579	\$ 19,542

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.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



7. Tangible Capital Assets (Schedule A)

	2009	2008
Land	\$ 8,752,199	\$ 8,752,199
Land improvements	74,864	73,203
Buildings	1,271,462	1,318,514
Vehicles	658,590	521,550
Equipment	255,817	189,370
Infrastructure:		
Roads	7,019,645	7,213,105
Sewer	4,132,704	4,035,900
Water	3,872,383	3,844,707
Assets under construction	2,802,405	144,122
	\$ 28,840,069	\$ 26,092,670

Land is comprised of land under roads, parks and tennis courts, well fields, and land under and around District buildings. Land improvements include playground equipment, playing fields and courts, and parking lots.

8. Accumulated Surplus

Operating Funds - These funds comprise the principal operating activities of the District and include funds for general government, sewer and water services.

Capital Funds - These funds are used to record the acquisition and disposal of tangible capital assets and related financing. These funds include general, sewer and water capital funds.

Reserve Funds - These funds have been created to hold assets for specific future requirements. They are comprised of the statutory reserve funds shown in Note 2.

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.

	2009	2008
Operating Fund	\$ 1,676,006	\$ 1,997,836
Statutory Reserve Funds (Schedule B)	2,555,129	2,287,824
Equity in Tangible Assets	28,840,069	26,092,670
	\$ 33,071,204	\$ 30,378,330

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



Operating Funds

	General	Water	Sewer	Total
Opening balance	\$ 1,233,555	\$ 532,158	\$ 232,123	\$ 1,997,836
Surplus (deficit) for the year	747,681	167,702	1,763,067	2,678,450
Transfers (to) from Capital Funds	32,514	(25,790)	(2,754,123)	(2,747,399)
Transfer to Reserve Funds	(412,308)	(136,300)	(87,167)	(635,775)
Transfers from Reserve Funds	209,722	153,924	19,248	382,894
Closing balance	\$ 1,811,164	\$ 691,694	\$ (826,852)	\$ 1,676,006

Equity in Tangible Capital Assets:

	2009	2008
Opening balance	\$ 26,092,670	\$ 25,987,792
Add: Purchases of tangible capital assets	\$ 3,213,876	554,053
Less: Amortization	(466,477)	(449,175)
	\$ 28,840,069	\$ 26,092,670

9. Taxation

The District is required to collect taxes on behalf of, and transfer these amounts to, other government agencies noted below.

	2009	2008
Property taxes collected	\$ 4,249,683	\$ 4,033,112
Less transfers to other governments:		
School District	1,895,637	1,859,434
School District - policing	154,306	153,336
Regional Hospital District	174,459	172,703
Regional District of Nanaimo	487,265	358,517
BC Assessment	50,810	48,404
Municipal Finance Authority	153	148
Vancouver Island Regional Library	128,336	127,626
	2,890,966	2,720,168
	\$ 1,358,717	\$ 1,312,944

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



10. Government Grants and Transfers

	2009	2008
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 782,348	\$ -
Small Communities Grant	-	396,214
Other	18,577	29,013
	800,925	425,227
Capital transfers:		
Canada/B.C. Infrastructure Grant	1,723,039	87,379
	\$ 2,523,964	\$ 512,606

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 - Consolidated Schedule of Segment Disclosures.

Budgeted costs 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. Budgeted 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 pre-determined allocation consistent with the annual financial plan.

The segments included in the schedule are as follows:

General Government includes all administrative aspects of the District including property tax collection, Council, and general services to the residents of the District.

Transportation Services includes management of the roads, storm drainage, and vehicle fleet used to provide services to the District.

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

Garbage and Recycling includes fees related to residential curbside collection services.

Planning includes land use planning, subdivision, development, and mapping.

Parks and Recreation includes management of District parks, trails, memorial benches and the District's contribution to Mine Town Days.

Sewer Services includes the management and maintenance of the sanitary sewer system.

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

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



Capital Funds includes funding and expenditures related to the purchase of capital assets in the general government, sewer and water services functions.

Reserve Funds includes interest earned on balances in the general government, sewer and water services capital reserves.

12. Commitments and Contingencies

(a) Municipal Pension Contingency

The District and its employees contribute to the Municipal Pension Plan (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 benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local government.

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 **\$34,753** (2008-\$27,069) for employer contributions to the plan in fiscal 2009.

(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.

13. Comparative Figures

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

14. Budget Figures

Budget figures are unaudited and represent the Financial Plan Bylaw adopted by Council on April 27, 2009.

The financial plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



In addition, the financial plan anticipated capital expenditures rather than amortization expense.

	2009 Budget
Consolidated surplus, per "District of Lantzville Financial Plan Bylaw No. 72, 2009"	\$ 399,406
Add:	
Capital expenditures	5,610,900
Transfers to statutory reserves	569,608
Internal debt repayment	61,167
Less:	
Transfers from statutory reserves	(1,125,900)
Proceeds from MFA borrowing	(1,400,000)
Recovery from prior year surplus	(29,300)
Consolidated surplus, per "2009 Budget" for Consolidated Statement of Operations	\$ 4,085,881

15. Prior Period Adjustments

The District has restated its financial statements to comply with the provisions of the Public Sector Accounting Board Handbook which requires local governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets is required to be included in income. Prior to this change, the District recorded its tangible capital assets and a equivalent amount of capital equity for assets purchased, and amortization was not recorded. The capital asset purchases were also recorded as expenditures in the District's Statement of Operations. Contributed assets were not recorded in the District.

The 2008 opening accumulated surplus has increased by \$11,422,014 to reflect the application of these provisions. The 2008 excess of revenue over expenditures has been restated to remove tangible capital assets previously included in expenditures, to include revenue related to contributed land, and to record amortization expense. The 2008 net book value of tangible capital assets has been restated to reflect accumulated and current year amortization of the assets, disposals of assets, and the contribution of land.

These adjustments are as follows:

(a) Adjustment to 2008 beginning accumulated surplus:

Increase in net book value of tangible capital assets recorded	\$ 11,422,014
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District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



(b) Adjustments to 2008 surplus for the year:

Excess of revenues over expenditures, as previously reported	\$	1,003,548
Add:		
Revenue from developer contribution		113,000
Assets previously expensed but now capitalized		44,706
Assets previously capitalized and expensed		396,348
Less:		
Amortization expense		(449,175)
<hr/>		
Excess of revenues over expenditures, as restated	\$	1,108,427

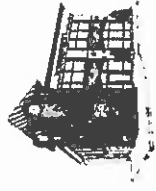
(c) Adjustments to 2008 tangible capital assets:

Net book value of tangible capital assets, as previously reported	\$	14,904,630
Add:		
Net book value of tangible capital assets resulting from the adjustment of 2008 beginning accumulated surplus		11,422,014
Contributed land		113,000
Assets previously expensed but now capitalized		44,706
Decrease in loss on disposal of tangible capital asset		57,494
Less:		
Amortization for 2008		(449,175)
<hr/>		
Net book value of tangible capital assets, as restated	\$	26,092,669

District of Lantzville

Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2009
(Unaudited)

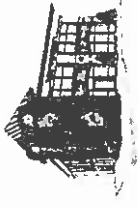


	Infrastructure										Assets Under Construction	2009 Total	2008 Total	
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Construction	Assets Under Construction				
Historical Cost:														
Opening Balance	8,752,199	299,684	1,849,496	1,259,915	793,606	8,613,277	4,080,754	4,936,021	144,122			30,729,074	30,226,587	
Additions	-	8,914	-	178,810	100,655	-	144,122	123,092	2,658,283			3,213,876	554,053	
Disposals	-	-	-	-	(549,479)	-	-	-	-			(549,479)	(51,565)	
Closing Balance, Dec.31	8,752,199	308,598	1,849,496	1,438,725	344,782	8,613,277	4,224,876	5,059,113	2,802,405			33,393,471	30,729,074	
Accumulated Amortization:														
Opening Balance	-	226,481	530,982	738,365	604,236	1,400,172	44,854	1,091,314	-			4,636,404	4,238,795	
Amortization Expense	-	7,253	47,052	41,770	34,208	193,460	47,318	95,416	-			466,477	449,175	
Disposals	-	-	-	-	(549,479)	-	-	-	-			(549,479)	(51,565)	
Closing Balance, Dec.31	-	233,734	578,034	780,135	88,965	1,593,632	92,172	1,186,730	-			4,553,402	4,636,405	
Net book value	\$ 8,752,199	\$ 74,864	\$ 1,271,462	\$ 658,590	\$ 255,817	\$ 7,019,645	\$ 4,132,704	\$ 3,872,383	\$ 2,802,405	\$	\$	\$ 28,840,069	\$ 26,092,670	

District of Lantzville

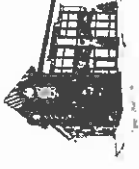
Consolidated Schedule of Statutory Reserve Fund Activities

For the year ended December 31, 2009
(Unaudited)



	Capital Works Replacement		Fire Truck		Park		Asset Replacement		2009		2009		2008
	Asset Replacement	Replacement	Development	Acquisition	Asset Replacement	Park Acquisition	Sewer Fund	Waterworks Replacement	Total	Financial Plan	(Unaudited- Note 14)		
	General Fund								Water Fund				
Opening balance	\$ 867,330	\$ 380,812	\$ 204,464	\$ 156,624	\$ 34,317	\$ 36,974	\$ 509,653	\$ 97,650	\$ 2,287,824	\$ 2,287,825	\$ 1,707,733		
Transfers in	248,883	71,825	61,800	29,800	-	26,000	128,000	8,300	574,608	569,608	656,188		
Loan repayment	61,167	-	-	-	-	-	-	-	61,167	61,167	62,651		
Interest earned	7,960	2,025	411	829	161	206	2,425	407	14,424	-	63,116		
Transfers out	-	(21,706)	(178,810)	(9,206)	-	(19,248)	(121,732)	(32,192)	(382,894)	(1,125,900)	(201,864)		
Closing balance	\$ 1,185,340	\$ 432,956	\$ 87,865	\$ 178,047	\$ 34,478	\$ 43,932	\$ 518,346	\$ 74,165	\$ 2,555,129	\$ 1,792,700	\$ 2,287,824		

District of Lantzville



Consolidated Schedule of Segment Disclosures

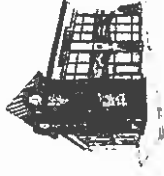
For the year ended December 31, 2009
(Unaudited)

	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation	Sewer	Water	Reserve	2009 Consolidated	2009 Budget
REVENUE											
Taxation	1,358,717	-	-	-	-	-	-	-	-	1,358,717	1,356,160
Government grants and transfers	800,925	-	-	-	-	-	1,723,039	-	-	2,523,964	3,895,948
Utility taxes and fees	-	-	-	154,538	-	-	119,380	515,982	-	789,900	759,302
Services and fees	34,120	-	-	2,757	11,300	2,500	437	6,086	-	75,736	73,750
Grants in lieu of taxes	69,486	-	18,536	-	-	-	-	-	-	69,486	69,000
Interest	35,193	-	-	-	-	-	-	-	14,424	49,617	90,000
Contribution from developer	-	-	-	-	-	-	-	-	-	-	-
Other	8,012	-	-	-	-	2,531	-	-	-	10,543	-
	2,306,453	-	18,536	157,295	11,300	5,031	1,842,856	522,067	14,424	4,877,963	6,244,160
EXPENSES											
Audit and Legal	36,709	-	-	-	-	-	3,176	2,000	-	41,885	56,500
Consulting	50,595	-	-	-	-	-	-	-	-	50,595	45,000
Contracted Services	21,740	-	57,215	146,699	46,077	4,126	-	-	-	275,858	320,561
Debt Service	-	-	-	-	-	-	-	-	-	-	65,500
Insurance	27,351	1,619	6,268	-	-	102	-	16,019	-	53,359	67,200
Legislative	11,262	-	-	-	-	-	-	-	-	11,262	21,000
Materials and Supplies	17,552	20,207	24,678	-	-	1,628	-	23,387	-	87,663	172,100
Salaries, Wages and Benefits	507,437	127,692	53,640	-	-	39,720	9,567	34,663	-	772,718	806,916
Training, Travel and Conferences	29,871	7,203	20,107	-	-	-	-	-	-	57,180	73,650
Telephone and Utilities	14,111	51,300	11,150	-	-	-	-	23,431	-	100,419	116,400
Other	32,757	116,359	29,563	-	-	31,427	13,728	43,841	-	267,674	413,451
	749,385	324,378	202,621	146,699	46,077	77,003	29,110	143,341	-	1,718,615	2,158,278
Amortization	36,451	205,311	72,989	-	-	6,142	48,280	97,302	-	466,475	-
	785,836	529,689	275,610	146,699	46,077	83,145	77,390	240,643	-	2,185,089	2,158,278
Surplus (Deficit)	1,520,617	(529,689)	(257,074)	10,596	(34,777)	(78,113)	1,765,466	281,424	14,424	2,692,874	4,085,882

District of Lantzville

Consolidated Schedule of Segment Disclosures

For the year ended December 31, 2008
(Unaudited)



	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation	Sewer	Water	Reserve	Consolidated	2008 Budget
										(Restated Note 11)	
REVENUE											
Taxation	1,312,944	-	-	-	-	-	-	-	-	1,312,944	1,303,980
Government grants and transfers	420,227	-	5,000	-	-	-	87,379	-	-	512,606	833,700
Utility taxes and fees	-	-	-	144,480	-	-	322,932	503,432	-	970,843	924,931
Services and fees	56,555	-	14,187	3,300	22,398	5,150	150	7,543	-	109,263	99,858
Grants in lieu of taxes	65,521	-	-	-	-	-	-	-	-	65,521	57,600
Interest	67,427	-	-	-	-	-	-	-	63,116	130,543	60,000
Contribution from developer	113,000	-	-	-	-	-	-	-	-	113,000	-
Other	7,877	-	-	-	-	-	-	-	-	7,877	-
	2,043,550	-	19,187	147,780	22,398	5,150	410,461	510,975	63,116	3,222,617	3,280,069
EXPENSES											
Audit and Legal	37,608	-	-	-	-	-	2,490	2,000	-	42,099	59,500
Consulting	100,273	-	-	-	6,885	1,185	-	-	-	108,343	96,000
Contracted Services	20,728	-	51,475	142,176	48,612	3,640	-	-	-	266,631	344,944
Insurance	47,102	1,335	4,186	-	-	214	2,000	6,835	-	61,672	80,650
Legislative	16,705	-	-	-	-	-	-	-	-	16,705	32,000
Materials and Supplies	22,229	22,526	15,448	-	-	2,791	1,295	14,114	-	78,404	138,550
Salaries, Wages and Benefits	398,107	117,430	48,357	-	-	36,940	139	37,882	-	638,854	653,708
Training, Travel and Conferences	21,627	8,654	20,821	-	-	-	-	-	-	51,102	73,700
Telephone and Utilities	13,021	50,477	10,800	-	-	-	396	29,316	-	104,009	116,500
Other	29,095	107,966	26,748	169	-	32,109	20,895	80,216	-	297,197	409,600
	706,496	308,386	177,834	142,346	55,497	76,879	27,215	170,362	-	1,665,015	2,005,152
Amortization	35,716	203,151	87,106	-	-	5,845	23,440	93,917	-	449,175	-
	742,212	511,537	264,940	142,346	55,497	82,724	50,655	264,279	-	2,114,190	2,005,152
Surplus (Deficit)	1,301,338	(511,537)	(245,753)	5,434	(33,099)	(77,574)	359,806	246,596	63,116	1,108,427	1,274,917