



Lantzville

**ANNUAL FINANCIAL  
STATEMENTS 2018**

**DISTRICT OF LANTZVILLE  
FINANCIAL STATEMENTS**

**Year Ended December 31, 2018**

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**DISTRICT OF LANTZVILLE**  
**STATEMENT OF RESPONSIBILITY**

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

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

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

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



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Ronald Campbell, CLGM  
Chief Administrative Officer  
May 6, 2019



# Grant Thornton

An instinct for growth™

## Independent auditor's report

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To the Mayor and Councillors of the District of Lantzville

### Opinion

We have audited the financial statements of the District of Lantzville (“the District”), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District of Lantzville as at December 31, 2018, and the results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Duncan, Canada  
May 6, 2019

Chartered Professional Accountants

# District of Lantzville



## STATEMENT OF FINANCIAL POSITION

As at December 31, 2018 with comparative information for 2017

	2018	2017
<b>Financial assets:</b>		
Cash (Note 3)	\$ 3,641,362	\$ 499,206
Investments (Note 3)	8,256,293	10,184,388
Taxes receivable	112,519	130,953
Accounts receivable	472,249	243,613
Inventories for resale	520	720
	<hr/>	<hr/>
	12,482,943	11,058,880
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	1,097,032	388,770
Deposits	1,127,290	30,252
Deferred revenue (Note 4)	4,850,381	3,682,798
Prepaid property taxes	176,007	139,115
Employee future benefits obligations (Note 5)	82,805	95,129
	<hr/>	<hr/>
	7,333,515	4,336,064
<b>Net financial assets</b>	<hr/>	<hr/>
	5,149,428	6,722,816
<b>Non-financial assets:</b>		
Tangible capital assets (Note 6 and Schedule A)	34,002,076	31,836,720
Inventory of supplies	19,614	17,119
Prepaid expenses	24,671	42,612
	<hr/>	<hr/>
	34,046,361	31,896,451
<b>Accumulated surplus (Note 7)</b>	<hr/>	<hr/>
	\$ 39,195,789	\$ 38,619,267

Commitments and contingent liabilities (Note 11)

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

Approved by:

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Jamie Slater, CPA, CA  
Director of Financial Services

## District of Lantzville



### STATEMENT OF OPERATIONS

As at December 31, 2018 with comparative information for 2017

	Financial Plan	2018	2017
<b>Revenue:</b>			
Taxation, net (Note 8)	\$ 2,522,581	\$ 2,459,513	\$ 2,432,617
Sales of services	720,545	708,569	725,010
Grants and government transfers (Note 9)	3,636,088	747,111	672,180
Investment income	60,600	204,192	155,401
Penalties and fines	34,000	26,884	36,064
Development charges earned	116,570	9,182	1,377
Contributions from developers and others	500,000	2,260	7,582
Other revenue from own sources	163,200	479,834	150,726
<b>Total revenues</b>	<b>7,753,584</b>	<b>4,637,545</b>	<b>4,180,957</b>
<b>Expenses: (Note 10 and Schedules C)</b>			
General government services	1,374,791	1,377,640	1,287,678
Transportation services	730,950	883,338	1,153,505
Protective services	481,515	477,625	500,620
Solid waste collection	191,700	192,338	187,320
Recreation and cultural services	362,554	369,100	330,616
Community development services	121,520	120,289	107,144
Sewer	349,453	275,949	263,377
Water	428,332	364,744	408,817
<b>Total expenses</b>	<b>4,040,815</b>	<b>4,061,023</b>	<b>4,239,077</b>
<b>Annual surplus (deficit)</b>	<b>3,712,769</b>	<b>576,522</b>	<b>(58,120)</b>
<b>Accumulated surplus, beginning of year</b>	<b>38,619,267</b>	<b>38,619,267</b>	<b>38,677,387</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 42,332,036</b>	<b>\$ 39,195,789</b>	<b>\$ 38,619,267</b>

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

## District of Lantzville



### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

As at December 31, 2018 with comparative information for 2017

	Financial Plan	2018	2017
<b>Annual surplus (deficit)</b>	\$ 3,712,769	\$ 576,522	\$ (58,120)
Acquisition of tangible capital assets	(7,221,437)	(2,918,080)	(881,425)
Amortization of tangible capital assets	731,000	747,478	771,283
Loss on the disposal of tangible capital assets	-	5,246	261,197
	(2,777,668)	(1,588,834)	92,935
Acquisition and consumption of inventory of supplies	-	(2,495)	(7,571)
Acquisition and consumption of prepaid expenses	-	17,941	2,477
	-	15,446	(5,094)
<b>Change in net financial assets</b>	(2,777,668)	(1,573,388)	87,841
<b>Net financial assets at beginning of year</b>	6,722,816	6,722,816	6,634,975
<b>Net financial assets at end of year</b>	\$ 3,945,148	\$ 5,149,428	\$ 6,722,816

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



## District of Lantzville



### STATEMENT OF CASH FLOWS

As at December 31, 2018 with comparative information for 2017

	2018	2017
Cash provided by (used in):		
<b>Operating transactions:</b>		
Annual surplus (deficit)	\$ 576,522	\$ (58,120)
Items not involving cash:		
Amortization of tangible capital assets	747,478	771,283
Loss on the disposal and write-down of tangible capital assets	5,246	261,197
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(228,636)	(49,412)
Inventories for resale	200	573
Taxes receivable	18,434	19,644
Accounts payable and accrued liabilities	708,262	(188,496)
Deposits	1,097,038	11,602
Deferred revenue	1,167,583	1,931,393
Prepaid property taxes	36,892	52,155
Employee future benefit obligations	(12,324)	26,277
Inventory of supplies	(2,495)	(7,571)
Prepaid expenses	17,941	2,477
Cash provided by operating transactions	4,132,141	2,773,002
<b>Financing transactions:</b>		
Investments	1,928,095	(3,076,877)
<b>Capital transactions:</b>		
Acquisition of tangible capital assets	(2,918,080)	(881,425)
Cash used in capital transactions	(2,918,080)	(881,425)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,142,156</b>	<b>(1,185,300)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>499,206</b>	<b>1,684,506</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,641,362</b>	<b>\$ 499,206</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

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

### 1. Significant Accounting Policies:

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

#### (a) Reporting Entity:

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

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

#### (b) Basis of Accounting:

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

#### (c) Revenue Recognition:

- i. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year.
- ii. Sales of services and user fee revenues are recognized when the service or product is rendered by the District and the amounts are received or become receivable.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 1. Significant Accounting Policies: (continued)

- iii. Unrestricted government transfers are recognized as revenue in the year in which the transfer is authorized by the issuing government, and when any eligibility criteria has been met. Restricted government transfers, in the way of grants or other transfers, are recognized as revenue in the year in which the stipulations are met.
- iv. Revenue unearned in the current period is recorded as deferred revenue.
- v. Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and included in deferred revenue.

#### (d) Deferred Revenue:

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

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

#### (e) Cash and Investments:

Cash and investments consist of cash on deposit in qualifying institutions as defined in the *Community Charter*. Investments are recorded at cost plus amounts reinvested.

#### (f) Employee Future Benefits Payable:

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

Sick leave and other retirement benefits are also available to the District's employees. The costs of these benefits are estimated based on the actual service and current salary and wage. The obligations under



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 1. Significant Accounting Policies: (continued)

these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

#### (g) Deposits:

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

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

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

#### i. Tangible Capital Assets:

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 1. Significant Accounting Policies: (continued)

Amortization is calculated monthly, commencing the month the asset is put in service, and ending the month prior to disposal. Assets under construction are not amortized until the asset is available for productive use.

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

#### ii. Contributions of Tangible Capital Assets:

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

#### iii. Works of Art, and Historical Treasures:

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

#### iv. Interest Capitalization:

The District capitalizes interest costs associated with the acquisition or construction of a tangible capital asset.

#### v. Leased Tangible Capital Assets:

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

#### vi. Inventory of Supplies:

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 1. Significant Accounting Policies: (continued)

#### (i) Use of Estimates:

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

#### (j) Comparative Figures:

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

### 2. Financial Instruments:

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 3. Cash and Investments:

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

	<b>2018</b>	<b>2017</b>
Cash	\$ 3,641,362	\$ 499,206
Investments	8,256,293	10,184,388
	<b>\$ 11,897,655</b>	<b>\$10,683,594</b>

Cash deposited at the Coastal Credit Union earns interest at a rate in the range of prime minus 1 to 2%. Investments consist of short-term investments in the Municipal Finance Authority of BC money market fund and bond funds as well as Guaranteed Investment Certificates with various financial institutions. Investments have yields ranging from 2.00% to 2.70%

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

	<b>2018</b>	<b>2017</b>
Statutory reserves	\$ 3,953,811	\$ 4,009,857
Restricted investments – development cost charges	1,505,571	401,550
	<b>\$ 5,459,382</b>	<b>\$ 4,411,407</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 4. Deferred Revenue:

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

	2018	2017
Community Works (Gas Tax) Funds	\$ 1,584,676	\$ 1,393,378
Development Cost Charges	1,505,571	401,550
Other Deferred Revenue	1,760,134	1,887,870
	<b>\$ 4,850,381</b>	<b>\$ 3,682,798</b>

#### Community Works (Gas Tax) Funds

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

#### Development Cost Charges

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

	2017	Receipts	Interest	Eligible Expense	2018
Water	\$ 126,316	\$ 377,671	\$ 2,906	\$ 9,182	\$ 497,711
Sewer	62,647	150,738	1,441	-	214,826
Drainage	82,418	231,443	1,896	-	315,757
Highway Facilities	51,483	191,605	1,184	-	244,272
Parkland	78,686	152,509	1,810	-	233,005
	<b>\$ 401,550</b>	<b>\$ 1,103,966</b>	<b>\$ 9,237</b>	<b>\$ 9,182</b>	<b>\$ 1,505,571</b>

Development cost charges in the amount of \$2,361 for Drainage, \$1,935 for Roads and \$1,540 for Parkland were refunded to a payee in 2018.





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 5. Employee Future Benefit Obligations:

Employee benefit obligations represent accrued benefits as follows:

	<b>2018</b>	<b>2017</b>
Vacation payable	\$ 15,768	\$ 29,297
Accrued sick leave	67,037	65,832
	<b>\$ 82,805</b>	<b>\$ 95,129</b>

Accrued vacation is the amount of vacation entitlement carried forward into the next year. Employee benefit obligations also include accumulated sick leave banks that may be drawn down in future years. The sick leave benefits obligation was calculated based on 50% of the balance of the employee's sick time bank at year end. These sick leave entitlements may only be used while employed by the District and are paid out on retirement under certain conditions.

### Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of the benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of the unfunded actuarial liability.

The most recent actuarial valuation of the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$91,757 (2017 - \$78,917) for employer contributions, while employees contributed \$81,712 (2017 - \$74,294) to the Plan in fiscal 2018.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 5. Employee Future Benefit Obligations: (continued)

The next valuation will be at December 31, 2018 with results available in 2019.

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

### 6. Tangible Capital Assets (Schedule A):

(a) Assets under construction:

Assets under construction having a value of \$617,764 (2017 - \$128,149) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is \$nil (2017 - \$nil)

(c) Tangible capital assets disclosed at nominal values:

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

(d) Write-down of tangible capital assets:

Tangible capital assets having a value of \$1 (2017 - \$1) have been written down during the year.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 7. Accumulated Surplus:

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

	2018	2017
Equity in Tangible Capital Assets	\$ 34,002,076	\$ 31,836,720
Unrestricted General Fund Surplus	830,965	2,395,155
Unrestricted Sewer Fund Deficit	(366,656)	(300,342)
Unrestricted Water Fund Surplus	775,593	677,878
Statutory Reserve Funds (Schedule B)	3,953,811	4,009,856
	<b>\$ 39,195,789</b>	<b>\$ 38,619,267</b>

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

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

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

	2018	2017
Taxes:		
Property / parcel taxes	\$ 5,440,605	\$ 5,274,361
Payments in lieu of taxes	20,523	16,983
1% utility taxes	54,023	50,705
	5,515,151	5,342,049
Less taxes levied for other authorities:		
School District	1,911,079	1,820,677
School District - policing	231,256	210,111
Regional Hospital District	185,525	177,904
Regional District of Nanaimo	683,089	659,683
BC Assessment Authority	44,479	40,879
Municipal Finance Authority	210	178
	3,055,638	2,909,432
Net taxes available for municipal purposes	<b>\$ 2,459,513</b>	<b>\$ 2,432,617</b>

Net taxes available for municipal purposes includes \$189,527 for the Vancouver Island Regional Library (2017 - \$178,117).



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 9. Grants and Government Transfers

	2018	2017
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 437,778	\$ 436,130
Other	51,299	15,369
Capital transfers from provincial government:		
New Building Canada Fund – Small Communities Fund	86,800	16,312
Capital transfers from federal government:		
New Building Canada Fund – Small Communities Fund	86,799	16,312
Federal Gas Tax	55,000	177,157
Other contributions	29,435	10,900
	<b>\$ 747,111</b>	<b>\$ 672,180</b>

### 10. Expenditure by Object and Segment

The District's operations and activities are organized and reported by Fund. These Funds include General, Water, and Sewer. The District's expenditures by object are reported in Schedule C – Schedule of Segment Disclosures. The following are the activities/services provided by each of the segments reported on:

#### GENERAL FUND

##### General Government

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

##### Transportation Services

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

##### Protective Services

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 10. Expenditure by Object and Segment: (continued)

#### **Solid Waste Collection**

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

#### **Community Development Services**

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

#### **Recreation and Cultural Services**

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

#### **SEWER FUND**

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

#### **WATER FUND**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018 with comparative information for 2017

### 11. Commitments and Contingencies:

- (a) The Nanaimo Regional District ("RDN") debt, under provisions of the Local Government Act, is a direct, joint and several liability of the RDN and each member municipality within the RDN, including the District.
- (b) The District is a defendant in various lawsuits. The District records an accrual in respect to legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. The District is insured through membership in the Municipal Insurance Association ("MIA") of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$10,000. Should the MIA pay out claims in excess of premiums received, it is possible that the District, along with other participants, would be required to contribute towards the deficit.
- (c) On April 9, 2018, Council authorized the purchase of a Freightliner Urban Interface Fire Truck from Fort Garry Fire Trucks Ltd. for \$410,335.37 net of GST. A final payment and the balance in the amount of \$286,081.84 net of GST is payable upon delivery in early 2019.
- (d) The District also has \$9,755 (2017 - \$0) in open purchase orders at year end which have not been recorded in the financial statements. These amounts will be recorded in the period that the goods and services, to which they relate, are received.

District of Lantzville



**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2018

						Infrastructure					
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Assets Under Construction	2018	2017
<b>HISTORICAL COST:</b>											
Opening Balance	\$ 8,799,199	\$ 1,093,930	\$ 1,997,298	\$ 1,875,637	\$ 433,598	\$ 11,836,486	\$ 8,501,781	\$ 6,700,581	\$ 128,149	\$ 41,366,659	\$ 40,911,329
Additions	-	30,884	-	-	27,211	394,384	-	1,965,242	500,359	2,918,080	1,145,759
Disposal	-	-	-	-	(17,924)	(21,583)	-	(46,279)	-	(85,786)	(690,429)
Transfers	-	-	-	-	-	-	-	10,744	(10,744)	-	-
Closing Balance, Dec 31	8,799,199	1,124,814	1,997,298	1,875,637	442,885	12,209,287	8,501,781	8,630,288	617,764	44,198,953	41,366,659
<b>ACCUMULATED AMORTIZATION:</b>											
Opening Balance	-	409,472	959,906	1,026,831	265,850	4,069,364	916,942	1,881,574	-	9,529,939	8,923,554
Additions	-	26,655	50,867	61,119	46,019	336,156	105,800	120,862	-	747,478	771,283
Disposal	-	-	-	-	(17,924)	(16,711)	-	(45,905)	-	(80,540)	(164,898)
Closing Balance, Dec 31	-	436,127	1,010,773	1,087,950	293,945	4,388,809	1,022,742	1,956,531	-	10,196,877	9,529,939
<b>NET BOOK VALUE</b>	<b>\$ 8,799,199</b>	<b>\$ 688,687</b>	<b>\$ 986,525</b>	<b>\$ 787,687</b>	<b>\$ 148,940</b>	<b>\$ 7,820,478</b>	<b>\$ 7,479,039</b>	<b>\$ 6,673,757</b>	<b>\$ 617,764</b>	<b>\$ 34,002,076</b>	<b>\$ 31,836,720</b>



**SCHEDULE OF STATUTORY RESERVE FUNDS**

For the year ended December 31, 2018

	Winter Road Maintenance	Capital Works	Asset Replacement	Fire Truck	Park Development	Park Acquisition	Asset Replacement	Asset Replacement	2018 Total	2018 Financial Plan	2017
	<b>GENERAL FUND</b>						<b>SEWER FUND</b>		<b>WATER FUND</b>		
<b>Opening balance</b>	\$ 5,420	\$ 1,948,307	\$ 681,700	\$ 336,819	\$ 264,887	\$ 37,352	\$ 278,727	\$ 456,645	\$ 4,009,857	\$ 3,696,588	\$ 3,696,588
Transfers in	5,100	637,193	49,400	102,000	-	-	40,800	236,300	1,070,793	922,300	899,083
Interest earned	125	48,124	15,684	7,749	6,094	859	6,413	10,506	95,554	58,390	68,730
Transfers out	-	(463,761)	(34,209)	(120,692)	(23,748)	-	-	(579,983)	(1,222,393)	(2,410,867)	(654,544)
<b>Closing balance</b>	<b>\$ 10,645</b>	<b>\$ 2,169,863</b>	<b>\$ 712,575</b>	<b>\$ 325,876</b>	<b>\$ 247,233</b>	<b>\$ 38,211</b>	<b>\$ 325,940</b>	<b>\$ 123,468</b>	<b>\$ 3,953,811</b>	<b>\$ 2,266,411</b>	<b>\$ 4,009,857</b>



# District of Lantzville



## SCHEDULE OF STATUTORY SEGMENT DISCLOSURES

For the year ended December 31, 2018

	General Government Services	Transportation Services	Protective Services	Solid Waste Collection	Recreation and Cultural Services	Community Development Services	Sewer	Water	2018	2018 Financial Plan
<b>REVENUE</b>										
Taxation	\$ 779,445	\$ 499,778	\$ 270,232	\$ -	\$ 398,358	\$ 68,057	\$ 117,003	\$ 326,640	\$ 2,459,513	\$ 2,522,581
Sales and services	-	-	-	191,663	-	-	194,746	322,160	708,569	720,545
Grants and government transfers	518,512	-	-	-	-	-	173,599	55,000	747,111	3,636,088
Investment income	178,338	-	-	-	-	-	12,245	13,609	204,192	60,600
Penalties and fines	19,379	-	-	-	-	-	2,909	4,596	26,884	34,000
Development charges earned	-	-	-	-	-	-	-	9,182	9,182	116,570
Contributions from developers and others	-	-	-	-	2,260	-	-	-	2,260	500,000
Other revenue from own sources	242,036	-	22,851	-	22,950	153,030	-	38,967	479,834	163,200
	1,737,710	499,778	293,083	191,663	423,568	221,087	500,502	770,154	4,637,545	7,753,584
<b>EXPENSES</b>										
Salaries, wages and benefits	740,884	83,428	175,886	-	98,387	105,054	34,911	135,438	1,373,988	1,422,043
Materials and supplies	134,364	164,438	77,902	4,971	26,724	-	19,752	42,661	470,812	466,530
Contracted services	331,234	66,634	106,932	187,367	7,915	-	72,973	15,279	788,334	733,272
Other	113,397	218,006	37,043	-	207,564	15,235	40,588	48,578	680,411	687,970
Amortization	57,761	350,832	79,862	-	28,510	-	107,725	122,788	747,478	731,000
	1,377,640	883,338	477,625	192,338	369,100	120,289	275,949	364,744	4,061,023	4,040,815
<b>SURPLUS / (DEFICIT)</b>	<b>\$ 360,070</b>	<b>\$ (383,560)</b>	<b>\$ (184,542)</b>	<b>\$ (675)</b>	<b>\$ 54,468</b>	<b>\$ 100,798</b>	<b>\$ 224,553</b>	<b>\$ 405,410</b>	<b>\$ 576,522</b>	<b>\$ 3,712,769</b>

Schedule C – 2018

**District of Lantzville**



**SCHEDULE OF STATUTORY SEGMENT DISCLOSURES**

For the year ended December 31, 2017

	General Government Services	Transportation Services	Protective Services	Solid Waste Collection	Recreation and Cultural Services	Community Development Services	Sewer	Water	2017	2017 Financial Plan
<b>REVENUE</b>										
Taxation	\$ 662,727	\$ 593,673	\$ 257,653	\$ -	\$ 348,275	\$ 55,143	\$ 190,756	\$ 324,390	\$ 2,432,617	\$ 2,416,148
Sales and services	-	-	-	187,865	-	-	201,055	336,090	725,010	711,119
Grants and government transfers	462,400	-	-	-	-	-	32,623	177,157	672,180	3,045,500
Investment income	137,303	-	-	-	-	-	7,098	11,000	155,401	60,600
Penalties and fines	26,760	-	-	-	-	-	3,393	5,911	36,064	32,200
Net Gain on Sale	-	-	-	-	-	-	-	-	-	-
Development charges earned	-	1,377	-	-	-	-	-	-	1,377	202,820
Contributions from developers and others	-	-	-	-	2,340	-	-	5,242	7,582	3,000
Other revenue from own sources	91,786	-	17,313	-	6,227	35,400	-	-	150,726	109,830
	1,380,976	595,050	274,966	187,865	356,842	90,543	434,925	859,790	4,180,957	6,581,217
<b>EXPENSES</b>										
Salaries, wages and benefits	740,289	83,616	183,209	-	90,424	101,044	28,451	142,134	1,369,167	1,348,714
Materials and supplies	137,119	424,441	108,466	5,540	17,025	783	15,603	36,619	745,596	468,840
Contracted services	260,090	170,024	88,367	181,780	2,299	-	74,967	79,775	857,302	880,993
Other	94,297	87,446	36,969	-	193,852	5,317	34,631	43,217	495,729	642,534
Amortization	55,883	387,978	83,609	-	27,016	-	109,725	107,072	771,283	731,000
	1,287,678	1,153,505	500,620	187,320	330,616	107,144	263,377	408,817	4,239,077	4,072,081
<b>SURPLUS / (DEFICIT)</b>	<b>\$ 93,298</b>	<b>\$ (558,455)</b>	<b>\$ (225,654)</b>	<b>\$ 545</b>	<b>\$ 26,226</b>	<b>\$ (16,601)</b>	<b>\$ 171,548</b>	<b>\$ 450,973</b>	<b>\$ (58,120)</b>	<b>\$ 2,509,136</b>