



Lantzville

ANNUAL FINANCIAL  
STATEMENTS 2019



**DISTRICT OF LANTZVILLE  
FINANCIAL STATEMENTS**

**Year Ended December 31, 2019**

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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 MNP 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  
April 27, 2020

## Independent Auditor's Report

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To the Mayor and Council 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, 2019, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2019, and the results of its operations, changes in 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.

### Other Matter

The prior year comparative figures were audited by another firm of chartered professional accountants, who issued an unmodified opinion on May 6, 2019.

### Other Information

Management is responsible for the other information. The other information comprises the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the 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 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.

Nanaimo, British Columbia

April 27, 2020

*MNP* LLP

Chartered Professional Accountants

## District of Lantzville



### STATEMENT OF FINANCIAL POSITION

As at December 31, 2019 with comparative information for 2018

	2019	2018
<b>Financial assets:</b>		
Cash (Note 3)	\$ 8,333,572	\$ 3,641,362
Investments (Note 3)	3,815,780	8,256,293
Taxes receivable	119,763	112,519
Accounts receivable	304,048	472,249
Inventories for resale	1,897	520
	<hr/> 12,575,060	<hr/> 12,482,943
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	204,878	1,097,032
Deposits	1,566,917	1,127,290
Deferred revenue (Note 4)	5,488,791	4,850,381
Prepaid property taxes	214,455	176,007
Employee future benefits obligations (Note 5)	106,292	82,805
	<hr/> 7,581,333	<hr/> 7,333,515
<b>Net financial assets</b>	<hr/> 4,993,727	<hr/> 5,149,428
<b>Non-financial assets:</b>		
Tangible capital assets (Note 6 and Schedule A)	50,867,795	34,002,076
Inventory of supplies	30,599	19,614
Prepaid expenses	27,991	24,671
	<hr/> 50,926,385	<hr/> 34,046,361
<b>Accumulated surplus (Note 7)</b>	<hr/> \$ 55,920,112	<hr/> \$ 39,195,789

Commitments and contingencies (Note 11)

Subsequent events (Note 12)

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, 2019 with comparative information for 2018

	Financial Plan (Note 8)	2019	2018
<b>Revenue:</b>			
Taxation, net (Note 9)	\$ 2,536,076	\$ 2,600,254	\$ 2,459,513
Sales of services	820,052	857,757	708,569
Grants and government transfers (Note 10)	3,744,315	845,750	747,111
Investment income	68,800	226,333	204,192
Penalties and fines	34,100	29,220	26,884
Development charges earned	-	-	9,182
Contributions from developers and others	3,000	16,067,306	2,260
Other revenue from own sources	344,367	213,899	479,834
<b>Total revenues</b>	<b>7,550,710</b>	<b>20,840,519</b>	<b>4,637,545</b>
<b>Expenses: (Note 11 and Schedules C)</b>			
General government services	1,129,497	1,207,478	1,377,640
Transportation services	912,110	913,049	883,338
Protective services	515,080	519,631	477,625
Solid waste collection	194,600	203,786	192,338
Recreation and cultural services	381,008	378,500	369,100
Community development services	125,100	167,252	120,289
Sewer	285,510	264,060	275,949
Water	402,000	462,440	364,744
<b>Total expenses</b>	<b>3,944,905</b>	<b>4,116,196</b>	<b>4,061,023</b>
<b>Annual surplus</b>	<b>3,605,805</b>	<b>16,724,323</b>	<b>576,522</b>
<b>Accumulated surplus, beginning of year</b>	<b>39,195,789</b>	<b>39,195,789</b>	<b>38,619,267</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 42,801,594</b>	<b>\$ 55,920,112</b>	<b>\$ 39,195,789</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, 2019 with comparative information for 2018

	Financial Plan (Note 8)	2019	2018
<b>Annual surplus (deficit)</b>	\$ 3,605,805	\$ 16,724,323	\$ 576,522
Acquisition of tangible capital assets	(7,221,437)	(1,730,765)	(2,918,080)
Contributions of tangible capital assets	-	(16,049,845)	-
Amortization of tangible capital assets	731,000	889,891	747,478
Loss on the disposal of tangible capital assets	-	6,192	5,246
Proceeds on tangible capital assets deposited to reserve	-	18,808	-
	(2,884,632)	(141,396)	(1,588,834)
Acquisition and consumption of inventory of supplies	-	(10,985)	(2,495)
Acquisition and consumption of prepaid expenses	-	(3,320)	17,941
	-	(14,305)	15,446
<b>Change in net financial assets</b>	(2,884,632)	(155,701)	(1,573,388)
<b>Net financial assets at beginning of year</b>	5,149,428	5,149,428	6,722,816
<b>Net financial assets at end of year</b>	\$ 2,264,796	\$ 4,993,727	\$ 5,149,428

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

## District of Lantzville



### STATEMENT OF CASH FLOWS

As at December 31, 2019 with comparative information for 2018

	2019	2018
Cash provided by (used in):		
<b>Operating transactions:</b>		
Annual surplus (deficit)	\$ 16,724,323	\$ 576,522
Items not involving cash:		
Amortization of tangible capital assets	889,891	747,478
Loss on the disposal and write-down of tangible capital assets	6,193	5,246
Contributions of tangible capital assets	(16,049,845)	-
Changes in non-cash operating assets and liabilities:		
Accounts receivable	168,201	(228,636)
Inventories for resale	(1,378)	200
Taxes receivable	(7,244)	18,434
Accounts payable and accrued liabilities	(892,154)	708,262
Deposits	439,627	1,097,038
Deferred revenue	638,410	1,167,583
Prepaid property taxes	38,448	36,892
Employee future benefit obligations	23,487	(12,324)
Inventory of supplies	(10,985)	(2,495)
Prepaid expenses	(3,320)	17,941
Cash provided by operating transactions	1,963,654	4,132,141
<b>Investing transactions:</b>		
Changes in investments held	4,440,513	1,928,095
<b>Capital transactions:</b>		
Proceeds on sale of tangible capital assets	18,808	-
Acquisition of tangible capital assets	(1,730,765)	(2,918,080)
Cash used in capital transactions	(1,711,957)	(2,918,080)
<b>Increase in cash and cash equivalents</b>	<b>4,692,210</b>	<b>3,142,156</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,641,362</b>	<b>499,206</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,333,572</b>	<b>\$ 3,641,362</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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

#### (c) Revenue Recognition:

##### i. Taxation Revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Through the BC Assessment appeal process, taxes may be adjusted by way of supplementary roll adjustments. The impacts of these adjustments on taxes are recognized at the time they are awarded.

##### ii. Development Charges

Development cost charges are recognized as revenue during the period in which the related costs are incurred.

##### iii. Government Transfers

Government transfers without stipulations restricting their use are recognized in the financial statements as revenue in the period in which the transfers are authorized. Government transfers with stipulations restricting their use are recognized in the financial statements as revenues in the period in which eligible expenses are incurred provided they are authorized and meet eligible criteria.

##### iv. Sale of Services

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.

##### v. Investment income

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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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

#### (d) 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.

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

#### (f) 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.

#### (g) 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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

#### (h) Tangible Capital Assets:

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

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

Amortization is calculated 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.

#### i. 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.

#### ii. 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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

iii. **Interest Capitalization:**

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

iv. **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.

v. **Contaminated Sites:**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is to be recognized when all of the following criteria are met:

- i. An environmental standard exists;
- ii. Contamination exceeds the environmental standard;
- iii. The District is directly responsible or accepts responsibility;
- iv. It is expected that future economic benefits will be given up; and
- v. A reasonable estimate of the amount can be made.

As a result of a review of District of Lantzville sites, no liability has been recorded in these financial statements. If a liability is determined, it will be recorded net of any expected recoveries.

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, 2019 with comparative information for 2018

### 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, 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, 2019 with comparative information for 2018

### 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>2019</b>	<b>2018</b>
Cash	\$ 8,333,572	\$ 3,641,362
Investments	3,815,780	8,256,293
	<b>\$ 12,149,352</b>	<b>\$11,897,655</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 1.44% to 2.00%. Investments are recorded at cost.

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

	<b>2019</b>	<b>2018</b>
Statutory reserves	\$ 4,350,015	\$ 3,953,811
Restricted investments – development cost charges	1,861,433	1,505,571
	<b>\$ 6,211,448</b>	<b>\$ 5,459,382</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

### 4. Deferred Revenue:

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

	2018 Opening	Receipts	Interest Earned	Revenue Recognized	2019
Community Works (Gas Tax)	\$ 1,584,676	\$ 421,109	\$ 36,854	\$ (214,333)	\$ 1,828,306
Development Cost Charges – Water	497,711	102,399	11,575	-	611,685
Development Cost Charges - Sewer	214,826	78,945	4,996	-	298,767
Development Cost Charges - Drainage	315,757	26,902	7,345	-	350,004
Development Cost Charges – Highway	244,272	92,992	5,681	-	342,945
Development Cost Charges - Parkland	233,005	19,608	5,419	-	258,032
Other Deferred Revenue	1,760,134	110,184	-	(71,266)	1,799,052
	<b>\$ 4,850,381</b>	<b>\$ 852,139</b>	<b>\$ 71,870</b>	<b>\$ (285,599)</b>	<b>\$ 5,488,791</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.

### 5. Employee Future Benefit Obligations:

Employee benefit obligations represent accrued benefits as follows:

	2019	2018
Vacation payable	\$ 24,344	\$ 15,768
Accrued sick leave	81,948	67,037
	<b>\$ 106,292</b>	<b>\$ 82,805</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. These sick leave entitlements may only be used while employed by the District and are paid out on retirement under certain conditions.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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

#### Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (“the Plan”), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for 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, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$87,276 (2018 - \$91,757) for employer contributions, while employees contributed \$78,147 (2018 - \$81,712) to the Plan in fiscal 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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

(a) Assets under construction:

Assets under construction having a value of \$613,847 (2018 - \$617,764) 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 \$16,067,306 (2018 - \$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 (2018 - \$1) have been written down during the year.

(e) Interest capitalized:

No interest was capitalized with the acquisition or construction of a tangible capital asset during the year.

### 7. Accumulated Surplus:

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

	2019	2018
Equity in Tangible Capital Assets	\$ 50,867,795	\$ 34,002,076
Unrestricted General Fund Surplus	731,104	830,965
Unrestricted Sewer Fund Deficit	(346,720)	(366,656)
Unrestricted Water Fund Surplus	317,918	775,593
Statutory Reserve Funds (Schedule B)	4,350,015	3,953,811
	<b>\$ 55,920,112</b>	<b>\$39,195,789</b>

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

# District of Lantzville



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

### 8. Annual Budget:

These financial statements include the Annual Budget as approved by Council on December 10, 2018. No amendments subsequent to this date have been included. The following is a reconciliation of the budget presentation required for the financial statements and the annual financial plan bylaw:

	<b>2019</b>
Annual Budgeted Surplus – Statement of Operations	\$ 3,605,805
Adjust for:	
Capital expenditures	(6,837,564)
Proceeds from borrowing	1,567,065
Transfer from reserves	962,525
Internal borrowing repayment	(58,831)
Amortization	761,000
<b>Net Annual Budget – as approved by Council</b>	<b>\$ -</b>

# District of Lantzville



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

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

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

	2019	2018
Taxes:		
Property / parcel taxes	\$ 5,931,928	\$ 5,440,605
Payments in lieu of taxes	23,090	20,523
1% utility taxes	57,855	54,023
	6,012,873	5,515,151
Less taxes levied for other authorities:		
School District	2,157,969	1,911,079
Policing	250,952	231,256
Regional Hospital District	203,126	185,525
Regional District of Nanaimo	749,855	683,089
BC Assessment Authority	50,468	44,479
Municipal Finance Authority	249	210
	3,412,619	3,055,638
Net taxes available for municipal purposes	\$ 2,600,254	\$ 2,459,513

Net taxes available for municipal purposes includes \$193,191 for the Vancouver Island Regional Library (2018 - \$189,527).



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019 with comparative information for 2018

### 10. Grants and Government Transfers

	2019	2018
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 447,619	\$ 437,778
Other	54,266	51,299
Capital transfers from provincial government:		
New Building Canada Fund – Small Communities Fund	64,065	86,800
Capital transfers from federal government:		
New Building Canada Fund – Small Communities Fund	64,065	86,799
Federal Gas Tax	214,333	55,000
Other contributions	1,402	29,435
	<b>\$ 845,750</b>	<b>\$ 747,111</b>

### 11. 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, 2019 with comparative information for 2018

### 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, 2019 with comparative information for 2018

### 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) The District also has \$12,861 (2018 - \$9,755) 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.

### 12. Subsequent Events

In March 2020, the COVID-19 outbreak has caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of facility closures, travel restrictions, self-isolation periods, and social and physical distancing, will have a significant impact on the local and global economy. At this time it is not possible to reliably estimate the length and severity of the COVID-19 outbreak and how it may impact the District's financial results for 2020.

# District of Lantzville



## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2019

						Infrastructure					2019	2018
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Assets Under Construction			
<b>HISTORICAL COST:</b>												
Opening Balance	\$ 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	
Additions	9,201,998	137,864	-	482,555	-	3,549,226	702,248	3,710,635	207,417	17,991,943	2,918,080	
Disposal	-	(33,869)	-	(453,943)	(33,429)	(26,478)	-	-	-	(547,719)	-	
Transfers	-	-	-	-	-	-	-	-	(211,333)	(211,333)	(85,786)	
Closing Balance, Dec 31	18,001,197	1,228,809	1,997,298	1,904,249	409,456	15,732,035	9,204,029	12,340,923	613,848	61,431,844	44,198,953	
<b>ACCUMULATED AMORTIZATION:</b>												
Opening Balance	-	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	
Additions	-	29,545	50,161	68,591	40,839	395,217	113,274	192,264	-	889,891	747,478	
Disposal	-	(33,869)	-	(428,943)	(33,429)	(26,478)	-	-	-	(522,719)	(80,540)	
Closing Balance, Dec 31	-	431,803	1,060,934	727,598	301,355	4,757,548	1,136,016	2,148,795	-	10,564,049	10,196,877	
<b>NET BOOK VALUE</b>	<b>\$ 18,001,197</b>	<b>\$ 797,006</b>	<b>\$ 936,364</b>	<b>\$ 1,176,651</b>	<b>\$ 108,101</b>	<b>\$ 10,974,487</b>	<b>\$ 8,068,013</b>	<b>\$ 10,192,128</b>	<b>\$ 613,848</b>	<b>\$ 50,867,795</b>	<b>\$ 34,002,076</b>	

Schedule A



**SCHEDULE OF STATUTORY RESERVE FUNDS**

For the year ended December 31, 2019

	Operating Reserve	Capital Works	Asset Replacement	Fire Truck	Park Development	Park Acquisition	Asset Replacement	Asset Replacement	2019 Total	2019 Financial Plan	2018
	<b>GENERAL FUND</b>						<b>SEWER FUND</b>		<b>WATER FUND</b>		
<b>Opening balance</b>	\$ 10,645	\$ 2,169,863	\$ 712,575	\$ 325,876	\$ 247,233	\$ 38,211	\$ 325,940	\$ 123,468	\$ 3,953,811	\$ 3,953,811	\$ 4,009,857
Transfers in	108,492	505,820	50,397	122,810	118,598	209,327	41,600	813,159	1,970,203	948,320	1,070,793
Interest earned	248	50,464	10,997	7,579	11,325	889	7,581	2,872	91,955	56,120	95,554
Transfers out	(55,966)	(834,217)	(310,566)	(292,089)	(104,155)	(38,211)	(11,979)	(18,771)	(1,665,954)	(1,974,016)	(1,222,393)
<b>Closing balance</b>	<b>\$ 63,419</b>	<b>\$ 1,891,930</b>	<b>\$ 463,403</b>	<b>\$ 164,176</b>	<b>\$ 273,001</b>	<b>\$ 210,216</b>	<b>\$ 363,142</b>	<b>\$ 920,728</b>	<b>\$ 4,350,015</b>	<b>\$ 2,984,235</b>	<b>\$ 3,953,811</b>

# District of Lantzville



## SCHEDULE OF STATUTORY SEGMENT DISCLOSURES

For the year ended December 31, 2019

	General Government Services	Transportation Services	Protective Services	Solid Waste Collection	Recreation and Cultural Services	Community Development Services	Sewer	Water	2019	2019 Financial Plan
<b>REVENUE</b>										
Taxation	\$ 818,963	\$ 542,944	\$ 308,998	\$ -	\$ 225,075	\$ 292,647	\$ 49,692	\$ 361,935	\$ 2,600,254	\$ 2,536,076
Sales and services	-	-	-	203,825	-	-	244,416	409,516	857,757	820,052
Grants and government transfers	515,620	200,000	2,000	-	-	-	128,130	-	845,750	3,744,315
Investment income	215,983	-	-	-	-	-	10,350	-	226,333	68,800
Penalties and fines	20,668	-	-	-	-	-	3,475	5,077	29,220	34,100
Development cost charges earned	-	-	-	-	-	-	-	-	-	-
Contributions from developers and others	-	3,151,977	-	-	8,516,210	-	690,269	3,708,850	16,067,306	3,000
Other revenue from own sources	117,119	-	48,751	-	1,170	46,400	-	459	213,899	344,367
	1,688,353	3,894,921	359,749	203,825	8,742,455	339,047	1,126,332	4,485,837	20,840,519	7,550,710
<b>EXPENSES</b>										
Salaries, wages and benefits	740,156	87,434	187,699	-	104,131	159,397	34,080	140,657	1,453,554	1,358,651
Materials and supplies	101,694	167,298	84,681	4,869	22,070	-	16,937	42,268	439,817	492,650
Contracted services	175,386	142,028	115,030	198,917	2,447	-	78,702	21,531	734,041	599,296
Other	129,386	106,821	48,994	-	219,052	7,855	21,067	65,718	598,893	733,308
Amortization	60,856	409,468	83,227	-	30,800	-	113,274	192,266	889,891	761,000
	1,207,478	913,049	519,631	203,786	378,500	167,252	264,060	462,440	4,116,196	3,944,905
<b>SURPLUS / (DEFICIT)</b>	<b>\$ 480,875</b>	<b>\$ 2,981,872</b>	<b>\$ (159,882)</b>	<b>\$ 39</b>	<b>\$ 8,363,955</b>	<b>\$ 171,795</b>	<b>\$ 862,272</b>	<b>\$ 4,023,397</b>	<b>\$16,724,323</b>	<b>\$ 3,605,805</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