



# DISTRICT OF LANTZVILLE

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

**DISTRICT OF LANTZVILLE  
FINANCIAL STATEMENTS**

**Year Ended December 31, 2025**

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For the year ended December 31, 2025, with comparative information for 2024

## 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 is 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.

Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council's 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.

A handwritten signature in blue ink, appearing to read "Prab Lashar".

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Prab Lashar  
Chief Administrative Officer  
May 20, 2026

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, 2025, and the statements of operations 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, 2025, and the results of its operations 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 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 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

May 20, 2026

*MNP* LLP

Chartered Professional Accountants

# District of Lantzville



For the year ended December 31, 2025, with comparative information for 2024

## STATEMENT OF FINANCIAL POSITION

	2025	2024
<b>Financial Assets:</b>		
Cash	\$ 359,934	\$ 1,094,873
Investments (Note 3)	20,608,911	18,166,088
Accounts receivable	433,652	413,944
Taxes receivable	220,229	357,811
MFA debt reserve deposit (Note 8)	49,365	47,929
	<b>\$ 21,672,091</b>	<b>\$ 20,080,645</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	2,092,852	2,220,939
Deposits	615,672	378,394
Deferred revenue (Note 4)	401,712	498,271
Restricted revenue (Note 5)	3,215,304	3,104,352
Prepaid property taxes	508,771	424,262
Employee future benefit obligations (Note 6)	107,100	85,500
Debt (Note 8)	3,729,333	3,847,461
Asset retirement obligations (Note 9)	112,790	112,790
	<b>\$ 10,783,534</b>	<b>\$ 10,671,969</b>
<b>Net financial assets:</b>	<b>\$ 10,888,557</b>	<b>\$ 9,408,676</b>
<b>Non-financial assets:</b>		
Tangible capital assets (Schedule A)	69,278,460	69,404,640
Inventory of supplies	-	-
Prepaid expenses	36,998	20,206
	<b>\$ 69,315,458</b>	<b>\$ 69,424,846</b>
<b>Accumulated Surplus (Note 15)</b>	<b>\$ 80,204,015</b>	<b>\$ 78,833,522</b>

Commitments and contingencies (Note 13)

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

Approved by:

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 Julia Seppola  
 Director of Financial Services

# District of Lantzville



For the year ended December 31, 2025, with comparative information for 2024

## STATEMENT OF OPERATIONS

	2025 Budget (Note 10)	2025	2024
<b>Revenue:</b>			
Taxation, net (Note 11)	\$ 4,031,644	\$ 3,977,785	\$ 3,889,550
Sales of services	2,117,727	1,696,695	1,534,984
Government grants and transfers	1,114,717	919,314	1,046,358
Investment income	466,333	528,505	753,243
Other revenue	474,865	451,490	158,199
	<b>\$ 8,205,286</b>	<b>\$ 7,573,789</b>	<b>\$ 7,382,334</b>
<b>Expenses:</b>			
General government services	1,834,494	1,633,552	1,690,276
Building inspection services	142,160	144,387	148,965
Bylaw enforcement	100,470	76,247	86,770
Community and development services	425,156	395,540	303,946
Protective services	735,040	844,882	752,138
Environmental services	358,613	315,566	287,809
Public works and transportation	1,220,066	1,080,328	1,203,562
Recreation and cultural services	289,818	315,634	307,934
Sewer	458,278	424,632	417,363
Water	905,004	972,528	936,606
	<b>\$ 6,469,099</b>	<b>\$ 6,203,296</b>	<b>\$ 6,135,369</b>
<b>Annual Surplus</b>	<b>\$ 1,736,187</b>	<b>\$ 1,370,493</b>	<b>\$ 1,246,965</b>
<b>Accumulated surplus, beginning of year</b>	<b>78,833,522</b>	<b>78,833,522</b>	<b>77,586,557</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 80,569,709</b>	<b>\$ 80,204,015</b>	<b>\$ 78,833,522</b>

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



For the year ended December 31, 2025, with comparative information for 2024

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	2025 Budget (Note 10)	2025	2024
Annual surplus	\$ 1,736,187	\$ 1,370,493	\$ 1,246,965
Acquisition of tangible capital assets	(2,991,068)	(1,240,704)	(2,944,349)
Amortization of tangible capital assets	1,130,500	1,366,885	1,324,327
Net tangible capital asset adjustments	-	-	(96,487)
	<u>(124,381)</u>	<u>1,496,674</u>	<u>(469,544)</u>
Consumption and (acquisition) of inventory of supplies	-	-	21,504
Consumption of prepaid expenses	-	(16,793)	1,487
	-	(16,793)	22,991
<b>Change in net financial assets</b>	<b>(124,381)</b>	<b>1,479,881</b>	<b>(446,553)</b>
<b>Net financial assets, beginning of year</b>	<b>9,408,676</b>	<b>9,408,676</b>	<b>9,855,229</b>
<b>Net financial assets, end of year</b>	<b>\$ 9,284,295</b>	<b>\$ 10,888,557</b>	<b>\$ 9,408,676</b>

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

For the year ended December 31, 2025, with comparative information for 2024

## STATEMENT OF CASH FLOWS

	2025	2024
<b>Operating activities:</b>		
<b>Annual surplus</b>	\$ 1,370,493	\$ 1,246,965
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	1,366,885	1,324,327
Net tangible capital asset adjustments	-	(96,487)
<b>Change in non-cash operating assets and liabilities:</b>		
Accounts receivable	(19,708)	457,692
Taxes receivable	137,582	(68,641)
MFA debt reserve deposit	(1,436)	(1,612)
Accounts payable and accrued liabilities	(128,088)	575,259
Deposits	237,278	(444,562)
Deferred revenue	(96,559)	194,112
Restricted revenue	110,952	522,151
Prepaid property taxes	84,509	28,807
Employee future benefit obligations	21,600	(30,912)
Inventory of supplies	-	21,504
Prepaid expenses	(16,792)	1,488
	3,066,716	3,730,091
<b>Financing activity:</b>		
Repayment of borrowing	(118,128)	(116,096)
<b>Investing activity</b>		
Increase in investments	(2,442,823)	(3,693,621)
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(1,240,704)	(2,944,349)
<b>Decrease in cash</b>	(734,939)	(3,023,975)
<b>Cash, beginning of year</b>	1,094,873	4,118,848
<b>Cash, end of year</b>	\$ 359,934	\$ 1,094,873

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

## NOTES OF THE FINANCIAL STATEMENTS

The District of Lantzville (the “District”) 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 services to residents of the incorporated area. These services include general government, building inspection, bylaw enforcement, community and development, protective (fire protection and emergency preparedness), environmental (waste, recyclables and food waste collection), public works and transportation, parks and recreation, sewer collection and conveyance, and water supply and distribution services.

### 1. Significant Accounting Policies

The District prepares its financial statements in accordance with Canadian Public Sector Accounting Standards (“PSAS”), which includes the following significant accounting policies:

(a) Basis of presentation:

The financial statements present the resources and operations including all accounts and funds of the District. All interfund transactions have been eliminated.

(b) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(c) Tangible capital assets:

Tangible capital assets are initially 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 tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful life - years
Land	Indefinite
Land Improvements	10 to 50
Buildings and facilities	15 to 80
Equipment	5 to 10
Roads infrastructure	10 to 75
Vehicles	10 to 30
Roads and sidewalks	5 to 25
Sewer infrastructure	10 to 100
Water system infrastructure	10 to 100

Annual amortization is charged commencing when the asset is available for use. Assets under construction are not amortized until the asset is put into productive use.

When events or circumstances indicate that a tangible capital asset no longer has any long-term service potential, the net carrying amount is written down to the residual value of the asset.

For the year ended December 31, 2025, with comparative information for 2024

## 1. Significant Accounting Policies (Continued)

### (c) Tangible capital assets (Continued):

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

### (d) Non-financial assets:

#### (i) Works of art and heritage assets:

Works of art and heritage assets are not recorded as assets in these financial statements as stipulated by PSAS.

#### (ii) Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

#### (iii) Leased tangible capital assets:

Leases that 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 as incurred.

#### (iv) Inventories held for consumption:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

### (e) Debt:

Debt is recorded net of related sinking fund balances held by the Municipal Finance Authority of BC ("MFA").

### (f) Employee future benefits:

The District and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. These contributions are expensed as incurred.

The District also accrues non-vested sick leave. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liability under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn future benefits.

### (g) Revenue recognition:

Revenue is recognized when the performance obligation is satisfied and measurable. Unearned amounts are reported on the statement of financial position as deferred revenue, performance bonds, or deposits.

Annual taxation revenues are recognized in the year they are levied and are calculated using the approved tax rates in the annual tax rates bylaw.

Property taxes imposed by other taxing authorities are not included as taxes for municipal purposes.

## 1. Significant Accounting Policies (Continued)

### (h) Expense recognition:

Expenses are recorded on an accrual basis and are recognized upon the receipt of goods or services. Interest expense on debt is recorded on an accrual basis in accounts payable and accrued liabilities.

### (i) Government transfers:

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as revenue as the stipulation liabilities are settled.

### (j) Use of accounting estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts as at the dated of the financial statements, and that affect the reported amount of related revenues and expenses during the reporting period. As such, actual results could differ from the estimates. Areas requiring the greatest degree of estimation include employee future benefit obligations, asset retirement obligations, the estimated useful lives of tangible capital assets and the assessment of contingent liabilities.

### (k) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives in PSAS. The District has provided definitions of segments as well as presented financial information in segmented format (Note 12 and Schedules B & C).

### (l) 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 contaminated sites is recognized net of any expected recoveries when a site is not in productive use and 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.

For the year ended December 31, 2025, with comparative information for 2024

## 1. Significant Accounting Policies (Continued)

### (l) Contaminated sites (Continued):

The liability is recognized as management's estimate of the cost of remediation and post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. The District has no liability for contaminated sites as at year-end.

### (m) Financial instruments:

The District's financial instruments include cash, investments, receivables, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless the District elects to carry the instruments at fair value. The District has not elected to carry any financial instruments at fair value.

Unrealized changes in fair value are recognized on the statement of remeasurement gains and losses. They are recorded in the statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the District does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Investment transactions are recorded on the trade date.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

## 2. Adoption of New Accounting Standards

### (a) PS 3400 *Revenue*:

On January 1, 2024, the District adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. Pursuant to this standard, the change was applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting standard.

### (b) PSG-8 *Purchased Intangibles*:

On January 1, 2024, the District adopted Canadian public sector accounting guideline PSG-8 Purchased Intangibles. The new accounting guideline permits recognition of purchased intangibles that are acquired through an arm's length exchange transaction between willing parties provided the purchased intangible meets the recognition criteria for an asset. The adoption of this new guideline did not have an impact on the amounts presented in these financial statements.

For the year ended December 31, 2025, with comparative information for 2024

## 2. Adoption of New Accounting Standards (Continued)

### (c) PS 3160 *Public Private Partnerships*:

On January 1, 2024, the District adopted Canadian public sector accounting standard PS 3160 Public Private Partnerships. The new accounting standard includes requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The adoption of this new standard did not have an impact on the amounts presented in these financial statements.

## 3. Investments

	2025		2024
MFA short-term bond fund	\$ 1,906,778	\$	1,846,544
MFA money market fund	432,503		420,419
MFA pooled mortgage fund	360,211		347,473
Pooled high interest savings account	17,909,419		15,551,652
	<b>\$ 20,608,911</b>	<b>\$</b>	<b>18,166,088</b>

Investments are comprised of funds invested in the Municipal Finance Authority of British Columbia (MFA) short term bond, money market and mortgage funds, as well as a Pooled High Interest Savings Account (PHISA) through a partnership with the Municipal Finance Authority of British Columbia and a financial institution. The PHISA offers a convenient way to invest excess cash and offers a highly competitive interest rate, secured principal, and the ability to move funds at any time without penalty regardless of the amount invested.

The annual return on the MFA short-term bond, money market and mortgage funds were 3.89%, ~3.0%-3.5% and 4.75%, respectively, in 2025. The weighted average rate of return on the PHISA funds in 2025 was ~3.2%-3.6%.

# District of Lantzville



For the year ended December 31, 2025, with comparative information for 2024

## 4. Deferred Revenue

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

	2024	Receipts	Transfers	Revenue Recognized	2025
Development Works	\$ 259,521	\$ -	\$ -	\$ -	\$ 259,521
Next Generation 911	22,500	-	-	-	22,500
Local Gov't Housing Initiatives (Schedule E)	134,430	-	-	(111,016)	23,414
Planning/Development Revenue	79,659	70,208	-	(79,659)	70,208
SPARC Grant	-	20,000	-	-	20,000
Active Transportation Grant	-	25,000	-	(21,092)	3,908
Other	2,161	-	-	-	2,161
	<b>\$ 498,271</b>	<b>\$ 115,208</b>	<b>\$ -</b>	<b>\$ (211,767)</b>	<b>\$ 401,712</b>

## 5. Restricted Revenue

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

	2024	Receipts	Interest Earned	Revenue Recognized	2025
DCC – Water	\$ 937,808	\$119,651	\$ 40,647	\$ -	\$ 1,098,106
DCC – Sewer	668,720	71,026	28,693	-	768,439
DCC – Drainage	570,431	19,077	17,270	(312,195)	294,583
DCC – Roads	316,569	67,049	14,264	-	397,882
DCC – Parkland	536,333	20,172	22,263	-	578,768
Parkland Acquisition	74,491	-	3,035	-	77,526
	<b>\$ 3,104,352</b>	<b>\$ 296,975</b>	<b>\$ 126,172</b>	<b>\$ (312,195)</b>	<b>\$ 3,215,304</b>



For the year ended December 31, 2025, with comparative information for 2024

## 6. Employee Future Benefit Obligations

The District provides sick leave benefits to its employees. The accrued liability related to these benefits is as follows:

	2025	2024
Accrued benefit liability, end of year	\$ 107,100	\$ 85,500

An actuarial valuation of the District’s accrued sick leave benefit liability was completed for the first time as at December 31, 2025, with extrapolations for each year to December 31, 2027. The actuarial assumptions used to determine the District’s accrued benefit for 2025 were as follows:

	2025	2024
Discount rate	4.1%	4.1%
Expected wage and salary range increases	n/a	n/a
Expected average remaining service period	14 years	14 years

## 7. Pension Plan

The District and its employees contribute to the Municipal Pension 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 benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2024, indicated a \$ 2.67 billion funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2025, with results available in 2025.

The District paid \$132,285 (2024 - \$117,048) for employer contributions to the plan in 2025.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.



For the year ended December 31, 2025, with comparative information for 2024

## 8. Debt

The District issues debt instruments through Municipal Finance Authority (MFA) pursuant to security issuing bylaws under authority of the *Community Charter* to finance certain capital expenditures.

The District obtained a 25-year debt instrument through the MFA in 2021 for \$4,300,000, pursuant to a security issuing bylaw under authority of the *Community Charter*, to finance capital expenditures for its Sewer Phase III Expansion Project.

Bylaw Number	Maturity Date	Interest Rate	Authorized	Principal payments & actuarial adjustments		
				2025	2024	
152	2050	3.03%	\$ 4,300,000	\$ 118,128	\$ 3,729,333	\$ 3,847,461

Future principal and interest payments on the outstanding debt over the next five years and thereafter are as follows:

2026	\$ 206,064
2027	206,064
2028	206,064
2029	206,064
2030	206,064
Future years	4,121,274
	<b>\$ 5,151,594</b>

The total interest expense on the debt for the year was \$39,130 (2024 – \$39,130).

This debt was refinanced in October 2025 by the MFA, at which time both the actuarial and interest rates changed. The interest rate was changed from 0.91% to 3.03% and the actuarial rate changed from 1.75% to 3.5%.

As a condition of this borrowing, a portion of the debt proceeds is withheld by the MFA in a debt reserve deposit. The District has also executed a demand note in connection with the debt. The demand note is contingent in nature and is not reflected in the financial statements. The details of the debt reserve deposit and contingent demand note at December 31 are as follows:

	2025	2024
Debt reserve deposit	\$ 49,365	\$ 47,929
Demand note	\$ 31,669	\$ 31,669



For the year ended December 31, 2025, with comparative information for 2024

## 9. Asset Retirement Obligations

### Remediation Assets with Asbestos

The District owns assets that are known to have asbestos and lead paint, which represents a health hazard upon demolition of the asset. There is a legal obligation to remove and dispose of the hazardous materials. Following the adoption of PS3280 Asset Retirement Obligations (ARO), the District recognized an obligation of \$37,790 relating to the removal of the hazardous materials related to these assets as estimated in December 2024. It is highly likely that this ARO asset will be removed in a short period of time; therefore, the net present value method is not used to estimate the ARO asset and liability as the time value of money is negligible.

### Well Decommissioning Obligation

The Groundwater Protection Regulation provides specific guidelines for decommissioning wells which give rise to a retirement obligation. The District recognized an ARO of \$75,000 related to ten wells owned by Lantzville that will require decommissioning at the end of their useful lives. Again, the net present value method is not used to estimate the ARO asset and liability as the time value of money is projected to be negligible.

Total estimated costs of \$112,790 have been added to the District’s assets as Asset Retirement Obligations with a corresponding liability, and the ARO capital assets are being amortized on a straight-line basis over their remaining expected useful lives.

	2025	2024
<b>Opening asset retirement obligations</b>	\$ 112,790	\$ 112,790
<b>Closing asset retirement obligation</b>	<b>\$ 112,790</b>	<b>\$ 112,790</b>

For the year ended December 31, 2025, with comparative information for 2024

## 10. Budget

The budget figures reported in the statement of operations and statement of change in net financial assets represents the 2025 component of the District of Lantzville’s 5-Year (2025 – 2029) Financial Plan Bylaw No. 360, 2024, adopted by Council on February 21, 2025. No amendments subsequent to this date have been included. The following is a reconciliation of the budget presentation in the financial statements and the annual financial plan bylaw:

	<b>2025</b>
Annual Budgeted Surplus – Statement of Operations	\$ 1,736,187
Adjust for:	
Capital expenditures	(2,991,068)
Proceeds from borrowing	-
Debt principal payments	(110,208)
Transfer from reserves/surplus	2,507,270
Transfers to reserves/surplus	(2,174,705)
Internal borrowing repayment	(97,976)
Amortization	1,130,500
<b>Net 2025 Budget – as approved by Council</b>	<b>\$ -</b>

## 11. Taxes Available for Municipal Purposes

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

	<b>2025</b>	<b>2024</b>
<b>Taxes:</b>		
Property/parcel taxes	\$ 10,287,213	\$ 10,053,726
Payments in lieu of taxes	(25,940)	65,823
1% utility taxes	59,069	58,348
3% utility taxes	19,710	20,953
	<b>\$ 10,340,052</b>	<b>\$ 10,198,850</b>

### Less taxes levied by and for other authorities:

School District	\$ 3,036,900	\$ 3,295,689
Policing	398,147	412,587
Regional Hospital District	1,154,779	945,913
Regional District of Nanaimo	1,376,875	1,280,238
BC Assessment Authority	79,614	75,421
Vancouver Island Regional Library	315,521	299,033
Municipal Finance Authority	431	419
	<b>6,362,267</b>	<b>6,309,300</b>
<b>Net taxes available for municipal purposes</b>	<b>\$ 3,977,785</b>	<b>\$ 3,889,550</b>

## 12. Expenses by Object and Segment

The District provides a wide range of municipal services. These services have been grouped into related departmental functions or service areas for segment reporting purposes. The District's expenditures by object are reported in Schedule B, which shows the associated revenue and expenses for each segment. The various segments and the associated departmental functions or services are as follows:

### **General government services:**

General government services include all administrative functions of the District including corporate administration, finance, human resources and legislative services.

### **Building inspection services:**

Building inspection services ensure the health, safety, and protection of persons and property by confirming that buildings and their systems generally conform to the BC Building Code and other applicable standards.

### **Bylaw enforcement:**

Bylaw enforcement services include the enforcement of regulatory bylaws.

### **Community and development services:**

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

### **Protective services:**

Protective services includes fire protection, emergency preparedness or planning and emergency response.

### **Environmental services:**

Environmental services includes garbage, recyclables and food waste curbside collection services which are contracted to and provided by the Regional District of Nanaimo.

### **Public works and transportation services:**

Public works and transportation services provides for the maintenance and upkeep of the District's infrastructure including its roads, bridges, storm drainage systems, and pedestrian walkways and trails, including the fleet of vehicles required to provide these services.

### **Recreation and cultural services:**

Recreation and cultural services provides for the maintenance and development of all parks and green spaces within the District, as well as the cultural activities which enhance the community.

### **Sewer:**

The sewer function includes the management and maintenance of the sanitary sewer collection system, with the wastewater being conveyed to the Regional District of Nanaimo's sewer treatment plant.

### **Water:**

The water function includes the management and maintenance of the water collection and distribution systems including reservoirs, wells, and hydrants.

## 13. Commitments and Contingencies

- (a) The Regional District of Nanaimo (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 of Lantzville.
  
- (b) The District is a defendant in various lawsuits. The District records an accrual in respect of 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, are 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 share jointly for general liability claims against any member. 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.

For the year ended December 31, 2025, with comparative information for 2024

## 14. Canada Community-Building Reserve

The Canada Community-Building (CCB) or Community Works funding (formally known as Gas Tax funding) is provided by the Government of Canada. The use of the funding is established by a funding agreement between the District of Lantzville and the Union of British Columbia Municipalities. Canada Community Building funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. The funds are recorded on the consolidated financial statements as a reserve fund.

	2025	2024
Opening balance of unspent funds	\$ 883,153	\$ 1,470,485
Add: Amounts received during year	237,214	237,214
Interest earned	35,427	64,885
Less: Funds utilized:	(27,263)	(889,431)
<b>Closing balance unspent funds, December 31</b>	<b>\$ 1,128,531</b>	<b>\$ 883,153</b>

For the year ended December 31, 2025, with comparative information for 2024

## 15. Accumulated Surplus

	2025	2024	Increase (decreased)
Unrestricted Operating Surplus (a)	\$ 2,074,975	\$ 1,873,901	\$ 201,074
Restricted Operating Surplus: (b)			
Climate action program	223,864	311,271	(87,407)
One-time projects	178,086	171,547	6,539
Tax stabilization	95,713	70,713	25,000
<b>Total Restricted Operating Surplus</b>	<b>497,663</b>	<b>553,531</b>	<b>(55,868)</b>
Reserve Funds (b):			
Community amenities	261,410	231,961	29,449
Community works (Note 14)	1,128,531	883,153	245,378
Financial stabilization	190,913	104,666	86,247
General capital	1,598,575	1,666,501	(67,926)
Growing communities (Schedule F)	788,255	783,050	5,205
Property acquisition	52,120	50,080	2,040
Parkland capital infrastructure	23,212	22,303	909
Transportation infrastructure	2,719,071	2,599,586	119,485
Vehicles and equipment	635,582	575,205	60,377
Sewer capital	1,858,944	1,471,980	386,964
Water capital	1,299,244	1,018,461	280,783
Community water expansion	56,672	54,454	2,218
Lantzville / Nanaimo Water Agreement	1,469,721	1,387,512	82,209
<b>Total Reserve Funds</b>	<b>12,082,250</b>	<b>10,848,912</b>	<b>1,233,338</b>
Investment in Tangible Capital Assets:			
Tangible capital assets	69,278,460	69,404,639	(126,179)
Less debt	(3,729,333)	(3,847,461)	118,128
<b>Total Investment in Tangible Capital Assets</b>	<b>65,549,127</b>	<b>65,557,178</b>	<b>(8,051)</b>
<b>Total Accumulated Surplus</b>	<b>\$ 80,204,015</b>	<b>\$ 77,833,522</b>	<b>\$ 1,370,493</b>

(a) Unrestricted operating surplus is available to temporarily finance operations until planned revenues (i.e. property taxes, fees, grants etc.) are received, or for other operating or capital purposes as determined by Council, to the extent that it is available.

(b) The District of Lantzville undertook a reorganization of its restricted surplus, deferred revenue and reserve funds in 2024 which resulted in the reclassification of specific reserve funds and restricted surplus accounts.



**SCHEDULE A - TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2025

	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Assets Under Construction	2025	2024
<b>HISTORICAL COSTS</b>											
Opening Balance	\$ 20,516,698	\$ 2,086,130	\$ 2,104,284	\$ 2,620,385	\$ 993,486	\$ 19,446,012	\$ 17,067,290	\$ 18,644,557	\$ 1,889,875	\$ 85,368,717	\$ 82,327,880
Additions	-	-	-	85,665	134,227	48,498	5,929	11,624	954,761	1,240,704	2,944,349
Net Adjustments	-	-	-	-	-	-	-	-	-	-	96,488
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	45,565	-	198,588	-	106,854	-	-	(351,007)	-	-
Closing Balance, Dec 31	\$ 20,516,698	\$ 2,131,695	\$ 2,104,284	\$ 2,904,638	\$ 1,127,713	\$ 19,601,364	\$ 17,073,219	\$ 18,656,181	\$ 2,493,629	\$ 86,609,421	\$ 85,368,717
<b>ACCUMULATED AMORTIZATIONS:</b>											
Opening Balance	-	707,559	1,257,957	1,021,910	562,271	7,035,692	1,987,152	3,391,535	-	15,964,076	14,639,751
Amortization Expense	-	66,396	45,357	141,655	127,394	496,899	193,700	295,484	-	1,366,885	1,324,327
Closing Balance, Dec 31	-	773,955	1,303,314	1,163,565	689,665	7,532,591	2,180,852	3,687,019	-	17,330,961	15,964,078
<b>NET BOOK VALUE</b>	\$ 20,516,698	\$ 1,357,740	\$ 800,970	\$ 1,741,071	\$ 438,051	\$ 12,068,773	\$ 14,892,367	\$ 14,969,162	\$ 2,493,629	\$ 69,278,460	\$ 69,404,639



**SCHEDULE B – 2025 SEGMENT DISCLOSURES**

For the year ended December 31, 2025

	General Government Services	Building Inspection Services	Bylaw Enforcement	Community and Development Services	Protective services	Environmental services	Public Works and Transportation	Recreation and Cultural Services	Sewer	Water	Total 2025
<b>Revenue</b>											
Taxation	\$ 3,388,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,658	\$ 382,335	\$ 3,977,785
Sales and services	7,777	158,917	-	51,750	42,067	326,085	-	-	500,942	609,156	1,696,694
Grants and government transfers	727,877	-	-	111,016	-	-	80,421	-	-	-	919,314
Investment Income	360,450	-	-	-	-	-	-	-	68,869	99,186	528,505
Other revenue from own sources	53,480	-	-	20,000	-	-	312,195	47,357	14,684	3,775	451,491
<b>Revenue Total</b>	<b>4,538,376</b>	<b>158,917</b>	<b>-</b>	<b>182,766</b>	<b>42,067</b>	<b>326,085</b>	<b>392,616</b>	<b>47,357</b>	<b>791,153</b>	<b>1,094,452</b>	<b>7,573,789</b>
<b>Expense</b>											
Salaries, wages and benefits	979,292	70,545	216	282,322	306,764	-	193,275	207,905	57,287	280,064	2,377,670
Contracted services	447,074	67,025	76,015	100,905	104,845	296,966	75,934	1,316	1,527	11,586	1,183,193
Materials and supplies	166,694	6,817	16	1,472	158,373	-	222,332	35,676	40,794	179,285	811,459
Debt servicing	-	-	-	-	-	-	-	-	39,130	-	39,130
Amortization	98,830	-	-	-	172,656	-	561,494	44,721	193,700	295,484	1,366,885
Other	220,781	-	-	10,841	102,244	-	27,294	26,016	2,194	35,590	424,960
Cost recoveries	(279,120)	-	-	-	-	18,600	-	-	90,000	170,520	-
<b>Expense Total</b>	<b>1,633,551</b>	<b>144,387</b>	<b>76,247</b>	<b>395,540</b>	<b>844,882</b>	<b>315,566</b>	<b>1,080,329</b>	<b>315,634</b>	<b>424,632</b>	<b>972,529</b>	<b>6,203,296</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 2,904,825</b>	<b>\$ 14,530</b>	<b>\$ (76,247)</b>	<b>\$ (212,774)</b>	<b>\$ (802,815)</b>	<b>\$ 10,519</b>	<b>\$ (687,713)</b>	<b>\$ (268,277)</b>	<b>\$ 366,521</b>	<b>\$ 121,923</b>	<b>\$ 1,370,493</b>



**SCHEDULE C – 2024 SEGMENT DISCLOSURES**

For the year ended December 31, 2024

	General Government Services	Building Inspection Services	Bylaw Enforcement	Community & Development Services	Protective Services	Environmental Services	Public Works & Transportation Services	Recreation & Culture Services	Sewer	Water	Total 2024
<b>REVENUE</b>											
Taxation (including grants-in-lieu)	\$ 3,303,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,692	\$ 380,560	\$ 3,889,550
Sales of services	7,798	27,581	-	33,555	40,126	302,035	-	-	456,411	667,478	1,534,984
Government transfers and grants	944,566	-	-	33,363	5,725	-	-	-	-	62,704	1,046,358
Investment income	557,046	-	-	-	-	-	-	-	73,948	122,249	753,243
Other revenue	72,470	-	550	3,000	3,000	-	25,847	30,036	12,572	10,724	158,199
<b>Revenue Total</b>	<b>4,885,178</b>	<b>27,581</b>	<b>550</b>	<b>69,918</b>	<b>48,851</b>	<b>302,035</b>	<b>25,847</b>	<b>30,036</b>	<b>748,623</b>	<b>1,243,715</b>	<b>7,382,334</b>
<b>EXPENSES</b>											
Salaries, wages, and benefits	1,068,051	69,611	1,043	228,028	299,910	-	145,334	201,077	54,931	259,461	2,327,446
Contracted services	464,644	69,142	85,727	64,168	86,678	272,309	233,490	3,725	296	20,362	1,300,541
Materials and supplies	138,947	10,212	-	4,109	146,495	-	251,012	28,523	40,990	184,945	805,233
Debt Servicing	-	-	-	-	-	-	-	-	39,130	-	39,130
Amortization	76,196	-	-	-	148,187	-	542,605	52,644	196,967	307,728	1,324,327
Other	175,038	-	-	7,641	70,868	-	31,121	21,965	10,049	22,010	338,692
Cost recoveries	(232,600)	-	-	-	-	15,500	-	-	75,000	142,100	-
<b>Expense Total</b>	<b>1,690,276</b>	<b>148,965</b>	<b>86,770</b>	<b>303,946</b>	<b>752,138</b>	<b>287,809</b>	<b>1,203,562</b>	<b>307,934</b>	<b>417,363</b>	<b>936,606</b>	<b>6,135,369</b>
<b>SURPLUS / (DEFICIT)</b>	<b>\$ 3,194,902</b>	<b>\$ (121,384)</b>	<b>\$ (86,220)</b>	<b>\$ (234,028)</b>	<b>\$ (703,287)</b>	<b>\$ 14,226</b>	<b>\$ (1,177,715)</b>	<b>\$ (277,898)</b>	<b>\$ 331,260</b>	<b>\$ 307,109</b>	<b>\$ 1,246,965</b>

## District of Lantzville

### SCHEDULE D – COVID-19 SAFE RESTART GRANT (Unaudited)

#### COVID Recovery Funding:

In 2020, the Province of British Columbia provided COVID-19 Safe Restart Grants for Local Governments. The District received \$1,220,000 at that time to assist with increased operating costs and lower revenue due to COVID-19. The following outlines how the remaining funds were allocated during the year:

	2025	2024
Balance forward, December 31	\$ -	\$ 295,567
Eligible costs incurred:		
Information technology requirements		(74,500)
Facility safety		(21,200)
Wages & benefits		-
Reserve fund contributions		(199,867)
Interest earned		-
<b>Balance, December 31</b>	<b>\$ -</b>	<b>\$ -</b>

## District of Lantzville

### SCHEDULE E – LOCAL GOVERNMENT HOUSING INITIATIVES GRANT (Unaudited)

#### Local Government Housing Initiatives Grant

The Local Government Housing Initiatives (“LGHI”) grant received from the Province of BC in 2025 under the LGHI program is a one-time grant provided to all British Columbia Local Governments, including the District of Lantzville. This grant has been provided to support local government planning capacity to adopt LGHI requirements for small-scale multi-unit housing, proactive planning and transit-oriented development areas, as well as adopt development finance tools, which are part of the Province’s new legislative requirements.

The Province has provided a list of eligible expenditures for which the LGHI grant can be used.

	<b>2025</b>	<b>2024</b>
Balance forward, December 31	\$ 134,430	\$ -
Funds received	-	167,793
Funds utilized:		
Capacity funded projects	(111,016)	(33,363)
<b>Balance, December 31</b>	<b>\$ 23,414</b>	<b>\$ 134,430</b>

## District of Lantzville

### SCHEDULE F – GROWING COMMUNITIES FUND GRANT (Unaudited)

#### Growing Communities Fund Grant

The Growing Communities Fund (“GCF”) grant received from the Province of BC under the GCF program is a one-time grant provided to all British Columbia communities, including the District of Lantzville. The Province has provided a list of eligible expenditures for which the GCF grant can be used.

As a condition of this funding, the GCF grant has been placed in a segregated reserve fund established by bylaw and the District reports annually on the grant received, the use of the grant and the unused year-end grant balance.

	2025	2024
Balance forward, December 31	\$ 783,050	\$ 1,967,551
Funds received and utilized:		
Funds received	-	-
Funds utilized	(26,166)	(1,260,330)
Interest earned	31,371	75,829
<b>Balance, December 31</b>	<b>\$ 788,255</b>	<b>\$ 783,050</b>