



DISTRICT OF LANTZVILLE
2008 Audited Financial Statements

DISTRICT OF LANTZVILLE

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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**District of Lantzville
Consolidated Financial Statements
December 31, 2008**

Management's Responsibility

To the Mayor and Council of the District of Lantzville:


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

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

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

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

April 2, 2009


Twyla Graff
Chief Administrative Officer

AUDITORS' REPORT

To the Mayor and Council
District of Lantzville

We have audited the consolidated statement of financial position of the District of Lantzville as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position and the related schedules for the year then ended. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2008 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Nanaimo, B.C.
April 2, 2009

Mayas Norris Penny LLP

CHARTERED ACCOUNTANTS

**DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	\$ 4,907,936	\$ 3,347,667
Accounts receivable (note 4)	341,801	1,306,952
	<u>5,249,737</u>	<u>4,654,619</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 5)	358,819	1,117,440
Deferred revenue (note 6)	593,961	219,223
Deposits (note 7)	19,542	35,844
	<u>972,322</u>	<u>1,372,507</u>
NET FINANCIAL ASSETS	<u>4,277,415</u>	<u>3,282,112</u>
NON-FINANCIAL ASSETS		
Capital assets (note 8)	14,904,630	14,565,777
Prepaid expenses	8,245	-
	<u>14,912,875</u>	<u>14,565,777</u>
	<u>\$ 19,190,290</u>	<u>\$ 17,847,889</u>
Commitments and Contingencies (note 14)		
FUND BALANCES (note 2(a))		
Operating (note 9)	1,989,591	1,574,379
Reserve (note 10)	2,287,824	1,707,733
	<u>4,277,415</u>	<u>3,282,112</u>
EQUITY IN NON-FINANCIAL ASSETS (note 11)	<u>14,912,875</u>	<u>14,565,777</u>
	<u>\$ 19,190,290</u>	<u>\$ 17,847,889</u>

APPROVED:


Jedha Holmes, CA, Deputy Director of Financial Services

**DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Actual	2008 Budget (unaudited)	2007 Actual
REVENUE			
General Property Taxes (Schedule D)	\$ 1,312,944	\$ 1,303,980	\$ 1,263,549
Grants in lieu of taxes	65,521	57,600	61,251
Utility taxes and fees	970,843	924,931	783,347
Revenue from own sources	109,283	108,558	97,256
Interest	130,543	60,000	110,277
Government grants and transfers (note 12)	512,606	9,593,000	2,027,042
Developer contributions	-	10,000	1,045,988
Other	7,877	-	7,326
	<u>3,109,617</u>	<u>12,058,069</u>	<u>5,396,036</u>
EXPENDITURES			
General government services	622,414	741,438	582,525
Legislative	84,083	110,200	72,808
Protective services	266,240	344,765	222,651
Garbage and recycling	142,345	143,200	131,559
Parks and recreation	93,953	126,572	90,891
Planning	55,497	124,200	62,188
Transportation Services	438,043	1,223,808	254,899
Sewer	204,625	13,603,200	3,015,433
Water	198,869	236,369	197,816
	<u>2,106,069</u>	<u>16,653,752</u>	<u>4,630,770</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>1,003,548</u>	<u>(4,595,683)</u>	<u>765,266</u>
Increase in prepaid expenses	(8,245)	-	-
Proceeds from Borrowing	-	4,742,000	-
Debt Servicing	-	(94,651)	-
INCREASE IN CONSOLIDATED FUND BALANCE FOR THE YEAR	<u>995,303</u>	<u>51,666</u>	<u>765,266</u>
CONSOLIDATED FUND BALANCE, BEGINNING OF YEAR	<u>3,282,112</u>	<u>3,282,112</u>	<u>2,516,846</u>
CONSOLIDATED FUND BALANCE, END OF YEAR	<u>\$ 4,277,415</u>	<u>\$ 3,333,778</u>	<u>\$ 3,282,112</u>

**DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Actual	2007 Actual
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,003,548	\$ 765,266
Changes in non-cash financial assets and liabilities:		
Decrease (increase) in accounts receivable	965,151	(323,106)
Decrease (increase) in prepaid expenses	(8,245)	-
(Decrease) increase in accounts payable and accrued liabilities	(758,621)	491,804
(Decrease) increase in deferred revenue	374,738	(875,672)
(Decrease) increase in deposits	(16,302)	6,237
	<u>556,721</u>	<u>(700,737)</u>
	<u>1,560,269</u>	<u>64,529</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,560,269	64,529
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,347,667	3,283,138
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,907,936</u></u>	<u><u>\$ 3,347,667</u></u>

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

1. INCORPORATION OF THE DISTRICT OF LANTZVILLE

The District of Lantzville is a municipality that was incorporated on June 25, 2003 pursuant to the issue of letters patent dated April 3, 2003. All of the assets, liabilities and operations of the Lantzville Improvement District and the Sunset Beach Improvement District were transferred to the District of Lantzville (the District) effective midnight June 25, 2003, as required by the Order of the Lieutenant Governor in Council of the Province of British Columbia dated April 3, 2003. These improvement districts were subsequently dissolved.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

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

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

Capital Funds – These funds are used to acquire capital assets. The fund balances represent the differences between the cost of capital assets acquired and the funding which has been obtained. During 2007 and 2008 all capital asset acquisitions were fully funded.

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

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

(b) Revenue recognition

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

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

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

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

Interest and penalties are recognized when earned.

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

Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

(c) Capital assets

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

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

(d) Financial instruments

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

(e) Use of estimates

Preparation of financial statements in accordance with accounting principles generally accepted for municipalities requires management to make estimates based upon assumptions. These estimates and assumptions affect the amounts of assets and liabilities reported or disclosed as at the date of the financial statements and the reported amount of revenues and expenditures during the period. Significant areas requiring the use of management estimates relate to the collectability of accounts receivable, accruals for expected employee compensated absences, and provisions for contingencies. Included in the accrual for expected employee compensated absences is an estimate for sick leave which is based on methodology requiring significant judgment that could result in a material error. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

(f) Employee Benefits

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

(g) Recent Accounting Pronouncements

Financial Statement Presentation

In February 2007, the Canadian Institute of Chartered Accountants issued amendments to the recommendations in Section PS1200 Financial Statement Presentation. PS1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. The amendments to this Section consisted of expanding its scope to include local governments and introducing a new financial statement reporting model based on full accrual accounting principles. Revised PS 1200 is effective for interim and annual financial statements of local governments with fiscal years beginning on or after January 1, 2009.

3. CASH AND CASH EQUIVALENTS

December 31 cash balances include amounts designated for specific future capital purposes (note 10), restricted revenue (development cost charges, note 6) and various deposits (note 7), as follows:

	2008	2007
Cash available for operations	\$ 2,438,819	\$ 1,587,874
Development cost charges (note 6)	161,751	16,216
Deposits (note 7)	19,542	35,844
Cash designated for future capital purposes	2,287,824	1,707,733
Total	\$ 4,907,936	\$ 3,347,667

Cash deposited at the Coastal Community Credit Union earns interest at the rate in the range of prime minus 1 to 2 %. Cash deposited at the Municipal Finance Authority (\$1,023,558 at December 31, 2008 (2007 - \$987,462)) is invested in the MFABC Money Market Fund which earned an effective yield of 3.6% (2007-4.4%) and whose market value is equal to its cost.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

4. ACCOUNTS RECEIVABLE

Accounts receivable comprise the following as at December 31:

	2008	2007
Other governments	\$ 141,194	\$ 1,150,567
Property and parcel taxes	110,143	70,070
User fees and other	90,464	86,315
Total	\$ 341,801	\$ 1,306,952

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable comprise the following as at December 31:

	2008	2007
General	\$ 164,141	\$ 618,972
Other governments	141,898	455,551
Salaries, wages and benefits	52,780	42,917
Total	\$ 358,819	\$ 1,117,440

6. DEFERRED REVENUE

Deferred revenue comprises the following as at December 31:

	2008	2007
Treaty Negotiation Grant	\$ 11,322	\$ 11,322
Tourism Grant	10,513	10,353
Administration and inspection fees	109,442	-
Prepaid tax certificate accounts	935	3,268
Prepaid property taxes	19,280	23,840
Phase 1 sewer operating costs prepaid by residents	39,880	-
Development cost charges	161,751	16,216
Federal Gas and Public Transit Funds	240,838	154,224
Total	\$ 593,961	\$ 219,223

Continuity Schedule:

	2008	2007
Balance at beginning of period	\$ 219,223	\$ 1,118,735
New contributions for period	400,432	113,063
Interest earned on contribution	8,959	43,413
Recognized as revenue in period	(34,653)	(1,055,988)
Balance at end of period	\$ 593,961	\$ 219,223

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

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

6. DEFERRED REVENUE (cont'd)

Federal Gas and Public Transit Funds

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

Continuity Schedule:

	2008	2007
Balance at beginning of period	\$ 154,224	\$ 79,646
New contributions for period	86,370	70,217
Interest earned on contribution	6,147	4,361
Recognized as revenue in period	(5,903)	-
Balance at end of period	\$ 240,838	\$ 154,224

7. DEPOSITS

Deposits comprise the following as at December 31:

	2008	2007
Performance deposits	\$ 15,542	\$ 19,844
Sewer Works – Phase I deposits	4,000	16,000
Total	\$ 19,542	\$ 35,844

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

Sewer Works – Phase I deposits are funds collected from various residents in the phase I sewer area. The deposits outstanding at December 31, 2008 are refundable to residents whose sewer connection is made by June 30, 2009 as a pump is required for these connections. All deposits not refunded will be taken into revenue by the District in either 2008 or 2009 accordingly.

8. CAPITAL ASSETS

	2007	Plus: Additions	Less: Disposals	2008
General fund				
Land	\$ 1,213,235	\$ -	\$ -	\$ 1,213,235
Buildings	2,023,429	-	-	2,023,429
Equipment	1,124,593	163,556	14,694	1,273,455
Roads	214,093	55,381	-	269,474
Total	4,575,350	218,937	14,694	4,779,593
Sewer fund	4,163,331	177,410	-	4,340,741
Water fund				
Land	342,456	-	-	342,456
Equipment	169,095	-	-	169,095
Engineering structures	5,315,545	-	42,800	5,272,745
Total	5,827,096	-	42,800	5,784,296
Total	\$ 14,565,777	\$ 396,347	\$ 57,494	\$ 14,904,630

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

8. CAPITAL ASSETS (cont'd)

Beginning for fiscal 2009, section 3150, Tangible Capital Assets, of the Public Sector Accounting Board reporting requirements will require the capitalization and depreciation, on a historical cost basis, of all District owned and contributed assets. The District has started the process of gathering the necessary information to comply with section 3150 and accordingly the only information available at this time is the cumulative District purchased or built physical asset values as shown in the above table. The District expects that it will fully comply with the requirements of section 3150 by December 31, 2009.

9. OPERATING FUND BALANCES

The Operating Funds comprise the principal operating activities of the District and include the general, sewer and water funds. These funds can be used for any legal purpose authorized by Council. The change in the fund balances during the year ended December 31, 2008 are as follows:

		Plus: Fund Rev Over Expend Less Trsfr to Non- Financial Assets	Less: Trsfrs to Capital Funds	Less: Trsfrs to Reserve Fund	Total Change in Fund Balance	2008
	2007					
General fund	\$ 830,676	\$ 785,683	\$ 17,073	\$ 373,976	\$ 394,634	\$ 1,225,310
Water fund	625,052	162,006	-	254,900	(92,894)	532,158
Sewer fund	118,651	293,466	152,682	27,312	113,472	232,123
Total	\$ 1,574,379	\$ 1,241,155	\$ 169,755	\$ 656,188	\$ 415,212	\$ 1,989,591

10. RESERVE FUND BALANCES

Reserve Funds are statutory reserves that have been internally restricted by Council. Reserve establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used. The change in the fund balances during the year ended December 31, 2008 are as follows:

	2007	Plus: Trsfrs from Operating Funds	Plus: Interest	Less: Trsfrs to Capital Fund	2008
General fund					
Asset replacement	\$ 461,517	\$ 51,200	\$ 14,578	\$ 146,483	\$ 380,812
Fire truck	138,005	61,800	4,659	-	204,464
Park acquisition	33,249	-	1,068	-	34,317
Park development	120,698	29,800	6,126	-	156,624
Capital works	607,693	293,827	21,191	55,381	867,330
Total	1,361,162	436,627	47,622	201,864	1,643,547
Sewer fund	8,937	27,312	725	-	36,974
Water fund					
Asset replacement	86,442	8,300	2,908	-	97,650
Waterworks	251,192	246,600	11,861	-	509,653
Total	337,634	254,900	14,769	-	607,303
Total	\$ 1,707,733	\$ 718,839	\$ 63,116	\$ 201,864	\$ 2,287,824

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

11. EQUITY IN NON-FINANCIAL ASSETS

Equity in non-financial assets represents the total non-financial assets less long-term debt assumed to acquire those assets. The change in equity in non-financial assets during the year ended December 31, 2008 is as follows:

	2008	2007
Balance at beginning of period	\$ 14,565,777	\$ 11,381,446
Plus: Capital expenditures	396,347	3,184,331
Less: Disposals	(57,494)	-
Plus: Increase in prepaid expenses	8,245	-
Total	\$ 14,912,875	\$ 14,565,777

12. GOVERNMENT GRANTS AND TRANSFERS

	2008	2007
Operating transfers from provincial government:		
Small Communities grant	\$ 396,214	\$ 348,670
Other	29,013	23,938
	425,227	372,608
Sewer capital transfers	87,379	1,654,434
Total	\$ 512,606	\$ 2,027,042

13. OBJECT AND SEGMENT REPORTING

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

	2008	Budget (unaudited)	2007
Salaries, wages and benefits	\$ 535,296	\$ 652,608	\$ 536,129
Capital assets	396,347	14,636,400	3,184,331
Other	308,712	358,400	208,145
Contracted services	209,143	281,644	165,736
Materials and supplies	112,916	131,450	67,393
Consulting	108,345	96,000	75,497
Telephone and utilities	105,469	119,000	104,977
Legislative	73,625	90,000	69,094
Insurance	61,672	80,650	68,854
Snow removal	56,167	25,800	450
Training, travel and conferences	49,643	71,200	52,924
Fire services honoraria	46,635	51,100	44,948
Audit and legal	42,099	59,500	52,292
Consolidated total	\$ 2,106,069	\$ 16,653,752	\$ 4,630,770

For the first year, the District has segmented its reporting in Schedule E (2007-Schedule F) to meet CICA PS 2700 guidelines and to provide more clarity when reporting to management by identifying segment divisions primarily along functional reporting lines.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

13. OBJECT AND SEGMENT REPORTING (cont'd)

Budgeted costs are determined for each segment based on Council's approval of management recommendations as a result of Council's overall vision and strategy for the District. Budgeted revenues from fees and charges, external funding, or internal allocations from reserves and accumulated surplus are also determined in the same manner. Actual expenditures are coded at the time of purchase to the appropriate segment and some payroll expenditures are allocated based on a pre-determined allocation consistent with the annual financial plan.

The segments included in the statement are as follows:

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

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

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

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

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

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

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

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

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

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

14. COMMITMENTS AND CONTINGENCIES

(a) Municipal Pension Contingency

The municipality and its employees contribute to the Municipal Pension Plan (Plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local government.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009, with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The District of Lantzville paid **\$27,069** (2007-\$26,712) for employer contributions to the plan in fiscal 2008.

(b) Municipal Insurance Contingency

The District is a participant in the Municipal Insurance Association of British Columbia (the "Association"). Should the Association pay out claims in excess of premiums received, it is possible that the District, along with other participants, would be required to contribute towards the deficit.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008
(with comparatives for December 31, 2007)

14. COMPARATIVE FIGURES

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

The 2007 figures for Accounts Receivable and Deferred Revenue have been restated to reflect the reclassification of prepaid property taxes that were included in Accounts Receivable. Both figures were increased by \$23,840. There was no effect in the statement of financial activities as a result of this reclassification.

Some of the 2008 opening reserve fund balances were restated to reflect the reclassification of previous years' contributions to reserves. There was no change in the total reserve fund balances, but the net reclassification resulted in an increase in the water fund reserve balance of \$10,000 and a decrease in the general fund reserves balance of \$10,000.

**DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF OPERATING FUND FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Actual	2008 Budget (unaudited)	2007 Actual
REVENUE			
General property taxes (schedule D)	\$ 1,312,944	\$ 1,303,980	\$ 1,263,549
Grants in lieu of taxes	65,521	57,600	61,251
Utility taxes and fees	970,843	924,931	783,347
Revenue from own sources	109,283	108,558	97,256
Interest	67,427	60,000	50,702
Government grants and transfers	425,227	827,000	372,608
Developer contributions	-	10,000	7,326
Other	7,877	-	-
	<u>2,959,122</u>	<u>3,292,069</u>	<u>2,636,039</u>
EXPENDITURES			
General government services	622,414	741,438	582,525
Legislative	84,083	110,200	72,808
Protective services	194,798	219,765	177,540
Garbage and recycling	142,345	143,200	131,559
Parks & recreation	76,880	100,572	90,891
Planning	55,497	124,200	62,188
Transportation Services	307,621	339,808	254,171
Sewer	27,215	53,200	12,065
Water	198,869	184,969	62,692
	<u>1,709,722</u>	<u>2,017,352</u>	<u>1,446,439</u>
EXCESS OF REVENUE OVER EXPENDITURES	1,249,400	1,274,717	1,189,600
Increase in prepaid expenses	(8,245)	-	-
Debt servicing	-	(32,000)	-
Transfers to reserve funds	(656,188)	(687,588)	(582,955)
Transfers to capital funds	(169,755)	(563,651)	(63,134)
	<u>(834,188)</u>	<u>(1,283,239)</u>	<u>(646,089)</u>
INCREASE IN CONSOLIDATED OPERATING FUND BALANCES	415,212	(8,522)	543,511
CONSOLIDATED OPERATING FUND BALANCES, BEGINNING OF YEAR	1,574,379	1,574,379	1,030,868
CONSOLIDATED OPERATING FUND BALANCES, END OF YEAR	<u>\$ 1,989,591</u>	<u>\$ 1,565,857</u>	<u>\$ 1,574,379</u>

DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF CAPITAL FUND FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 Actual	2008 Budget (unaudited)	2007 Actual
REVENUES			
Government grants	\$ 87,379	\$ 8,766,000	\$ 1,654,434
Developer Contributions	-	-	1,045,988
	<u>87,379</u>	<u>8,766,000</u>	<u>2,700,422</u>
EXPENDITURES			
General government services	-	-	-
Legislative	-	-	-
Protective services	71,442	125,000	45,111
Garbage & Recycling	-	-	-
Parks & recreation	17,073	26,000	-
Planning	-	-	-
Transportation Services	130,422	884,000	728
Sewer	177,410	13,550,000	3,003,368
Water	-	51,400	135,124
	<u>396,347</u>	<u>14,636,400</u>	<u>3,184,331</u>
EXCESS OF EXPENDITURES OVER REVENUES	(308,968)	(5,870,400)	(483,909)
Debt Proceeds	-	4,742,000	-
Loan repayment to Capital Works Reserve Fund	(62,651)	(62,651)	-
Transfers from Operating Funds	169,755	563,651	63,134
Transfers from Reserve Funds	201,864	627,400	420,775
	<u>308,968</u>	<u>5,870,400</u>	<u>483,909</u>
CHANGE IN CONSOLIDATED CAPITAL FUND BALANCES	-	-	-
CONSOLIDATED CAPITAL FUND BALANCES, BEGINNING OF YEAR	-	-	-
CONSOLIDATED CAPITAL FUND BALANCES, END OF YEAR	-	-	-

**DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF RESERVE FUND FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Actual	2008 Budget (unaudited)	2007 Actual
REVENUES			
Reserve Fund Interest	\$ 63,116	\$ -	\$ 59,575
	<hr/>	<hr/>	<hr/>
	63,116	-	59,575
 Transfers from operating funds	 656,188	 687,588	 582,955
Transfers from capital funds	62,651	62,651	-
Transfers to capital funds	(201,864)	(627,400)	(420,775)
	<hr/>	<hr/>	<hr/>
	516,975	122,839	162,180
 INCREASE IN CONSOLIDATED RESERVE FUND BALANCES	 580,091	 122,839	 221,755
 CONSOLIDATED RESERVE FUND BALANCES, BEGINNING OF YEAR	 1,707,733	 1,707,733	 1,485,978
	<hr/>	<hr/>	<hr/>
CONSOLIDATED RESERVE FUND BALANCES, END OF YEAR (Note10)	\$ 2,287,824	\$ 1,830,572	\$ 1,707,733

**DISTRICT OF LANTZVILLE
NET PROPERTY TAXES AVAILABLE FOR MUNICIPAL PURPOSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

	2008 Actual	2008 Budget (unaudited)	2007 Actual
Total property taxes	\$ 4,033,112		\$ 3,925,133
Less property taxes collected on behalf of other governments			
School district	1,859,434		1,795,698
School district - policing	153,336		140,981
Regional hospital district	172,703		147,487
Regional district of nanaimo	358,517		402,646
BCAA and MFA	48,552		47,271
Vancouver Island Regional Library	127,626		127,501
	<u>2,720,168</u>		<u>2,661,584</u>
NET PROPERTY TAXES AVAILABLE FOR MUNICIPAL PURPOSES	<u>\$ 1,312,944</u>	<u>\$ 1,303,980</u>	<u>\$ 1,263,549</u>

**DISTRICT OF LANTZVILLE
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General Revenue Fund										2008 Consolidated	
	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation	Total General	Sewer Services	Water Services	Capital Funds		Reserve Funds
Revenues												
General property taxation	1,312,944						1,312,944					1,312,944
Grants in lieu of taxes	65,521						65,521					65,521
Utility taxes and fees				144,480			144,480	322,931	503,432			970,843
Revenue from own sources	56,555		14,187	3,300	22,398	5,150	101,590	150	7,543		63,116	109,283
Interest	67,427						67,427					130,543
Provincial grants and transfers	420,227		5,000				425,227			87,379		512,606
Other	7,877						7,877					7,877
	1,930,551	-	19,187	147,780	22,398	5,150	2,125,066	323,081	510,975	87,379	63,116	3,109,617
Expenditures												
Capital Assets							-			396,347		396,347
Audit and Legal	37,609						37,609	2,490	2,000			42,099
Consulting	100,275				6,885	1,185	108,345					108,345
Contracted Services	20,728		51,475	84,688	48,612	3,640	209,143					209,143
Fire Services Honararia			46,635				46,635					46,635
Insurance	47,102	1,335	4,186			214	52,837	2,000	6,835			61,672
Legislative	73,625						73,625					73,625
Materials and Supplies	22,224	22,526	32,410			2,791	79,951	1,295	31,670			112,916
Salaries, Wages And Benefits	341,187	117,430	1,722			36,940	497,279	139	37,878			535,296
Snow Removal		55,987	180				56,167					56,167
Training, Travel and Conferences	21,627	8,654	19,362				49,643					49,643
Telephone and Utilities	13,021	50,477	12,259				75,757	396	29,316			105,469
Other	29,100	51,214	26,568	57,657		32,109	196,648	20,895	91,169			308,712
	706,498	307,623	194,797	142,345	55,497	76,879	1,483,639	27,215	198,868	396,347	-	2,106,069
Excess(Deficiency) of Revenues over Expenditures	1,224,053	(307,623)	(175,610)	5,435	(33,099)	(71,729)	641,427	295,866	312,107	(308,968)	63,116	1,003,548

