

DISTRICT OF LANTZVILLE  
BRITISH COLUMBIA, CANADA

ANNUAL REPORT

PRESENTED TO COUNCIL ON JUNE 22<sup>nd</sup>, 2009



**2009 Annual Report**  
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## **PURPOSE OF THIS REPORT**

This report has two primary purposes. The first purpose is to provide information about the activities of the District of Lantzville (the "District") and its objectives for the fiscal year ended December 31<sup>st</sup>, 2008. The second purpose is to inform readers about the District's goals and objectives met during 2008, report on current year projects goals and objectives, and identify priorities for the years 2009 - 2011.

## **LETTER FROM THE MAYOR**

*An Open Letter to the Citizens of the District of Lantzville*

It is with pleasure that I, once again, take this opportunity to provide this information update to the residents of Lantzville regarding municipal operations and services of the District of Lantzville.

Good governance begins with the identification of mission statement, values, identifying strategic priorities and developing an action plan to facilitate those priorities. I am pleased to report that Council again reaffirmed the District's mission statement and values originally adopted by Council in 2007. Council's mission statement reads as follows:

*"provide a high level of affordable services in an environmentally and economically sustainable fashion, while managing growth of the community and respecting the unique rural character and charm".*

Along with this mission statement Council also elected to reaffirm the following values:

*"Act in a professional manner at all times,  
Have respect for:     each other,  
                              the roles of Council & staff  
                              the decision making process,  
                              opinions of all of our constituents,  
Carry out adequate research and thoughtfully consider the issues before us, while  
serving and representing all our community".*

Since incorporation, Council has participated in annual Strategic Planning sessions as a means of identifying and establishing priorities in response to issues identified by both residents of the community and Council. In early January of this year Council again met and identified the following strategic priorities for 2009-2011 as follows:

- Infrastructure – economically & environmentally sustainable infrastructure
- Service Delivery – high level service delivery
- Parks & Recreation – parks & recreation services that reflect Lantzville's unique rural character & charm
- Communications – respectful communications with all constituents
- Planning – managed planning and growth
- Finances – economically sustainable district finances
- Corporate Maintenance

On November 15<sup>th</sup>, 2008, the District held its general local election. I was acclaimed as Mayor as there were no challengers to the position and all incumbent councillors were re-elected with the exception of Susan Crayston. Councillor Rod Negrave was the lone challenger in the race for councillor and was successful in his attempt. This Council, as with previous councils, faces many challenges ahead and will continue to do our best to make decisions that represent the needs of all Lantzville residents.

Council also strives to accommodate the desires of residents of the community and have taken advantage of funding opportunities in a number of initiatives. The provision of water and sewer services continues to be a high priority of Council. While Council has been successful in negotiating an emergency water connection between the City of Nanaimo and the District of Lantzville, discussions continue between the two jurisdictions with regards to a permanent supply of potable water.

Council has experienced success in our funding application made under the B.C. Community Water Improvement Program for Phase 1 of the District's sanitary sewer collection system, which was completed in 2008.

The District's success has continued with our application for Phase 2 (lower Lantzville) being approved under the new federal/provincial funding program entitled Canada – British Columbia Municipal Rural Infrastructure Program (MRIF). The results of the LAS petition process indicated that the majority of residents are in favour of the Phase 2 sewer project proceeding and at the Regular Meeting of Council held Monday, June 8<sup>th</sup>, 2009, Council recommended that Phase 2 of the Sanitary Sewer Collection System Project proceed.

The District is still waiting to hear whether funding for Phase 3 sewer has been approved.

In closing, I would like to take this opportunity to encourage residents of the community to continue to provide input, either by attendance at meetings of Council, written submissions, or by scheduling a meeting with myself or any members of Council and/or staff of the District. We, as a Council, wish to ensure that we continue to recognize and implement the desires of the community and while some decisions of Council may not always be popular with residents, Council does strive to make decisions that will benefit the entire community of Lantzville.

Sincerely

Colin Haime  
Mayor

## **DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS**

In accordance with Section 98(2)(e) and Section 111 of the *Community Charter*, the following is a list of disqualified Council Members.

- None

## **OBJECTIVES & MEASURES FOR 2009 - 2011**

### **BACKGROUND**

The District of Lantzville was incorporated on June 25<sup>th</sup>, 2003. Much of Council's efforts continue to focus on establishing a form of governance that residents of the community are looking for in addition to establishing the District's independence where possible. Council is also working diligently in implementing the basic infrastructure needs of the community such as water and sewer.

### **STRATEGIC DIRECTION FOR 2009 - 2011**

The District of Lantzville has a comprehensive annual planning process which begins with strategic direction from Council. This is followed by a joint review by both Council and staff of the nature and extent of the services that the District will provide to its residents. Based on this framework, a five year Financial Plan is developed. The five year Financial Plan includes the costs of ongoing operations and capital expenditure programs to provide the necessary infrastructure for the proposed services.

Council recognizes the importance of planning and since incorporation, continues to participate in annual strategic planning sessions as a means of identifying and establishing priorities in response to issues identified by both residents of the community and Council. Once again, in early January of this year, Council met and identified strategic priorities for years 2009 – 2011. During this session Council identified a list of 38 potential projects which also included projects continuing from 2008. The list of potential projects were then prioritized by Council with 19 of the initial 38 being proposed to be addressed at some point over Council's 2009 – 2011 term.

#### **A. Infrastructure**

- (i) Sewer - Implementation of the various phases of the sanitary sewer collection system continues to monopolize a majority of staff time even though Phase 1 is substantially complete. While physical construction has concluded in Phase 1, staff continue to deal with the administrative issues associated with Phase 1 such as connection follow-up (approximately thirty properties) and the resulting continued consultation in addition to enlarging Phase 1 with the possible addition of two (2) properties. Further, the District has been successful in securing grant funding for Phase 2 and tender results were received early March 2009. With the establishment of the Local Area Service, construction will commence in July 2009 with construction completion anticipated by December 2009. The District has also submitted our funding application for Phase 3 and we await notification

- (ii) Water Supply – We continue to negotiate with the City of Nanaimo regarding a permanent connection/supply and while negotiations remain positive we continue to face challenges as to the expectations of the City that go beyond the relationship of just supplying water. Additional expectations on the part of the City are in the form of financial contributions/commitments relating to economic development, tourism and the Port Theatre. While these expectations were known when negotiations began, they continue to be challenging for Lantzville given its financial impact to the District.

While we continue to negotiate with the City, Lantzville continues to investigate alternative/supplemental sources that may result in less of a financial impact to the District yet achieve the same results of identifying an additional/supplemental water supply for the community.

- (iii) Knarston Creek Overflow Project – The District was successful in receiving grant funding for 80% of the costs associated with the Knarston Creek Overflow Project. Given the number of information exchanges between the parties involved and the uncertainty of the success of the proposed project, Council was encouraged to consider postponement of the construction works until August 2009 and support the establishment of a 'working group'. This was done and the 'working group' concluded that the works originally proposed by the District, with the addition of some remedial works (silt & debris removal) would see this annual flooding mitigated as was initially proposed.

At issue remains the overall cost of the project and the ability of the affected property owners (approx. 21) to bear that cost even though the District secured \$400,000 in grant funding. Given the economic downturn, Council authorized staff to tender the project in hopes of receiving a tender that would be less than the estimates identified by the District's engineers. While finalizing the documents for tender the District was advised by the Ministry of Environment that the District would require a Water Licence versus a Section 9 Permit that was previously identified. Given that the process in acquiring a Water Licence may take up to 140 days, and noting that the District is restricted to constructing these works between August 15<sup>th</sup> & October 15<sup>th</sup> of any given year, Council has authorized the postponement of this project until 2010 and subject to the District securing the required Water Licence.

- (iv) Public Works Facility – Arrangements have been made to lease a space in the industrial area of Lantzville to accommodate the District's Public Works Department. Lease arrangements/terms have been negotiated and it is anticipated that the relocation of this department will occur throughout the month of July. Costs associated with leasing this facility are \$20,000 per annum.
- (v) Community Hall (Costin) – The District's only community hall (Costin Hall) is currently leased by the Seaside Community Society (formerly O.A.P.O.). This lease is scheduled to expire December 31<sup>st</sup>, 2012. While this lease was recently re-negotiated, the newly executed lease does not contain a renewal clause (this at the request of the current lessee). Council will be contemplating future use of

this space and will be investigating service/leasing options well in advance of the scheduled lease expiry date as any financial implications associated with this change are not currently contemplated in the 5 Year Financial Plan.

**B. Parks & Recreation:**

This function/commission was established in 2007. Members of the District's Parks and Recreation Commission just recently completed their first two-year term and all former members were re-appointed with the addition of one new member which has now brought the Commission up to its full complement. With members of the Commission completing the review/development of the District's 'A Parks, Trails & Recreation Plan' and the District's 'Tourism Development and Marketing Plan' members of the Commission are in a position to begin focusing on some of the projects identified in the plans.

To date, Council and Members of the Committee are supporting allocating monies towards the development and implementation of a trails and journeyway improvement strategy. The Parks, Trails & Recreation Plan identifies a total cost associated with this project of \$150,000 and to occur over a period of 6 years. The plan also suggests that the District pursue other funding sources via grants. While total cost of the project identifies \$150,000, it has been noted that only \$50,000 would be required to develop a strategy with the retention of a consultant.

Members of the Parks & Recreation Commission continue to be responsible for Minetown Day and are looking forward to celebrating Minetown Day on Saturday, September 12<sup>th</sup>, 2009 with residents, friends and visitors.

**C. Communications:**

Council would like to focus on improving communications/relationships as follows:

- (i) Fire Department - Council, through their strategic priority process suggested the appointment of an ongoing Council liaison. Establishing a liaison to the department would not have a financial impact however, direction from Council as to what role the liaison would take in relation to the District and the Fire Department is required. Council may also wish to consider that future Council strategic planning sessions include attendance of the Fire Chief.
- (ii) Residents – In addition to the legislative advertising requirements the District (usually on a monthly basis) prepares a 'Community Update' and inserts it in the Lantzville Log which is Lantzville's local newspaper and is distributed monthly. During the strategic planning process Council expressed that they may wish to investigate alternate communication methods as a means of 'engaging' the community more. Soliciting feedback from members of the public as to how this might be achieved will be sought in future communications.
- (iii) Business Association – Currently a non-existing association within the District of Lantzville however, Council felt that if there is a strong desire on the part of the business community to discuss future planning, the District may be able to support the establishment of such an association by providing meeting space.

The only facility available to the District for such a purpose is the District Hall itself and should this space prove adequate (size and availability) it certainly could be made available for meetings should there be a desire on the part of Council to support the creation of a business association. However, considerable preliminary work remains subject to the level of involvement on the part of the District or that desired by Council.

**D. Planning:**

2010 is the year when the District's Official Community Plan is scheduled for review. In anticipation of this review planning should begin in 2009. During the strategic planning session some frustrations were expressed due to the fact that the current OCP identifies potential development of properties within the District however this is, of course, contingent on the District securing a permanent and/or supplemental water supply.

Additional items to be considered by Council should they proceed with the review are as follows and all of which have yet to be identified in the District's Five Year Financial Plan: (NOTE: 1<sup>st</sup> OCP cost allocation was \$125,000)

- scope of the review
- public consultation (subject to budget & level of consultation methods)
- rationalization of the Zoning Bylaw to the OCP
- policy for major developments
- downtown design guidelines
- downtown revitalization/beautification
- east Lantzville properties
- housing options
- road network plan
  - alternative transportation
- legalizing secondary suites

Council is being asked to consider their next steps in the possibility of establishing a committee to facilitate the development of a plan and the financial resources that will be required to accommodate such a task.

**E. Finances:**

- (i) Community Works Fund (Gas Tax) – In 2004 the Federal Government announced that they would transfer a portion of federal gas tax revenue to communities. Since 2005, the District has received two installments per year (base funding amount & population based formula) and, including interest, our balance is \$240,838 as at December 31<sup>st</sup>, 2008. This funding program is 'conditional' based on, and subject to, stringent reporting requirements in addition to being restricted to specific projects. Should Council elect to embark on a project utilizing these funds, that project would need to be identified by Council.
- (ii) Utility Billing Schedule – Currently the District bills its residents for water and sewer (Phase 1) on a quarterly basis. A preliminary review of the costs to carry out our quarterly billing scheme have shown that savings could be experienced by the District if we were to consider a semi-annual billing cycle (approximately \$14,000). However, sensitivities to the residents of the community who would



be subject to this proposed billing scheme would need to be considered in addition to the implications relating to the inability to detect leaks in a timely manner.

- (iii) Build Reserve Funds – Given the economic uncertainty Council identified the need to review the District's reserve fund balances and consideration of future reserve contributions given the infrastructure projects undertaken by the District since incorporation. Staff provided a report to Members of the Committee of the Whole on March 2<sup>nd</sup>, 2009, which provided a detailed analysis of the District's reserve fund balances and suggested contribution levels in order to ensure adequate monies are available in future years.

**F. Corporate Maintenance:**

Like infrastructure and finance, corporate maintenance consists of a number of components. Items such as legislative reporting requirements, daily operations, agenda preparation, meeting attendance, correspondence, policy research/writing, financial planning process, tax rates bylaw, annual property tax notice, annual report, our existing contractual arrangements with the Regional District of Nanaimo (a number of functions), and managing our planning consultant and Approving Officer are considered to be our day-to-day activities and which take the majority of staff time. This certainly has an impact on any remaining time for staff to take on the 'supplemental' activities which are not routine and ongoing.

Directly related to Council's Mission Statement is Council's sensitivity to be cognizant of all the environmental implications when carrying out the various initiatives of the District. Council noted that they will continue to support programs/incentives with regards to the following:

- Low flush toilet implementation & rebate program
- Sewage improvements
- Low impact development standards
- Water conservation methods/restrictions; and
- Public education

**MUNICIPAL SERVICES & OPERATIONS FOR 2008 - OVERVIEW OF SERVICES**

The District currently provides the following services:

1. General Government
  - Administration
  - Corporate Services
  - Financial Services
2. Protective Services
  - Fire Suppression, Fire Prevention, Rescue
  - Emergency Preparedness
  - Bylaw Enforcement

3. Community Planning
  - Development Planning
  - Land Development and Subdivision
  - Building Inspections
4. Engineering & Public Works & Parks
  - Transportation, Roads and Drainage
  - Waterworks
  - Parks

The District continues to establish itself following incorporation in 2003. In 2008, the District continued to contract from the Regional District of Nanaimo Building Inspection Services, Bylaw Enforcement, Animal Control, Mapping and Emergency Planning.

In the following section, the service is described and information on specific objectives and results of operations is presented.

## DEPARTMENTAL REPORTS

### 1. General Government

- **Administration**

The Chief Administrative Officer is responsible for the overall administration of the District's departments. The duties of this office include being an advisor to Council, implementing corporate policy, providing leadership and direction for senior staff in the day-to-day and long-term business affairs of the District in accordance with Council goals and objectives.

#### Goals & Related Progress (2008):

***Continue to Explore Options for Increasing Lantzville's Water Supply:*** Council of the District of Lantzville and Council of the City of Nanaimo have entered into a Memorandum of Understanding for the supply of water from the City of Nanaimo. Included in the MOU, as an interim measure, is a connection to the City's water supply in the case of an emergency. Negotiations continue between each jurisdiction, in particular, a resolution that will satisfy each community that will address expectations on the part of the City that Lantzville will contribute financially towards economic development, tourism and the Port Theatre.

***Facilitate the Implementation of Phase 2 of the Sanitary Sewer Collection System:*** Due to success in the District's grant funding application Phase 2 of the District's second phase of the sanitary sewer collection system is underway. This phase will see approximately 226 residential/commercial connections and the construction of a main pumping station that will accommodate future sanitary sewer phases of the District. The majority of 2008 was spent finalizing the detailed design works associated with this initiative.

***Facilitate the Implementation of Phase 3 of the Sanitary Sewer Collection System:*** With the announcement of a new Federal/Provincial funding program

entitled Building Canada Fund – Communities Component the District took this opportunity to submit an application for funding Phase 3 of the District's proposed sanitary sewer collection system. While the District was not a successful applicant in round one, the program continues and we renewed our submission during the second round of intake applications.

#### Goals for 2009 - 2011

1. Continue to pursue water supply with City of Nanaimo in addition to investigate alternate supply sources
2. Construction of Phase 2 of the Sanitary Sewer Collection System
3. Finalize Sanitary Sewer Connections Phase 1
4. Investigate various new initiatives/alternatives in service delivery
5. Business Association (support of)

#### Performance Measures

- ✓ degree of implementation of the above projects
- ✓ increase in basic infrastructure
- ✓ community feedback
- ✓ employee recruitment/retention

- **Corporate Services**

Corporate Administration is responsible for ensuring accurate minutes of council and council committees are prepared and that minutes, bylaws and other records are maintained and kept safe; provide access to records; administering oaths and taking affirmations, affidavits and declarations; certifying copies of relevant documents; and keeping the corporate seal.

In addition to the above, the Corporate Services Department continues to develop, enhance and build on communications between other levels of government, various agencies, Council, staff, and residents of the community.

#### Goals for 2008 & Progress:

***Ensure the District adheres to Legislation and Continues to meet the various Statutory Demands of Corporate Services:*** It is with great pleasure that we are able to report to the community that the District, regardless of the number of senior level vacancies, met and adhered to all legislative and regulatory requirements while we administered the infrastructure projects and the overall day to day operations of the municipality.

***Facilitate the 2008 General Local Elections:*** 2008 marked the year of general local municipal elections. In March of this year, the Province introduced and gave Royal Assent to *Bill 7 – Local Government Statutes Amendment Act* which changed some procedures for election officials, voters, candidates and campaign organizers. These changes were accommodated with the adoption of the District's election bylaw.

***Continue to Develop Various Policies as directed by Council:***  
***Communications Policy:*** Still a relatively new municipality and therefore Council continues to establish various policies on the part of the District.

Goals for 2009 - 2011:

- ✓ continue to enhance and encourage communication with Lantzville residents
- ✓ continue to investigate appropriate bylaws and policies that will benefit the overall operations of the District
- ✓ introduce a bylaw that addresses records management/retention etc., on the part of the District
- ✓ facilitate the re-development of the District's website

Performance Measures

- ✓ increased community feedback and involvement in District decision-making processes as a result of the various levels of communication methods used by the District
- ✓ adoption of bylaws & policies

- **Financial Services**

For the majority of the 2008 calendar year the District retained the services of a consultant to provide financial assistance to the District given the senior vacancy in this area. The CAO was assigned the responsibilities of this position in the interim. This position was filled on December 1<sup>st</sup>, 2008.

The Finance Department's responsibilities include:

- levying and collecting municipal taxes and utility rates
- expending municipal money in the manner authorized by Council
- preparing accurate and full accounts of the District's financial affairs
- developing, monitoring & implementing the District's financial plan
- safeguarding and managing the District's assets
- reporting on the District's financial position
- developing and maintaining financial information systems and internal controls

Goals for 2008 & Progress:

***Ensure the District adheres to Legislation and Continues to meet the various Statutory Demands Related to the overall Financial Operations of the District:*** The position of Director of Financial Services once again became vacant in February of 2008 when Mr. Greg Leblanc elected to tender his resignation and return to his former employer. While the District embarked on filling this position, the District retained the services of an interim finance officer to assist the District during this time of transition. The District was successful in re-filling this position effective December 1, 2008, and while the successful candidate did not have municipal experience they do have a professional designation of Chartered Accountant. Given the lack of municipal exposure the individual was hired as the District's Deputy.

Goals for 2009 - 2011:

- ✓ enhance the financial health of the District through the use of thoughtful, long-term budgeting and inventory strategy
- ✓ continue to promote community understanding of the District's financial plan by presenting financial information in an easy to understand format
- ✓ develop a new set of accounts that would reflect the operations of the municipality
- ✓ establish invoicing structure for Phase 2 of the sanitary sewer collection system
- ✓ meet new reporting requirements relating to Tangible Capital Assets
- ✓ review the District's purchasing policies to ensure appropriate financial controls are in place in addition to addressing the new TILMA requirements when acquiring goods and services (subject to threshold)

#### Performance Measures

- ✓ adequate cash position to conduct planned municipal business
- ✓ increased community feedback and participation in developing the financial plan
- ✓ quarterly financial progress reports prepared and made available to Lantzville residents
- ✓ successful implementation of the procedures relating to Tangible Capital Asset reporting requirements
- ✓ Council acceptance of an amended purchasing policy

## **2. PROTECTIVE SERVICES**

### • **Fire Suppression, Prevention and Rescue**

The Lantzville Volunteer Fire Department (Fire Rescue) provides the District's fire suppression, victim rescue/extrication, fire prevention, First Responder and public education services.

#### Goals for 2008 & Progress:

#### ***Ensure Effective Fire Suppression Capability by Continuing Recruitment of Members, Conducting Adequate Training & Promoting Public Education:***

Under the leadership of the Fire Chief, Deputy Chief and various officers, the department continues to provide the level of public safety/protection that is desired. The department may wish to focus on increasing the level of public education either by way of semi-annual visits to the schools within the District, including private educational facilities and/or community consultation.

#### ***Improve Relationships with Council, Staff and Members of the Department:***

Council would like to improve the relationships between members of Council, staff and members of the Department. Council, during their strategic planning session identified some steps that could be taken which would lead to improved communications/relationships, one of which may include the Fire Chief participating in future strategic planning sessions with Council. An increased level communication exchanges is also desired and Administration of the District and Officers of the Fire Department will continue to make efforts in this regard.

#### Goals for 2009 - 2011:

- ✓ ensure effective fire suppression capability by assessing current Fire Hall inventory and facilities

- ✓ retain sufficient volunteer member levels
- ✓ ensure adequate training of volunteer membership
- ✓ increase level of public safety educational opportunities
- ✓ establish on going/regular communications with members of the Department

#### Performance Measures

- ✓ degree of compliance with Fire Underwriters' Survey recommendations
- ✓ effective and efficient responses to fire, accident, and health emergency events
- ✓ member readiness when attending various calls
- ✓ public readiness in case of fire-related emergency

- **Emergency Preparedness**

While Council formally appointed Mr. Alan Millbank, both a resident of the community and volunteer member of the Fire Department to act as the District's Emergency Program Coordinator in 2007, Mr. Millbank tendered his resignation effective May 31<sup>st</sup>, 2009. This position continues to be extremely onerous for one individual, especially given that Lantzville is in the very preliminary stages of establishing the various components to ensure it is 'emergency ready'. The District has contracted additional assistance in this regard from the Regional District of Nanaimo by way of an alternate EPC and while this contract will conclude at the end of this year, discussions are underway to renew our contractual arrangement which will see the Region provide Lantzville with its EPC on a permanent basis.

#### Goal for 2008 & Progress:

***Develop a Community Emergency Plan for the District:*** While Council has appointed an individual to fill the position of EPC on behalf of the District, the District has also retained the services of the Regional District of Nanaimo in this regard to provide Lantzville with the assistance/training necessary to implement the various components of emergency planning. Various assessment reports; open houses; public education sessions; emergency facilities have been negotiated and secured in order to assist in making Lantzville emergency ready.

#### Goals for 2009 - 2011:

- ✓ EPC's attendance at various conferences/workshops and participating in the Mid-Island Emergency Program Coordinators function
- ✓ achieve efficiencies in an emergency situation by co-coordinating the provision of manpower and equipment between neighbouring municipalities, Mid-Island Emergency Program Coordinators and the Provincial Emergency Plan system
- ✓ apply for various grant funding available specific to emergency functions
- ✓ renew/amend existing service contract between the District of Lantzville/RDN for the provision of emergency services given the resignation of the District's EPC.

#### Performance Measures

- ✓ education & training that facilitates EPC competencies to deal with an emergency
- ✓ establish the District's own emergency response manual
- ✓ database facilitating easy access to community information that would provide the District with assistance in the case of an emergency
- ✓ renewed service contract

- **Bylaw Enforcement**

The District has a contract with the Regional District of Nanaimo to provide bylaw enforcement services to Lantzville residents. A Bylaw Enforcement Officer investigates complaints from residents relating to such matters as dangerous animals, noise control, land use and traffic violations. The Bylaw Enforcement Officer takes the necessary steps to resolve the issue. The District's policies when dealing with enforcement issues are investigated upon complaint in addition to seeking voluntary compliance whenever possible.

### 3. COMMUNITY PLANNING

- **Land Use Planning**

The primary role of the Planning Department is to provide the District with a planning program to promote the orderly and economical development of the community by adhering to the District's OCP, Zoning and Subdivision Bylaws. Currently the District provides this service through a planning consultant, Mrs. Pamela Shaw. Mrs. Shaw is about to embark on her fifth year with the District in this capacity.

Goals for 2008 & Progress:

***Develop a Process that is User Friendly:*** While the District's planning consultant spends only one day in the District office, this day/time has been prescheduled to ensure minimal impact to residents/developers of the community utilizing this service.

***Develop Internal Procedures that will facilitate the Planning Function in a Cost Effective Fashion:*** Internal procedures and policies have been established as it relates to land use applications. The District continues to review procedures and policies that will enhance current processes based on the advice, guidance and past experience and expertise of our planning consultant.

Goals for 2009 - 2011:

- ✓ Develop a process specific to 'major' development
- ✓ Develop a list of 'amenities' desired by Council/residents of the Community
- ✓ Establish appropriate land uses throughout the District of Lantzville
- ✓ Investigate housing alternatives
- ✓ OCP Review
- ✓ Legalize secondary suites
- ✓ Road Network Plan

Performance Measures

- ✓ applicant satisfaction
- ✓ developer satisfaction
- ✓ amendments to the OCP to see appropriate land use designations
- ✓ development/construction of housing alternatives
- ✓ amended OCP Bylaw
- ✓ bylaw/policy which addresses secondary suites
- ✓ Road Network Plan developed

- **Land Development and Subdivision**

The Approving Officer processes subdivision applications to ensure that all legislative requirements are met and that development approval is coordinated among District departments and outside agencies.

Although there were no specific goals or objectives established for this particular function, the District has retained the services of a retired Approving Officer via contract. To mitigate costs and unnecessary demands of the Approving Officer time accommodations have been made to establish a reporting structure which results in no direct residential contact with the Approving Officer. Contact is facilitated through the District office by way of the Director of Public Works and the Planning consultant.

Goal for 2009 - 2011:

- ✓ subdivision applications/approvals are done in a timely manner
- ✓ subdivision applications/approvals are given subject to legislative requirements and that adhere to District's low impact development standards
- ✓ subdivision applications/approvals are given subject to application of the District's Development Cost Charge Bylaw

Performance Measures

- ✓ timely manner in which subdivision applications/approvals are processed
- ✓ subdivisions are developed to the standards pursuant to District bylaws

- **Building Inspection**

Building Inspectors enforce the Building Code and regulatory bylaws governing building, heating, plumbing, and zoning. The District has contracted with the Regional District of Nanaimo to provide Building Inspection services to the residents of Lantzville. Given the recent downturn in the number of buildings/construction starts the District continues to contract this service with the Regional District of Nanaimo for the remainder of the calendar year.

#### **4. ENGINEERING/PUBLIC WORKS & PARKS**

The District has three full-time staff in this department, a Director of Public Works, and Maintenance Technicians I and II, which ensure the safe and efficient operation of the District's waterworks, Phase I sanitary sewer collection system, storm drainage systems, parks, buildings, signage and other related facilities and equipment. In addition, a summer student is hired to assist with the maintenance of parks on a short-term basis (May – August).

- **Transportation, Roads and Drainage**

A municipality is responsible for maintaining local roads within its boundaries. As part of Lantzville's incorporation, the Province of British Columbia has provided a five year transition period during which it paid a contractor for this service. This



transition/contract period expired June 30<sup>th</sup>, 2008. The District now contracts this service directly with Windley Contracting Ltd. The Contract is for a five year period.

Goals for 2008 & Progress:

***Knarston Creek Overflow Project/Drainage:*** While the District did secure funding in the amount of \$400,000 to address the ongoing flooding of Knarston Creek. The project was postponed early 2008 in order to permit 'local' property owners the opportunity to identify alternative solutions versus the hard construction being proposed by the District. A 'working group' was established and at their conclusion concur with the hard construction costs proposed by the District. A new project complication was the misunderstanding of the District being required to obtain a 'water licence' versus a Section 9 Permit for the works associated with working amongst the creek. As a result, actual construction of this project has been postponed until August 2010, subject to the District being successful in its application for a 'water licence' and the establishment of a LAS.

***Phase 2 - Sanitary Sewer Collection System for the District:*** The District was successful in obtaining grant monies for Phase 2 of the sanitary sewer collection system. To date Phase 2, if the project remains on schedule and is anticipated to be completed late 2009.

Goals for 2009 - 2011:

- ✓ ensure the remaining residential properties in Phase 1 of the sewer collection system are connected
- ✓ construction of Phase 2 of the proposed sanitary sewer collection system
- ✓ construction of Knarston Creek Overflow Project
- ✓ public works facility
- ✓ to promote safe travel for pedestrians and cyclists identify, where appropriate, future trails/linkages

Performance Measures

- ✓ degree of completion of Phase 2 sanitary sewer collection system
- ✓ degree of completion of Knarston Creek Overflow project
- ✓ public works facility lease
- ✓ degree of trail identification and potential implementation where not cost prohibitive

- **Waterworks**

The District supplies and distributes water for household use, commercial and fire suppression purposes to roughly 900 properties. The District is responsible for ensuring that the water it supplies meets strict drinking water quality guidelines. The District is also responsible for maintaining and improving the equipment and infrastructure related to this supply and distribution system.

Goals for 2008 & Progress:

***Continue to Seek/Investigate Supplemental Water Supply:***

To enhance the District's water supply negotiations continue with our neighbouring municipality the City of Nanaimo for the provision of water. As indicated earlier in this report, the District of Lantzville and the City of Nanaimo signed a Memorandum of Understanding which have established the 'playing field' for the two parties. Council however, recognizing the importance of seeking an additional supply of potable water for the residents of the community of Lantzville will continue to investigate new sources of water.

***Continue to Provide Programs to Promote and Conduct Water Conservation:*** The District established a low-flush toilet rebate program. The District staff review applications and if residents qualify i.e., provide receipt of CSA approved low flush toilet, proof of installation and photograph of the old, destroyed toilet, the District will provide a rebate to the property owners. The program was established in late 2005 and to date fifty-nine rebates have been issued. While this program when introduced was intended to be temporary, Council continues to support this program and in 2009 increased the monies available for rebates to residents of the community.

Goals for 2009 - 2011:

- ✓ ensure that the District provides safe reliable water for drinking purposes
- ✓ ensure that the District system operates with adequate flows for fire protection purposes
- ✓ protect the community aquifer through water conservation strategies such as public education, watering restrictions, tiered water consumption rates
- ✓ continue to promote the low-flush toilet rebate program

Performance Measures

- ✓ a new water supply source is identified and an implementation strategy is developed
- ✓ satisfactory results from ongoing water sampling procedures
- ✓ reduction in water consumption, particularly in the peak summer months
- ✓ number of low-flush toilet rebate monies returned to property owners

## **STATEMENT OF PROPERTY TAX EXEMPTIONS**

In accordance with Section 98(2)(b) of the *Community Charter*, the following properties in the District of Lantzville were provided permissive property tax exemptions by Council

<b>Property Description</b>	<b>Proposed Exemption</b>	<b>Approximate Value of Taxation Exemption – 2008 (includes Municipal &amp; Other)</b>
<b>7113 Lantzville Road</b> St. Philip's by the Sea Anglican Church	Land & Improvements	\$2,057
<b>7244 Lantzville Road</b> Woodgrove Christian Community Church (Heritage Church)	Land & Improvements	\$1,711
<b>Lot 1, Plan 9671, DL 27G</b> Tennis Courts (School Rd.)	Recreation Land	\$2,428
<b>7232 Lantzville Road</b> Costin Hall	Land & Improvements	\$7,655
<b>7225 Lantzville Road</b> Seaview Centennial Branch #257 of The Royal Canadian Legion	Land & Improvements	\$4,621



**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 Naris Penny LLP*

CHARTERED ACCOUNTANTS



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

	2008	2007
<b>FINANCIAL ASSETS</b>		
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>
<b>LIABILITIES</b>		
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>
	<u>4,277,415</u>	<u>3,282,112</u>
<b>NET FINANCIAL ASSETS</b>		
<b>NON-FINANCIAL ASSETS</b>		
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)		
<b>FUND BALANCES (note 2(a))</b>		
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>
	<u>14,912,875</u>	<u>14,565,777</u>
<b>EQUITY IN NON-FINANCIAL ASSETS (note 11)</b>	<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 <u>Actual</u>	2008 <u>Budget</u> <i>(unaudited)</i>	2007 <u>Actual</u>
<b>REVENUE</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	1,003,548	(4,595,683)	765,266
Increase in prepaid expenses	(8,245)	-	-
Proceeds from Borrowing	-	4,742,000	-
Debt Servicing	-	(94,651)	-
	<u>995,303</u>	<u>51,666</u>	<u>765,266</u>
<b>INCREASE IN CONSOLIDATED FUND BALANCE FOR THE YEAR</b>			
CONSOLIDATED FUND BALANCE, BEGINNING OF YEAR	3,282,112	3,282,112	2,516,846
<b>CONSOLIDATED FUND BALANCE, END OF YEAR</b>	<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
<b>OPERATING ACTIVITIES</b>		
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>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,560,269	64,529
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	3,347,667	3,283,138
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,907,936</u>	<u>\$ 3,347,667</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
<b>Total</b>	<b>\$ 4,907,936</b>	<b>\$ 3,347,667</b>

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
<b>Total</b>	<b>\$ 341,801</b>	<b>\$ 1,306,952</b>

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
<b>Total</b>	<b>\$ 358,819</b>	<b>\$ 1,117,440</b>

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
<b>Total</b>	<b>\$ 593,961</b>	<b>\$ 219,223</b>

**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)
<b>Balance at end of period</b>	<b>\$ 593,961</b>	<b>\$ 219,223</b>

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)	-
<b>Balance at end of period</b>	<b>\$ 240,838</b>	<b>\$ 154,224</b>

**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
<b>Total</b>	<b>\$ 19,542</b>	<b>\$ 35,844</b>

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
<b>General fund</b>				
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
<b>Total</b>	<b>4,575,350</b>	<b>218,937</b>	<b>14,694</b>	<b>4,779,593</b>
<b>Sewer fund</b>	<b>4,163,331</b>	<b>177,410</b>	<b>-</b>	<b>4,340,741</b>
<b>Water fund</b>				
Land	342,456	-	-	342,456
Equipment	169,095	-	-	169,095
Engineering structures	5,315,545	-	42,800	5,272,745
<b>Total</b>	<b>5,827,096</b>	<b>-</b>	<b>42,800</b>	<b>5,784,296</b>
<b>Total</b>	<b>\$ 14,565,777</b>	<b>\$ 396,347</b>	<b>\$ 57,494</b>	<b>\$ 14,904,630</b>

**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
<b>General fund</b>					
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
<b>Sewer fund</b>	8,937	27,312	725	-	36,974
<b>Water fund</b>					
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
<b>Total</b>	\$ 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	-
<b>Total</b>	<b>\$ 14,912,875</b>	<b>\$ 14,565,777</b>

**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
<b>Total</b>	<b>\$ 512,606</b>	<b>\$ 2,027,042</b>

**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
<b>Consolidated total</b>	<b>\$ 2,106,069</b>	<b>\$ 16,653,752</b>	<b>\$ 4,630,770</b>

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 Defered 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 <u>Actual</u>	2008 <u>Budget</u> <i>(unaudited)</i>	2007 <u>Actual</u>
<b>REVENUE</b>			
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>
<b>EXPENDITURES</b>			
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>
	1,249,400	1,274,717	1,189,600
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>			
	(8,245)	-	-
Increase in prepaid expenses	-	(32,000)	-
Debt servicing	(656,188)	(687,588)	(582,955)
Transfers to reserve funds	(169,755)	(563,651)	(63,134)
Transfers to capital funds	(834,188)	(1,283,239)	(646,089)
	<u>415,212</u>	<u>(8,522)</u>	<u>543,511</u>
<b>INCREASE IN CONSOLIDATED OPERATING FUND BALANCES</b>			
	1,574,379	1,574,379	1,030,868
<b>CONSOLIDATED OPERATING FUND BALANCES, BEGINNING OF YEAR</b>			
	<u>\$1,989,591</u>	<u>\$ 1,565,857</u>	<u>\$1,574,379</u>
<b>CONSOLIDATED OPERATING FUND BALANCES, END OF YEAR</b>			

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

	2008 Actual	2008 Budget (unaudited)	2007 Actual
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
General government services	-	-	-
Legislative	71,442	125,000	45,111
Protective services	-	-	-
Garbage & Recycling	17,073	26,000	-
Parks & recreation	-	-	-
Planning	130,422	884,000	728
Transportation Services	177,410	13,550,000	3,003,368
Sewer	-	51,400	135,124
Water	<u>396,347</u>	<u>14,636,400</u>	<u>3,184,331</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b>(308,968)</b>	<b>(5,870,400)</b>	<b>(483,909)</b>
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>
<b>CHANGE IN CONSOLIDATED CAPITAL FUND BALANCES</b>	-	-	-
CONSOLIDATED CAPITAL FUND BALANCES, BEGINNING OF YEAR	-	-	-
<b>CONSOLIDATED CAPITAL FUND BALANCES, END OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>

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	\$ 63,116	\$ -	\$ 59,575
Reserve Fund Interest			-
	<u>63,116</u>	<u>-</u>	<u>59,575</u>
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)
	<u>516,975</u>	<u>122,839</u>	<u>162,180</u>
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
CONSOLIDATED RESERVE FUND BALANCES, END OF YEAR (Note10)	<u>\$ 2,287,824</u>	<u>\$ 1,830,572</u>	<u>\$ 1,707,733</u>

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 <u>Actual</u>	2008 <u>Budget</u> <i>(unaudited)</i>	2007 <u>Actual</u>
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>
<b>NET PROPERTY TAXES AVAILABLE FOR MUNICIPAL PURPOSES</b>	<b>\$ 1,312,944</b>	<b>\$ 1,303,980</b>	<b>\$ 1,263,549</b>

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

	General Revenue Fund							Total General	Parks and Recreation	Landfilling	Recycling	Protective Services	Transportation Services	Sewer Services	Water Services	Capital Funds	Reserve Funds	2008 Consolidated
	General Government	General Government	General Government	General Government	General Government	General Government	General Government											
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	58,555					3,300		101,590	5,150	22,398		14,187		150	7,543			109,283
Interest	67,427							67,427									63,118	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	37,609							37,609						2,490	2,000	398,347		396,347
Audit and Legal	100,275							108,345	1,185	8,885								42,099
Consulting	20,728							209,143	3,840	48,612								108,345
Contracted Services	47,102							46,835						2,000	6,835			209,143
Fire Services Honararia								52,837	214									46,835
Insurance	73,625							73,625										61,672
Legislative	22,224							79,951	2,791					1,295	31,870			73,625
Materials and Supplies								487,279	36,840					139	37,878			112,916
Salaries, Wages And Benefits	341,187							56,167										535,296
Snow Removal																		56,167
Training, Travel and Conferences	21,627							49,643										49,643
Telephone and Utilities	13,021							75,757						396	29,316			105,469
Other	29,100							196,848	32,109					20,895	91,169			309,712
	708,498	307,623	194,797	142,345	55,497	76,879	1,483,639	27,215	198,868	396,347								2,106,066
Excess(Deficiency) of Revenues over Expenditures	1,224,053	(307,623)	(175,610)	5,435	(33,089)	(71,728)	641,427	295,968	312,107	(308,968)	63,116	1,003,541						

SCHEDULE E

DISTRICT OF LANTZVILLE  
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Revenue Fund							Water Services	Capital Funds	Reserve Funds	200 Consolidated
	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation	Total General	Sewer Services			
Revenues											
General property taxation	1,263,549						1,263,549				1,263,549
Grants in lieu of taxes	61,251						61,251				61,251
Utility taxes and fees				138,192			138,192	160,810			783,347
Revenue from own sources	39,999		14,187	3,966	30,805	2,500	91,457			59,575	97,259
Interest	50,702						50,702				110,271
Provincial grants and transfers	372,608						372,608		1,654,434		2,027,042
Developer contributions									1,045,988		1,045,988
Other			102			7,224	7,326				7,326
	1,788,109	-	14,289	142,158	30,805	9,724	1,985,085	180,810	2,700,422	59,575	5,396,031
Expenditures											
Capital Assets									3,184,331		3,184,331
Audit and Legal	50,025						50,025	2267			52,292
Consulting	29,999				27,318	18,180	75,497				75,497
Contracted Services	20,006			75,720	34,870	2,107	165,738				165,738
Fire Services			33,033				44,948				44,948
Insurance	57,515	1,019	4,165			83	62,802		6,052		68,854
Legislative	69,094						69,094				69,094
Materials and Supplies	19,887	14,130	22,801			2,577	59,395		7,998		67,393
Salaries, Wages And Benefits	339,198	146,069	1,788			49,074	536,129				536,129
Snow Removal		450					450				450
Training, Travel and Conferences	24,200	7,609	21,115				52,924				52,924
Telephone and Utilities	12,492	48,245	13,823				74,560	540	29,877		104,937
Other	32,986	37,101	17,881	55,839		18,889	162,686	9,256	36,203		208,144
	855,402	254,623	158,584	131,559	82,188	90,890	1,354,248	12,063	3,184,331	-	4,630,777
Excess(Deficiency) of Revenues over Expenditures	1,132,707	(254,623)	(145,295)	10,599	(31,383)	(81,168)	630,839	148,747	(483,909)	59,575	755,266

