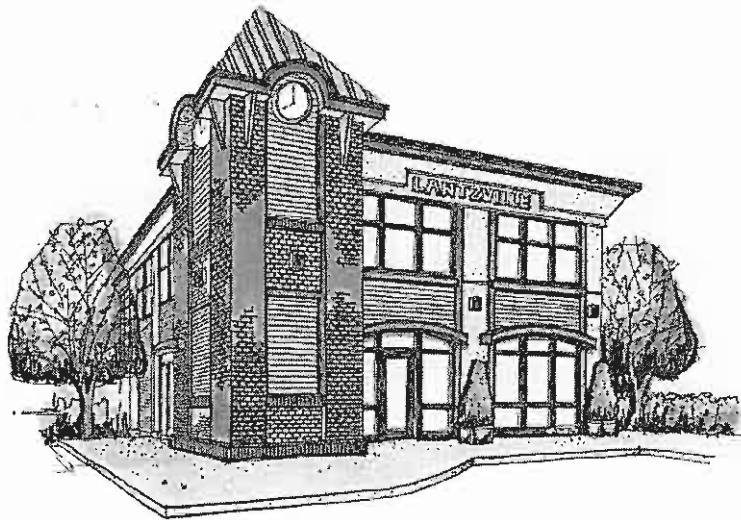


DISTRICT OF LANTZVILLE
BRITISH COLUMBIA, CANADA

ANNUAL REPORT

PRESENTED TO COUNCIL ON JUNE 28th, 2010



2010 Annual Report
Table of Contents

	<u>Page</u>
<i>Purpose of This Report</i>	<i>3</i>
<i>Letter from the Mayor</i>	<i>3</i>
<i>Declaration of Disqualified Council Members</i>	<i>5</i>
<i>Municipal Services and Operations</i>	
✓ Background	5
✓ Objectives & Measures	5
✓ Strategic Direction for '09 – '11	5
✓ Municipal Services & Operations for 2009	9
✓ Overview of Services	9
✓ Departmental Reports	9
<i>Permissive Tax Exemptions</i>	<i>18</i>
<i>Management's Responsibilities</i>	<i>19</i>
<i>Auditor's Report</i>	<i>20</i>
<i>Audited Financial Statements</i>	<i>21</i>

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 31st, 2009. The second purpose is to inform readers about the District's goals and objectives met during 2009, report on current year projects goals and objectives, and identify priorities for the years 2010 - 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. 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 established 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. Although Council elected to not conduct a strategic planning session this year, Council continues to work on their priorities identified in early January 2009 for the years 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

Council continues to face many challenges ahead and we 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 continued with our application for Phase 2 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 were in favour of the Phase 2 sewer project proceeding and at the Regular Meeting of Council held Monday, June 8th, 2009, Council recommended that Phase 2 of the Sanitary Sewer Collection System Project proceed. Construction has now concluded and we look forward to working with residents to facilitate their individual connections to the system.

The District did apply for funding for a third phase of the sanitary sewer collection system however, our application was denied. Perhaps when the economy strengthens the federal/provincial ministries will allocate monies to and resurrect these much needed capital funding programs.

2009 was also very memorable as we welcomed the Olympic Torch through our community. With over 400 residents lining the streets the event celebrated that day was a perfect reflection of a community coming together – celebrating themselves in true Lantzville style.

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 other member 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 endeavour 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

BACKGROUND

The District of Lantzville was incorporated on June 25th, 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 conducts a comprehensive annual planning process which begins with strategic direction from Council. This is followed by a joint review by both Council and staff which focuses on 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 planned capital expenditure projects to provide the necessary infrastructure for the proposed services.

Council recognizes the importance of planning and since incorporation, continues to conduct strategic planning sessions as a means of identifying and establishing priorities in response to issues identified by both residents of the community and Council. Council's priorities for the 2009 – 2011 term continue to be as follows.

A. Infrastructure

- (i) Sewer - Implementation of the various phases of the sanitary sewer collection system continues to monopolize a majority of staff time. The District, being successful in securing grant funding for Phase 2 sanitary sewer collection system continued with implementation/construction of same. With a successful tender process/results and the creation of the Local Area Service, Phase 2 proceeded and the majority of construction was completed December 2009 (with the exception of the Huddlestone Road lift station).
- (ii) Water Supply – We continue to negotiate with the City of Nanaimo regarding a permanent connection/supply and while negotiations progress slowly we remain positive that we will come to terms as it relates to additional expectations on the part of the City that go beyond the relationship of just supplying water such as financial contributions/commitments relating to economic development, tourism and the Port Theatre.

While we continue negotiations with the City, Council also continues to investigate alternative/supplemental sources that may result in less of a financial impact to the District yet achieve the same results.

- (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.

At issue remained the overall cost of the project, application of a water licence, the need to carry out a hydrology study (requirement for water licence) and given the economic downturn, the ability of the affected property owners (approx. 21) to share in the cost of the project. Due to the substantial cost of this project, Council reconsidered the District's cost sharing in this initiative over and above the \$400,000 Council had secured through Towns for Tomorrow (Provincial funding program). Council did approve \$106,800 in additional funding subject to remaining monies (\$253,160) to be raised by an annual parcel tax applicable to those twenty-one (21) property owners identified in the LAS.

The LAS on Council initiative – subject to petition against concluded on Wednesday, April 7th, 2010 and seven (7) valid petitions were received which failed to meet the required 50%. Therefore, Council resolved to proceed with the project. Subject to favourable tender results and the District being awarded the associated Water Licence, construction of the Knarston Creek Overflow Project should proceed mid August 2010.

- (iv) 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 31st, 2012. Council will be contemplating future use of this space and will be investigating service/leasing options in advance of the scheduled lease expiry date.

B. Parks & Recreation:

This function/commission was established in 2007. 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 focused their attention towards the development and implementation of a trails and journeyway improvement strategy. A draft of the strategy has been completed and it is expected that members of the Commission will focus on implementation once finalized and ratified by Council.

Members of the Parks & Recreation Commission continue to be responsible for Minetown Day and are looking forward to celebrating Minetown Day on Saturday, September 11th, 2010 with friends, residents and visitors.

C. Communications:

Council continues 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 should be established prior to the appointment. Council may also wish to consider that future Council strategic planning sessions include the participation 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 circulates it in the Lantzville Log which is Lantzville's local newspaper 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.

D. Planning:

2010 is the year when the District's Official Community Plan was scheduled for review. In anticipation of this review planning began in 2009. During Council's strategic planning session in January 2009, some frustration was 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:

- 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 elected to postpone an in-depth review of the District's OCP however, did proceed with those amendments that were legislated (i.e., Bill 27). In response to Bill 27, the District of Lantzville proposed an amendment to the Official Community Plan to meet the requirements of Section 877(3) of the *Local Government Act* -- as required by the *Act*, "an official community plan must include **targets** for the reduction of

greenhouse gas emissions in the area covered by the plan, and **policies and actions** of the local government proposed with respect to achieving those targets.”

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 \$393,738 as at December 31st, 2009. This funding program is ‘conditional’ based 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 and 2) on a quarterly basis. A preliminary review of the costs to carry out our quarterly billing scheme have shown that savings may 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) Replenish 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 2nd, 2009, which provided a detailed analysis of the District’s reserve fund balances and suggested appropriate 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 administration 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.

MUNICIPAL SERVICES & OPERATIONS FOR 2009 - 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 2009, 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 (2009):

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 was able to proceed. Construction of Phase 2 of the sewage collection system was substantially completed by December 31st, 2009 with the exception of the Huddlestone Road lift station. This phase will accommodate 205 residential/commercial connections and the construction of the main pumping station (Huddlestone Road) will accommodate future sanitary sewer phases of the District. The majority of 2009 was spent finalizing the detailed design works, negotiating a significant number of statutory right-of-ways, coordinating construction and ongoing communications with the property owners affected by this initiative.

Goals for 2010 - 2011

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

Performance Measures

- ✓ degree of implementation of the above projects
- ✓ increase in basic infrastructure
- ✓ community feedback

- **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 2009 & 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 met and adhered to all legislative and regulatory requirements while we administered the infrastructure projects and when conducting the overall day to day operations of the municipality.

Website Redevelopment/Improvements: As a result of a provincial funding initiative "Community Tourism" the District was able to embark on the redevelopment of the District's website. A project undertaken by our Deputy

Director of Corporate Administration in collaboration with Trinex Internet Solutions from Parksville, BC, resulted in a more user-friendly, informative and navigable website. Completion of the website improvements also met one of the Year 1 Objectives identified in the "Lantzville: Foothills to Seashore Tourism Development and Marketing Plan" completed in 2008 through Phase 1 of this same funding program.

Facilitated the Creation of a Records Management Bylaw/Policy & Purging of Records – The corporate administration department developed a bylaw that would address the District's Records Management System which speaks to the retention and/or destruction of the various records of the municipality. Our records were purged for the first time since establishment of the system in 2004.

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

Goals for 2010 - 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

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**

The District was successful in filling the position of Deputy Director of Financial Services. For the majority of the 2009 calendar year the District's Finance department focused on meeting the new PSAB 3150 Tangible Capital Asset requirements and the recording of same.

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 2009 & Progress:

Implementation of PSAB 3150 (TCA) - As noted above, the District was able to meet the legislative requirements associated with the change in which the financial position of the District would be reported (PSAB 3150 TCA). Work on this new requirement began in 2007 with the preparing and recording of inventory of our

infrastructure. The District's thorough work in this TCA initiative resulted in the District of Lantzville being leaders in the Province in meeting this new legislated requirement. Further, our auditors have requested to use our documentation and processes associated with the TCA requirements as examples to other jurisdictions.

Ensure the District adheres to Legislation and Continues to meet the various Statutory Demands Related to the overall Financial Operations of the District: Submission of all legislated reporting requirements were completed on time with the Statement of Financial Information (SOFI), including the various schedules, being submitted and completed prior to the deadline date of June 30th, 2010.

Goals for 2010 - 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 a simplified, easy to understand format
- ✓ 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
- ✓ 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 2009 & 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. This may also include L.A.F.C. (Local Assistant to the Fire Commissionaire) formalizing inspection of not only public institutions but commercial properties as well.

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 of 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 2010 - 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**

The District has contracted with the Regional District of Nanaimo for the provision of Emergency Preparedness/Emergency Program Coordinator. This new contractual arrangement has the Regional District of Nanaimo providing the District of Lantzville with an EPC on a permanent basis.

Goal for 2009 & Progress:

Develop a Community Emergency Plan for the District: With the District now contracting our EPC services/function with the RDN our coordinator now focuses her attention to the implementation of the various components of emergency planning including, various assessment reports; open houses; and public education sessions. Our EPC has also secured emergency facilities in order to assist in making Lantzville emergency ready in addition to accessing provincial funds to assist in the creation of emergency ready plans, etc.

Goals for 2010 - 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

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 contractual arrangement 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 policy 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, Dr. Pamela Shaw. Dr. Shaw is about to embark on her sixth year with the District in this capacity.

Goals for 2009 & Progress:

Develop a Process that is User Friendly: While the District's planning consultant spends only one day in the District office, this 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 2010 - 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
- ✓ OCP Review (legislative requirements only)

Performance Measures

- ✓ applicant satisfaction
- ✓ developer satisfaction
- ✓ amendments to the OCP to see appropriate land use designations
- ✓ amended OCP Bylaw

- **Land Development and Subdivision**

The Approving Officer processes subdivision applications to ensure that all legislative requirements are met, District policies and bylaws are adhered to, 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's time accommodations have been made to establish a reporting structure that sees all communications through the District Office.

Goal for 2010 - 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 various applicable bylaws and policies

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 also contracts with the Regional District of Nanaimo to provide Building Inspection services to the residents of Lantzville.

4. ENGINEERING/PUBLIC WORKS & PARKS

The District has three full-time and one temporary seasonal staff (beginning summer 2010) in this department, a Director of Public Works, Maintenance Technicians I and II, and a labourer which ensure the safe and efficient operation of the District's waterworks, Phase 1 & 2 sanitary sewer collection systems, 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, etc., 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 30th, 2008. The District now contracts this service directly with Windley Contracting Ltd. Our public works department does provide some services as it relates to road maintenance such as pothole repairs, signage and other minor road repair items.

Goals for 2009 & Progress:

Knarston Creek Overflow Project/Drainage: The District did secure funding in the amount of \$400,000 to address the ongoing flooding of Knarston Creek. The project was postponed in 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 concurred with the hard construction design 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 was postponed until August 2010, subject to the District being successful in its application for a 'water licence' and the establishment of a LAS.

Subject to favourable tender results and the District being awarded the associated Water Licence, construction of the Knarston Creek Overflow Project is scheduled to proceed August 2010.

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 of the project has been completed and we now focus our attention on coordinating individual property connections.

Goals for 2010 - 2011:

- ✓ individual property connections to Phase 2 of the sanitary sewer collection system
- ✓ phase 2 backyard restoration
- ✓ construction of Knarston Creek Overflow Project
- ✓ to promote safe travel for pedestrians and cyclists identify, where appropriate, future trails/linkages

Performance Measures

- ✓ degree of individual connections to Phase 2 sanitary sewer collection system
- ✓ degree of completion of Knarston Creek Overflow project
- ✓ 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 approximately 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 2009 & 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 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 alternate new sources of water in the interim.

Continue to Provide Programs to Promote and Conduct Water Conservation: The District established a low-flush toilet rebate program. 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 seventy rebates have been issued. While this program when introduced was intended to be temporary, Council continues to support this program and in 2010 continued to identify this as a line item in Council's Five Year Financial Plan.

Goals for 2010 - 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

Property Description	Proposed Exemption	Approximate Value of Taxation Exemption – 2009 (includes Municipal & Other)
7113 Lantzville Road St. Philip's by the Sea Anglican Church	Land & Improvements	\$2,459
7244 Lantzville Road Woodgrove Christian Community Church (Heritage Church)	Land & Improvements	\$1,805
Lot 1, Plan 9671, DL 27G Tennis Courts (School Rd.)	Recreation Land	\$3,386
7232 Lantzville Road Costin Hall	Land & Improvements	\$9,703
7225 Lantzville Road Seaview Centennial Branch #257 of The Royal Canadian Legion	Land & Improvements	\$5,637
Island Corridor Foundation Railways	Land	\$8,823

**District of Lantzville
Consolidated Financial Statements
December 31, 2009**

Management's Responsibility

To the Mayor and Council of the District of Lantzville:

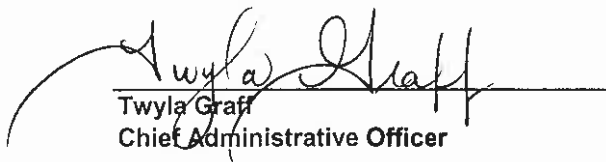
The accompanying financial statements of the District of Lantzville are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The District's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Mayor and Council are composed entirely of persons who are neither management nor employees of the District. The Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems. Mayor and Council meets periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements. The Mayor and Council are also responsible for the appointment of the District's external auditors.

Meyers Norris Penny LLP Chartered Accountants, the independent auditors appointed by the Mayor and Council have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to and meet periodically with both the Mayor and Council and management to discuss their audit findings as to integrity of the financial reporting process.

March 12, 2010


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, 2009 and the consolidated statements of operations and accumulated surplus, cash flows, changes in net financial assets 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, 2009 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Nanaimo, B.C.
March 12, 2010

Mayas Norris Penny LLP

CHARTERED ACCOUNTANTS

District of Lantzville

Consolidated Statement of Financial Position

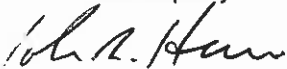
As at December 31, 2009



	2009	2008
		<i>(Restated Note 15)</i>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 4,028,077	4,907,936
Accounts receivable (Note 3)	1,712,899	341,800
	<u>5,740,976</u>	<u>5,249,736</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	685,604	358,818
Deferred revenue (Note 5)	818,613	593,961
Deposits (Note 6)	13,579	19,542
	<u>1,517,796</u>	<u>972,321</u>
Net Financial Assets	<u>4,223,180</u>	<u>4,277,415</u>
Non-Financial Assets		
Tangible capital assets (Note 7 and Schedule A)	28,840,069	26,092,670
Prepaid expenses	7,955	8,245
	<u>28,848,024</u>	<u>26,100,915</u>
Accumulated Surplus (Note 8)	<u>\$ 33,071,204</u>	<u>\$ 30,378,330</u>

See accompanying notes and schedules to the consolidated financial statements.

On behalf of the Municipality:


Colin Haime, Mayor


Jedha Holmes, CA, Deputy Director of Financial Services

District of Lantzville

Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2009



	2009	2009 Budget	2008
	(Unaudited-Note 14)	(Restated-Note 15)	
Revenue:			
Taxation (Note 9)	\$ 1,358,717	1,356,160	\$ 1,312,944
Government grants and transfers (Note 10)	2,523,964	3,895,948	512,606
Utility taxes and fees	789,875	759,302	970,843
Services and Fees (own sources)	75,761	73,750	109,283
Grants in lieu of taxes	69,486	69,000	65,521
Interest	49,617	90,000	130,543
Contribution from developer	-	-	113,000
Other	10,543	-	7,877
	4,877,963	6,244,160	3,222,617
Expenses (Note 11):			
General government	698,743	734,002	658,130
Transportation services	529,689	397,020	511,537
Protective services	275,610	246,473	264,943
Sewer	77,390	117,381	50,655
Water	240,643	200,941	264,276
Garbage and recycling	146,699	152,309	142,345
Parks and recreation	83,145	131,802	82,724
Legislative services	87,093	103,550	84,083
Planning and environmental development	46,077	74,800	55,497
	2,185,089	2,158,278	2,114,190
Surplus for the year	2,692,874	4,085,882	1,108,427
Accumulated surplus,			
beginning of year, as previously stated	19,190,290	19,190,290	17,847,889
prior period adjustment (Note 15)	11,188,040	-	11,422,014
Accumulated surplus, beginning of year, as re-stated	30,378,330	19,190,290	29,269,903
Accumulated surplus, end of year	\$ 33,071,204	\$ 23,276,172	\$ 30,378,330

Commitments and contingencies are specified in Note 12.

See accompanying notes and schedules to the consolidated financial statements.

District of Lantzville

Consolidated Statement of Cash Flows

For the year ended December 31, 2009



	2009	2008
	<i>(Restated-Note 15)</i>	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Surplus (deficit) for the year	\$ 2,692,874	\$ 1,108,427
Non-cash items included in operations:		
Contribution from developer	-	(113,000)
Amortization of tangible capital assets	466,477	449,175
Gain on the sale of tangible capital assets	(5,000)	
Change in prepaid expenses	290	(8,245)
	461,767	327,930
Net change in non-cash working capital balances related to operations	(825,624)	564,965
Cash provided by operating transactions	2,329,017	2,001,322
Capital		
Purchase of tangible capital assets	(3,213,876)	(441,053)
Proceeds from sale of tangible capital assets	5,000	
Cash used by capital transactions	(3,208,876)	(441,053)
Increase (decrease) in cash and cash equivalents	(879,859)	1,560,269
Cash and cash equivalents, beginning of year	4,907,936	3,347,667
Cash and cash equivalents, end of year	\$ 4,028,077	\$ 4,907,936

See accompanying notes and schedules to the consolidated financial statements.

District of Lantzville

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2009



	2009	2009 Budget	2008
		(Unaudited-Note 14)	(Restated-Note 15)
Surplus (deficit) for the year	\$ 2,692,874	4,085,882	\$ 1,108,427
Purchase of tangible capital assets	(3,213,876)	(5,610,900)	(441,053)
Tangible capital assets acquired by donation			(113,000)
Amortization of tangible capital assets	466,477	-	449,175
Gain (loss) on sale of tangible capital assets	(5,000)	-	
Proceeds on sale of tangible capital assets	5,000	-	
	(54,525)	(1,525,018)	1,003,549
Acquisition of prepaid expense	(7,955)	-	(8,245)
Use of prepaid expenses	8,245	-	
	290	-	(8,245)
Increase (decrease) in net financial assets	(54,235)	(1,525,018)	995,304
Net financial assets, beginning of year	4,277,415	4,277,415	3,282,111
Net financial assets, end of year	\$ 4,223,180	\$ 2,752,397	\$ 4,277,415

See accompanying notes and schedules to the consolidated financial statements.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



The District of Lantzville is a municipality that was incorporated on June 25, 2003 pursuant to the issue of Letters Patent dated April 3, 2003.

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

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

1. Significant Accounting Policies

(a) Basis of Presentation:

The District follows accounting principles generally accepted for British Columbia municipalities and applies such principles consistently. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board ("PSAB") 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 the funds of the District, which include General, Water and Sewer Operating, Capital and Reserve Funds. Inter-fund transactions have been eliminated on consolidation.

(b) Revenue Recognition:

Sources of revenue are recorded on the accrual basis and include revenue in the period in which the transaction or events occurred that give rise to the revenues, and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 term 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 recorded as deferred revenues. When qualifying expenses are incurred, deferred revenues are recognized as revenue in 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. Allocations of interest are made to statutory reserve funds and certain restricted non-statutory funds.

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

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



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.

(c) 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.

(d) Tangible Capital Assets:

Tangible capital assets, comprised of capital assets and capital assets under construction exceeding \$10,000, are recorded at cost less accumulated amortization and are classified according to their functional use. Contributed tangible capital assets are recorded at fair value at the date of the contribution. Amortization is provided on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. One-half of the amortization is claimed in the first year of acquisition and in the last year. Estimated useful lives are as follows:

Asset	Rate
Buildings	15 - 80 years
Equipment	5 - 10 years
Land Improvements	10 - 50 years
Roads Infrastructure	10 - 75 years
Vehicles	10 - 25 years
Sewer Infrastructure	10 - 100 years
Water Infrastructure	10 - 100 years

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset or enhance the service potential of capital assets are capitalized.

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

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



(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 expenses during the period. Significant areas requiring the use of management estimates relate to 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 judgement that could result in material error. Amortization is based on estimates of the asset's useful lives. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

(f) Employee Future Benefits:

The District recognizes the expenses relating to employee benefits in the period in which the employees render the 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) Adoption of New Accounting Policies:

In accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the District has adopted the following sections commencing in the current fiscal year:

PS 1200 Financial Presentation which introduced a new financial statement reporting model based on full accrual accounting principles effective for financial statements of local governments with fiscal years beginning on or after January 1, 2009.

PS 3150 Tangible Capital Assets which provides for the accounting, measurement, valuation, amortization, write-downs, disposals, and presentation and disclosure of tangible capital assets.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



2. Cash and Cash Equivalents

December 31 cash balances include amounts designated for specific future capital purposes, restricted revenue (development cost charges, note 5) and various deposits (note 6), as follows:

	2009	2008
Restricted cash		
Statutory reserves (Note 8)	\$ 2,555,129	\$ 2,287,824
Development cost charges (Note 5)	226,179	161,751
Restricted revenues - deposits (Note 6)	13,579	19,542
	2,794,887	2,469,117
Unrestricted cash		
Cash available for operations	\$ 1,233,190	2,438,819
	\$ 4,028,077	\$ 4,907,936

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 (\$1,034,753 at December 31, 2009 (2008 - \$1,023,558)) is invested in the MFABC Money Market Fund which earned an effective yield of 3.51% (2008-3.6%) and whose market value is equal to its cost.

3. Accounts Receivable

Accounts receivable comprise the following as at December 31:

	2009	2008
Other governments	\$ 1,496,219	\$ 141,193
Property and parcel taxes	138,300	110,143
User fees and other	78,380	90,464
	\$ 1,712,899	\$ 341,800

4. Accounts Payable

Accounts payable comprise the following as at December 31:

	2009	2008
General	\$ 620,023	\$ 164,140
Other governments	-	141,898
Salaries, wages and benefits	65,581	52,780
	\$ 685,604	\$ 358,818

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



5. Deferred Revenue

Deferred revenue comprise the following as at December 31:

	2008		Receipts		Interest		Revenue		2009	
Federal Gas and Public Transit Funds	\$	240,838	\$	149,931	\$	2,969	\$	-	\$	393,738
Development cost charges		161,751		62,619		1,809		-		226,179
Administration and inspection fees		109,442		-		-		-		109,442
Phase 1 sewer operating costs prepaid by residents		39,880		-		-		2,162		37,718
Prepaid property taxes		19,280		28,106		-		19,280		28,106
Tourism Grant		10,513		13,442		-		12,492		11,463
Treaty Negotiation Grant		11,322		-		-		-		11,322
Prepaid tax certificate accounts		935		260		-		550		645
	\$	593,961	\$	254,358	\$	4,778	\$	34,484	\$	818,613

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 agreement.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



Development Cost Charges

Development Cost Charges are restricted revenue liabilities representing fees collected from 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. In accordance with generally accepted accounting standards, the District records these funds as restricted revenue which is then recognized as revenue when the related costs are incurred.

	2008	Receipts	Interest	2009
Water	\$ 58,310	15,574	619	\$ 74,503
Sewer	32,885	6,182	337	39,404
Drainage	30,159	16,532	360	47,050
Highway Facilities	30,952	13,548	353	44,852
Parkland	9,446	10,783	140	20,370
	\$ 161,751	\$ 62,619	\$ 1,809	\$ 226,179

6. Deposits

Deposits comprise the following as at December 31:

	2009	2008
Performance deposits	\$ 13,579	\$ 15,542
Sewer Works – Phase I deposits	-	4,000
	\$ 13,579	\$ 19,542

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.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



7. Tangible Capital Assets (Schedule A)

	2009	2008
Land	\$ 8,752,199	\$ 8,752,199
Land improvements	74,864	73,203
Buildings	1,271,462	1,318,514
Vehicles	658,590	521,550
Equipment	255,817	189,370
Infrastructure:		
Roads	7,019,645	7,213,105
Sewer	4,132,704	4,035,900
Water	3,872,383	3,844,707
Assets under construction	2,802,405	144,122
	\$ 28,840,069	\$ 26,092,670

Land is comprised of land under roads, parks and tennis courts, well fields, and land under and around District buildings. Land improvements include playground equipment, playing fields and courts, and parking lots.

8. Accumulated Surplus

Operating Funds - These funds comprise the principal operating activities of the District and include funds for general government, sewer and water services.

Capital Funds - These funds are used to record the acquisition and disposal of tangible capital assets and related financing. These funds include general, sewer and water capital funds.

Reserve Funds - These funds have been created to hold assets for specific future requirements. They are comprised of the statutory reserve funds shown in Note 2.

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.

	2009	2008
Operating Fund	\$ 1,676,006	\$ 1,997,836
Statutory Reserve Funds (Schedule B)	2,555,129	2,287,824
Equity in Tangible Assets	28,840,069	26,092,670
	\$ 33,071,204	\$ 30,378,330

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



Operating Funds

	General	Water	Sewer	Total
Opening balance	\$ 1,233,555	\$ 532,158	\$ 232,123	\$ 1,997,836
Surplus (deficit) for the year	747,681	167,702	1,763,067	2,678,450
Transfers (to) from Capital Funds	32,514	(25,790)	(2,754,123)	(2,747,399)
Transfer to Reserve Funds	(412,308)	(136,300)	(87,167)	(635,775)
Transfers from Reserve Funds	209,722	153,924	19,248	382,894
Closing balance	\$ 1,811,164	\$ 691,694	\$ (826,852)	\$ 1,676,006

Equity in Tangible Capital Assets:

	2009	2008
Opening balance	\$ 26,092,670	\$ 25,987,792
Add: Purchases of tangible capital assets	\$ 3,213,876	554,053
Less: Amortization	(466,477)	(449,175)
	\$ 28,840,069	\$ 26,092,670

9. Taxation

The District is required to collect taxes on behalf of, and transfer these amounts to, other government agencies noted below.

	2009	2008
Property taxes collected	\$ 4,249,683	\$ 4,033,112
Less transfers to other governments:		
School District	1,895,637	1,859,434
School District - policing	154,306	153,336
Regional Hospital District	174,459	172,703
Regional District of Nanaimo	487,265	358,517
BC Assessment	50,810	48,404
Municipal Finance Authority	153	148
Vancouver Island Regional Library	128,336	127,626
	2,890,966	2,720,168
	\$ 1,358,717	\$ 1,312,944

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



10. Government Grants and Transfers

	2009	2008
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 782,348	\$ -
Small Communities Grant	-	396,214
Other	18,577	29,013
	800,925	425,227
Capital transfers:		
Canada/B.C. Infrastructure Grant	1,723,039	87,379
	\$ 2,523,964	\$ 512,606

11. Expenditure by Object and Segment

The financial statements report on expenditures by function. The District's expenditures by object are reported in Schedule C - Consolidated Schedule of Segment Disclosures.

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 schedule 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.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



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.

12. Commitments and Contingencies

(a) Municipal Pension Contingency

The District 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 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 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 **\$34,753** (2008-\$27,069) for employer contributions to the plan in fiscal 2009.

(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.

13. Comparative Figures

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

14. Budget Figures

Budget figures are unaudited and represent the Financial Plan Bylaw adopted by Council on April 27, 2009.

The financial plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues.

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



In addition, the financial plan anticipated capital expenditures rather than amortization expense.

	2009 Budget
Consolidated surplus, per "District of Lantzville Financial Plan Bylaw No. 72, 2009"	\$ 399,406
Add:	
Capital expenditures	5,610,900
Transfers to statutory reserves	569,608
Internal debt repayment	61,167
Less:	
Transfers from statutory reserves	(1,125,900)
Proceeds from MFA borrowing	(1,400,000)
Recovery from prior year surplus	(29,300)
Consolidated surplus, per "2009 Budget" for Consolidated Statement of Operations	\$ 4,085,881

15. Prior Period Adjustments

The District has restated its financial statements to comply with the provisions of the Public Sector Accounting Board Handbook which requires local governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets is required to be included in income. Prior to this change, the District recorded its tangible capital assets and a equivalent amount of capital equity for assets purchased, and amortization was not recorded. The capital asset purchases were also recorded as expenditures in the District's Statement of Operations. Contributed assets were not recorded in the District.

The 2008 opening accumulated surplus has increased by \$11,422,014 to reflect the application of these provisions. The 2008 excess of revenue over expenditures has been restated to remove tangible capital assets previously included in expenditures, to include revenue related to contributed land, and to record amortization expense. The 2008 net book value of tangible capital assets has been restated to reflect accumulated and current year amortization of the assets, disposals of assets, and the contribution of land.

These adjustments are as follows:

(a) Adjustment to 2008 beginning accumulated surplus:

Increase in net book value of tangible capital assets recorded	\$ 11,422,014
----------------------------------------------------------------	---------------

District of Lantzville

Notes to Consolidated Financial Statements

Year ended December 31, 2009



(b) Adjustments to 2008 surplus for the year:

Excess of revenues over expenditures, as previously reported	\$ 1,003,548
Add:	
Revenue from developer contribution	113,000
Assets previously expensed but now capitalized	44,706
Assets previously capitalized and expensed	396,348
Less:	
Amortization expense	(449,175)
Excess of revenues over expenditures, as restated	\$ 1,108,427

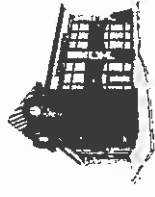
(c) Adjustments to 2008 tangible capital assets:

Net book value of tangible capital assets, as previously reported	\$ 14,904,630
Add:	
Net book value of tangible capital assets resulting from the adjustment of 2008 beginning accumulated surplus	11,422,014
Contributed land	113,000
Assets previously expensed but now capitalized	44,706
Decrease in loss on disposal of tangible capital asset	57,494
Less:	
Amortization for 2008	(449,175)
Net book value of tangible capital assets, as restated	\$ 26,092,669

District of Lantzville

Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2009
(Unaudited)

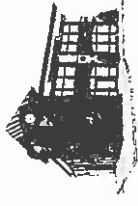


	Infrastructure									
	Land	Land Improvements	Land	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Construction
Historical Cost:										
Opening Balance	8,752,199	299,684	1,849,496	1,259,915	793,606	8,613,277	4,080,754	4,936,021	144,122	30,729,074
Additions	-	8,914	-	178,810	100,655	-	144,122	123,092	2,658,283	3,213,876
Disposals	-	-	-	-	(549,479)	-	-	-	-	(549,479)
Closing Balance, Dec.31	8,752,199	308,598	1,849,496	1,438,725	344,782	8,613,277	4,224,876	5,059,113	2,802,405	33,393,471
Accumulated Amortization:										
Opening Balance	-	226,481	530,982	738,365	604,236	1,400,172	44,854	1,091,314	-	4,636,404
Amortization Expense	-	7,253	47,052	41,770	34,208	193,460	47,318	95,416	-	466,477
Disposals	-	-	-	-	(549,479)	-	-	-	-	(549,479)
Closing Balance, Dec.31	-	233,734	578,034	780,135	88,965	1,593,632	92,172	1,186,730	-	4,553,402
Net book value	\$ 8,752,199	\$ 74,864	\$ 1,271,462	\$ 658,590	\$ 255,817	\$ 7,019,645	\$ 4,132,704	\$ 3,872,383	\$ 2,802,405	\$ 28,840,069
										\$ 26,092,670

District of Lantzville

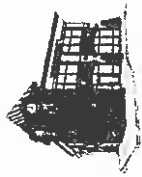
Consolidated Schedule of Statutory Reserve Fund Activities

For the year ended December 31, 2009
(Unaudited)



	General Fund				Sewer Fund		Water Fund		2009 Total	2009 Financial Plan (Unaudited- Note 14)	2008
	Capital Works	Asset Replacement	Fire Truck	Park Development	Park Acquisition	Asset Replacement	Waterworks	Asset Replacement			
Opening balance	\$ 867,330	\$ 380,812	\$ 204,464	\$ 156,624	\$ 34,317	\$ 36,974	\$ 509,653	\$ 97,650	\$ 2,287,824	\$ 2,287,825	\$ 1,707,733
Transfers in	248,883	71,825	61,800	29,800	-	26,000	128,000	8,300	574,608	569,608	656,188
Loan repayment	61,167	-	-	-	-	-	-	-	61,167	61,167	62,651
Interest earned	7,960	2,025	411	829	161	206	2,425	407	14,424	-	63,116
Transfers out	-	(21,706)	(178,810)	(9,206)	-	(19,248)	(121,732)	(32,192)	(382,894)	(1,125,900)	(201,864)
Closing balance	\$ 1,185,340	\$ 432,956	\$ 87,865	\$ 178,047	\$ 34,478	\$ 43,932	\$ 518,346	\$ 74,165	\$ 2,555,129	\$ 1,792,700	\$ 2,287,824

District of Lantzville

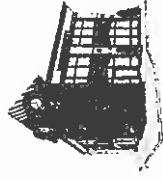


Consolidated Schedule of Segment Disclosures

For the year ended December 31, 2009
(Unaudited)

	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation	Sewer	Water	Reserve	2009 Consolidated	2009 Budget
REVENUE											
Taxation	1,358,717	-	-	-	-	-	-	-	-	1,358,717	1,356,160
Government grants and transfers	800,925	-	-	-	-	-	1,723,039	-	-	2,523,964	3,895,948
Utility taxes and fees	-	-	-	154,538	-	-	119,380	515,982	-	789,900	759,302
Services and fees	34,120	-	-	2,757	11,300	2,500	437	6,086	-	75,736	73,750
Grants in lieu of taxes	69,486	-	18,536	-	-	-	-	-	-	69,486	69,000
Interest	35,193	-	-	-	-	-	-	-	14,424	49,617	90,000
Contribution from developer	-	-	-	-	-	-	-	-	-	-	-
Other	8,012	-	-	-	-	2,531	-	-	-	10,543	-
	2,306,453	-	18,536	157,295	11,300	5,031	1,842,856	522,067	14,424	4,877,963	6,244,160
EXPENSES											
Audit and Legal	36,709	-	-	-	-	-	3,176	2,000	-	41,885	56,500
Consulting	50,595	-	-	-	-	-	-	-	-	50,595	45,000
Contracted Services	21,740	-	57,215	146,699	46,077	4,126	-	-	-	275,858	320,561
Debt Service	-	-	-	-	-	-	-	-	-	-	65,500
Insurance	27,351	1,619	6,268	-	-	102	2,000	16,019	-	53,359	67,200
Legislative	11,262	-	-	-	-	-	-	-	-	11,262	21,000
Materials and Supplies	17,552	20,207	24,678	-	-	1,628	211	23,387	-	87,663	172,100
Salaries, Wages and Benefits	507,437	127,692	53,640	-	-	39,720	9,567	34,663	-	772,718	806,916
Training, Travel and Conferences	29,871	7,203	20,107	-	-	-	-	-	-	57,180	73,650
Telephone and Utilities	14,111	51,300	11,150	-	-	-	427	23,431	-	100,419	116,400
Other	32,757	116,359	29,563	-	-	31,427	13,728	43,841	-	267,674	413,451
	749,385	324,378	202,621	146,699	46,077	77,003	29,110	143,341	-	1,718,615	2,158,278
Amortization											
	36,451	205,311	72,989	-	-	6,142	48,280	97,302	-	466,475	-
	785,836	529,689	275,610	146,699	46,077	83,145	77,390	240,643	-	2,185,089	2,158,278
Surplus (Deficit)	1,520,617	(529,689)	(257,074)	10,596	(34,777)	(78,113)	1,765,466	281,424	14,424	2,692,874	4,085,882

District of Lantzville



Consolidated Schedule of Segment Disclosures

For the year ended December 31, 2008
(Unaudited)

	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation	Sewer	Water	Reserve	2008 Consolidated (Restated Note 11)	2008 Budget
REVENUE											
Taxation	1,312,944	-	-	-	-	-	-	-	-	1,312,944	1,303,980
Government grants and transfers	420,227	-	5,000	-	-	-	87,379	-	-	512,606	833,700
Utility taxes and fees	-	-	-	144,480	-	-	322,932	503,432	-	970,843	924,931
Services and fees	56,555	-	14,187	3,300	22,398	5,150	150	7,543	-	109,283	99,858
Grants in lieu of taxes	65,521	-	-	-	-	-	-	-	-	65,521	57,600
Interest	67,427	-	-	-	-	-	-	-	63,116	130,543	60,000
Contribution from developer	113,000	-	-	-	-	-	-	-	-	113,000	-
Other	7,877	-	-	-	-	-	-	-	-	7,877	-
	2,043,550	-	19,187	147,780	22,398	5,150	410,461	510,975	63,116	3,222,617	3,280,069
EXPENSES											
Audit and Legal	37,608	-	-	-	-	-	-	-	-	42,099	59,500
Consulting	100,273	-	-	-	6,885	1,185	2,490	2,000	-	108,343	96,000
Contracted Services	20,728	-	51,475	142,176	48,612	3,640	-	-	-	266,631	344,944
Insurance	47,102	1,335	4,186	-	-	214	2,000	6,835	-	61,672	80,650
Legislative	16,705	-	-	-	-	-	-	-	-	16,705	32,000
Materials and Supplies	22,229	22,526	15,448	-	-	2,791	1,295	14,114	-	78,404	138,550
Salaries, Wages and Benefits	398,107	117,430	48,357	-	-	36,940	139	37,882	-	638,854	653,708
Training, Travel and Conferences	21,627	8,654	20,821	-	-	-	-	-	-	51,102	73,700
Telephone and Utilities	13,021	50,477	10,800	-	-	-	396	29,316	-	104,009	116,500
Other	29,095	107,966	26,748	169	-	32,109	20,895	80,216	-	297,197	409,600
	706,496	308,386	177,834	142,346	55,497	76,879	27,215	170,362	-	1,665,015	2,005,152
Amortization	35,716	203,151	87,106	-	-	5,845	23,440	93,917	-	449,175	-
	742,212	511,537	264,940	142,346	55,497	82,724	50,655	264,279	-	2,114,190	2,005,152
Surplus (Deficit)	1,301,338	(511,537)	(245,753)	5,434	(33,099)	(77,574)	359,806	246,696	63,116	1,108,427	1,274,917