



## **DISTRICT OF LANTZVILLE**

### **Financial Statements**

**Year ended December 31, 2013**

**District of Lantzville**  
**Financial Statements**  
**For the Year Ended December 31, 2013**  
**Index**

	<u>Page</u>
Management's Responsibility for the Financial Statements	
Independent Auditors' Report	
Statement of Financial Position.....	1
Statement of Operations .....	2
Statement of Change in Net Financial Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5-15
Schedules:	
Schedule A - Schedule of Tangible Capital Assets.....	16
Schedule B - Schedule of Statutory Reserve Fund Activities.....	17
Schedule C - Schedule of Segment Disclosures for the year ended December 31, 2013.....	18
Schedule D - Schedule of Segment Disclosures for the year ended December 31, 2012.....	19

**District of Lantzville  
Financial Statements  
December 31, 2013**

**Management's Responsibility for the Financial Statements**

The accompanying financial statements of the District of Lantzville (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with public sector accounting principles established by The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

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.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Mayor and Council. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the District's financial statements.

April 28, 2014



Twyla Graff  
Chief Administrative Officer



**KPMG LLP**  
**Chartered Accountants**  
St. Andrew's Square II  
800-730 View Street  
Victoria BC V8W 3Y7

Telephone (250) 480-3500  
Telefax (250) 480-3539  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

*To the Mayor and Councillors of the District of Lantzville*

We have audited the accompanying financial statements of the District of Lantzville which comprise the statement of financial position as at December 31, 2013, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the District of Lantzville as at December 31, 2013, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. Below the signature is a long, horizontal, slightly wavy line.

Chartered Accountants

April 28, 2014

Victoria, Canada

# District of Lantzville



## STATEMENT OF FINANCIAL POSITION

As at December 31, 2013 with comparative information for 2012

	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 7,102,194	\$ 6,528,887
Accounts receivable (Note 3)	342,942	364,614
	<u>7,445,136</u>	<u>6,893,501</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 285,091	\$ 331,900
Deferred revenue (Note 5)	1,249,392	1,056,425
Deposits (Note 6)	27,844	15,229
	<u>1,562,327</u>	<u>1,403,554</u>
<b>Net Financial Assets</b>	<u>\$ 5,882,809</u>	<u>\$ 5,489,947</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7 and Schedule A)	\$ 31,775,582	\$ 31,737,150
Prepaid expenses	11,854	10,020
	<u>31,787,436</u>	<u>31,747,170</u>
<b>ACCUMULATED SURPLUS (Note 8)</b>	<u>\$ 37,670,245</u>	<u>\$ 37,237,117</u>

*Commitments and contingencies are specified in Note 12*

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

On behalf of the Municipality:

  
\_\_\_\_\_  
Jack de Jong, Mayor

  
\_\_\_\_\_  
Jedha Holmes, CA, Director of Financial Services

# District of Lantzville



## STATEMENT OF OPERATIONS

For the year ended December 31, 2013 with comparative information for 2012

	2013 Financial Plan (Note 13)	2013	2012
<b>REVENUE</b>			
Taxation (Note 9)	\$ 1,460,875	\$ 1,462,202	\$ 1,426,927
Government grants and transfers (Note 10)	301,530	301,068	651,780
Utility taxes and fees	1,075,890	1,100,582	1,032,971
Services and fees (own sources)	67,860	87,760	85,826
Grants in lieu of taxes	73,200	76,421	75,523
Interest	35,000	71,608	66,462
Other	28,544	57,155	60,033
	<b>\$ 3,042,899</b>	<b>\$ 3,156,796</b>	<b>\$ 3,399,522</b>
<b>EXPENSES (Note 11)</b>			
General government	\$ 716,450	\$ 670,026	\$ 703,297
Transportation services	390,790	654,368	637,400
Protective services	319,230	361,777	320,138
Sewer	126,365	223,710	213,938
Water	243,940	319,092	274,142
Solid waste collection	195,800	195,556	177,393
Parks and recreation	174,864	119,154	129,922
Legislative services	115,260	110,417	111,576
Planning and environmental development	72,000	69,568	39,611
	<b>\$ 2,354,699</b>	<b>\$ 2,723,668</b>	<b>\$ 2,607,417</b>
<b>SURPLUS FOR THE YEAR</b>	<b>\$ 688,200</b>	<b>\$ 433,128</b>	<b>\$ 792,105</b>
<b>Accumulated surplus, beginning of year</b>	<b>36,445,012</b>	<b>37,237,117</b>	<b>36,445,012</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 37,133,212</b>	<b>\$ 37,670,245</b>	<b>\$ 37,237,117</b>

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

# District of Lantzville



## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2013 with comparative information for 2012

	2013 Financial Plan (Note 13)	2013	2012
<b>SURPLUS FOR THE YEAR</b>	\$ 688,200	\$ 433,128	\$ 792,105
Purchase of tangible capital assets	(873,608)	(758,349)	(820,668)
Amortization of tangible capital assets	-	716,337	692,551
Loss on the sale of tangible capital assets	-	3,580	20,524
Proceeds on sale of tangible capital assets	-	-	2,238
	(185,408)	394,696	686,750
Acquisition of prepaid expense	-	(11,854)	(10,020)
Use of prepaid expenses	-	10,020	6,017
	-	(1,834)	(4,003)
Increase (decrease) in net financial assets	(185,408)	392,862	682,747
Net financial assets, beginning of year	5,489,947	5,489,947	4,807,200
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 5,304,539	\$ 5,882,809	\$ 5,489,947

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



# District of Lantzville



## STATEMENT OF CASH FLOWS

For the year ended December 31, 2013 with comparative information for 2012

	2013	2012
Net inflow (outflow) of cash related to the following activities:		
<b>OPERATING</b>		
Surplus for the year	\$ 433,128	\$ 792,105
Items not involving cash:		
Amortization of tangible capital assets	716,337	692,551
Loss on the sale of tangible capital assets	3,580	20,524
	<u>719,917</u>	<u>713,075</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	21,672	729,877
Accounts payable and accrued liabilities	(46,809)	(109,080)
Deferred revenue	192,967	203,661
Deposits	12,615	(400)
Prepaid expenses	(1,834)	(4,003)
	<u>1,331,656</u>	<u>2,325,235</u>
Cash provided by operating transactions	\$ 1,331,656	\$ 2,325,235
<b>CAPITAL</b>		
Purchase of tangible capital assets	\$ (758,349)	\$ (820,668)
Proceeds from sale of tangible capital assets	-	2,238
	<u>(758,349)</u>	<u>(818,430)</u>
Cash used by capital transactions	\$ (758,349)	\$ (818,430)
Increase in cash and cash equivalents	\$ 573,307	\$ 1,506,805
Cash and cash equivalents, beginning of year	6,528,887	5,022,082
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 7,102,194</u>	<u>\$ 6,528,887</u>

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

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

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

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

### 1. Significant Accounting Policies

The financial statements of the District of Lantzville (the "District") are prepared by management in accordance with public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

#### (a) Reporting Entity:

The financial statements include a combination of all the assets, liabilities, accumulated surplus, revenues, and expenses of all of the District's activities and funds. Inter-departmental balances and organizational transactions have been eliminated.

Consolidated entities: The District does not control any significant external entities and accordingly no entities have been consolidated with the financial statements.

#### (b) Basis of Accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### (c) Revenue Recognition:

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

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

Water and sewer fees are recognized when the commodity or services have been received by the customer.

Government transfers with stipulations are recognized as revenue when authorized and eligibility criteria have been met, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability.

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and included in deferred revenue.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 1. Significant Accounting Policies (continued)

#### (d) Deferred Revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation, and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred, development cost charges are recognized as revenue in amounts which equal the associated expenses.

#### (e) Cash and Cash Equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition. Cash equivalents also include investments in the Municipal Finance Authority of British Columbia ("MFA") Money Market Funds which are recorded at cost plus earnings reinvested in the funds.

#### (f) Employee Future Benefits:

The District and its employees make contributions to the Municipal Pension Plan. The District's contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the District's employees. The costs of these benefits are estimated based on the actual service and expected retirement ages and future salary and wage increases for employees. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

#### (g) Non-Financial Assets - Tangible Capital Assets:

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

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful life of the asset commencing in the year the asset is put into service.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 1. Significant Accounting Policies (continued)

#### (g) Non-Financial Assets - Tangible Capital Assets (continued):

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

Repair 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.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

Amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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

#### (h) Use of Estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at a point in time, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, estimating provisions for accrued liabilities, and in estimating provisions of employee future benefits. Actual results could differ from these estimates.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 1. Significant Accounting Policies (continued)

#### (i) Changes in Accounting Policies:

Effective January 1, 2013, the District adopted PS3410 "Government Transfers" under Public Sector Accounting Standards. The new section required that in order for unspent government grants received to be deferred into future periods, the criteria of a liability must be met such that the amounts may have to be repaid to the transferring government if the terms of the grant are not met.

The new standard is applied on a prospective basis. There was no change in the historical treatment of revenues as a result of the adoption of the new standard.

The District adopted Public Sector Accounting Standards PS3510, "Tax Revenue" effective January 1, 2013. Under PS3510, municipalities recognize property tax revenue using the approved tax rate and the anticipated assessment. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the statement of operations.

This standard was adopted on a prospective basis. There were no adjustments as a result of the adoption of this standard.

#### (j) Future Accounting Pronouncements:

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these financial statements. Those expected to potentially impact the financial statements of the Municipality are as follows:

##### (i) PS3450 Financial Instruments:

Financial Instruments PS3450 and Foreign Currency Translation PS2601 have been approved by the PSAB and are effective for years commencing on or after April 1, 2016. The standards are to be adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. Under PS3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the entity's accounting policy choices.

##### (ii) PS3260 Contaminated Sites:

This section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites. The Municipality will be required to recognize a liability when contamination exceeds an accepted environmental standard and the Municipality is directly responsible, or accepts responsibility for, the damage. The liability will be measured at the Municipality's best estimate of the costs directly attributable to remediation of the contamination. The Section is effective for fiscal periods beginning on or after April 1, 2014. The impact of adoption of this standard is being evaluated by management and is not known or reasonably estimable at this time.

# District of Lantzville



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 2. Cash and Cash Equivalents

December 31 cash balances include amounts designated for specific future capital expenditures, restricted revenues and various deposits, as follows:

	2013	2012
<b>RESTRICTED CASH</b>		
Statutory reserves (Note 8)	\$ 3,203,841	\$ 3,039,085
Restricted revenues - deferred revenue (Note 5)	1,249,392	1,056,425
Restricted revenues - deposits (Note 6)	27,844	15,229
	4,481,077	4,110,739
<b>UNRESTRICTED CASH</b>		
Cash available for operations	2,621,117	2,418,148
	<b>\$ 7,102,194</b>	<b>\$ 6,528,887</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 totaling \$1,074,615 at December 31, 2013 (\$1,062,934 at December 31, 2012) is invested in the MFABC Money Market Fund which earned an effective yield of 1.10% (2012 - 1.05%) and whose market value is equal to its cost.

### 3. Accounts Receivable

Accounts receivable comprise the following as at December 31:

	2013	2012
Other governments	\$ 23,113	\$ 51,342
Property and parcel taxes	202,928	202,446
User fees and other	116,901	110,826
	<b>\$ 342,942</b>	<b>\$ 364,614</b>

### 4. Accounts Payable

Accounts payable comprise the following as at December 31:

	2013	2012
General	\$ 125,437	\$ 163,299
Other governments	78,910	86,616
Employee benefit obligations	80,744	81,985
	<b>\$ 285,091</b>	<b>\$ 331,900</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 4. Accounts Payable (continued)

#### (a) Employee Benefit Obligations:

Included in Accounts Payable are employee benefit obligations comprised of the following as at December 31:

	2013	2012
Accrued vacation	\$ 3,498	\$ 6,606
Accrued sick leave	77,246	75,379
	<b>\$ 80,744</b>	<b>\$ 81,985</b>

Employee benefit obligations represent accrued benefits as at December 31, 2013. Accrued vacation is the amount of vacation entitlement carried forward into the next year. Employee benefit obligations also include accumulated sick leave banks that may be drawn down in future years. These sick leave entitlements may only be used while employed by the District and are paid out on retirement under certain conditions. Included in expenses is \$1,867 (2012 - \$6,657) related to sick leave usage in the year.

The significant assumptions used in estimating sick leave benefit obligations are as follows:

	2013	2012
Discount rate	4%	3%
Rate of salary increase	2.5%	2.5%

#### (b) Municipal Pension Contingency

The District and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 179,000 active members and approximately 71,000 retired members.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The District paid \$47,495 (2012 - \$46,636) for employer contributions, while employees contributed \$47,073 (2012 - \$46,392) to the Plan in fiscal year 2013.



# District of Lantzville



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 5. Deferred Revenue

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

	2012	Receipts	Interest	Revenue	2013
Community Works					
(Gas Tax) Funds	\$ 560,966	\$ 148,341	\$ 5,653	\$ -	\$ 714,960
Development Cost					
Charges	299,710	36,976	2,831	-	339,517
Administration and					
inspection fees	109,442	-	-	-	109,442
Phase 1 sewer op. costs	31,232	-	-	(2,162)	29,070
Prepaid property taxes	40,574	43,378	-	(40,574)	43,378
Prepaid Utility Fees	2,214	918	-	(2,214)	918
Treaty Negotiation Grant	11,322	-	-	-	11,322
Prepaid tax certificates	965	785	-	(965)	785
	<b>\$ 1,056,425</b>	<b>\$ 230,398</b>	<b>\$ 8,484</b>	<b>(45,915)</b>	<b>\$ 1,249,392</b>

#### Community Works (Gas Tax) Funds

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

#### Development Cost Charges

Development cost charges are comprised of the following at December 31:

	2012	Receipts	Interest	Revenue	2013
Water	\$ 97,088	\$ 7,787	\$ 899	\$ -	\$ 105,774
Sewer	41,517	-	369	-	41,886
Drainage	39,008	11,808	400	-	51,216
Highway Facilities	72,997	9,678	693	-	83,368
Parkland	49,100	7,703	470	-	57,273
	<b>\$ 299,710</b>	<b>\$ 36,976</b>	<b>\$ 2,831</b>	<b>\$ -</b>	<b>\$ 339,517</b>





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 6. Deposits

Deposits are comprised of the following as at December 31:

	2013	2012
Performance deposits	\$ 27,844	\$ 15,229

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.

### 7. Tangible Capital Assets (Schedule A)

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 tennis courts, and parking lots.

Assets under construction having a value of \$50,003 (2012 - \$5,120) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### 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.

Accumulated surplus is comprised of the following as at December 31:

	2013	2012
Operating Fund	\$ 2,690,822	\$ 2,460,882
Statutory Reserve Funds (Schedule B)	3,203,841	3,039,085
Equity in Tangible Assets	31,775,582	31,737,150
	<b>\$ 37,670,245</b>	<b>\$ 37,237,117</b>

# District of Lantzville



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 8. Accumulated Surplus (continued)

#### Operating Funds:

	General	Water	Sewer	Total
Opening balance	\$ 2,459,848	\$ 858,065	\$ (857,031)	\$ 2,460,882
Surplus (deficit) for the year	180,109	133,476	93,592	407,177
Transfers (to) from to Capital Funds	(25,197)	(116,174)	102,938	(38,433)
Transfer to Reserve Funds	(542,625)	(236,300)	(81,231)	(860,156)
Transfers from Reserve Funds	503,044	218,308	-	721,352
Closing balance	\$ 2,575,179	\$ 857,375	\$ (741,732)	\$ 2,690,822

#### Equity in Tangible Capital Assets:

	2013	2012
Opening balance	\$ 31,737,150	\$ 31,631,795
Add: Purchases of tangible capital assets	758,349	820,668
Less: Proceeds on disposal	-	(2,238)
Less: Loss on disposal	(3,580)	(20,524)
Less: Amortization	(716,337)	(692,551)
	\$ 31,775,582	\$ 31,737,150

### 9. Taxation

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

	2013	2012
Property taxes collected	\$ 4,424,286	\$ 4,445,714
Less transfers to other governments:		
School District	1,836,555	1,896,150
School District - policing	191,668	181,324
Regional Hospital District	166,031	169,597
Regional District of Nanaimo	567,491	576,112
BC Assessment	47,096	48,850
Municipal Finance Authority	148	157
Vancouver Island Regional Library	153,095	146,597
	2,962,084	3,018,787
Municipal property taxes	\$ 1,462,202	\$ 1,426,927

# District of Lantzville



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 10. Government Grants and Transfers

	2013	2012
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 291,640	\$ 623,994
Other	9,428	4,784
	301,068	628,778
Capital transfers:		
Canada/BC Infrastructure Grant	-	23,002
	\$ 301,068	\$ 651,780

### 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 - Schedule of Segment Disclosures.

Costs included in the District's financial plan 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. Financial Plan 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.

**Solid Waste Collection** 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 and trails, and the District's contribution to Mine Town Days.

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

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

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

# District of Lantzville



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013 with comparative information for 2012

### 12. Commitments and contingencies

#### Municipal Insurance Association

The District is insured through membership in the Municipal Insurance Association ("MIA") of British Columbia. Under this program, member municipalities are to share jointly for general liability claims against any member in excess of \$10,000. Should the MIA pay out claims in excess of premiums received, it is possible that the District, along with the other participants, would be required to contribute towards the deficit.

#### Commitments

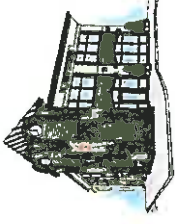
On October 28, 2013 District Council authorized the purchase of a rescue/pumper fire truck from Rocky Mountain Phoenix Ltd. A deposit of \$48,337 was paid in 2013, and the balance of \$501,565 is payable upon delivery of the fire truck in late 2014.

### 13. Financial Plan Figures

Financial Plan figures included in these financial statements represent the Financial Plan Bylaw adopted by Council. The Financial Plan includes internal transfers to and from Reserve and other surplus balances, and also capital expenditures rather than amortization expense. The following schedule reconciles the surplus as presented in the Financial Plan approved by Council to the surplus as shown in the Statement of Operations.

	2013
Surplus, per "District of Lantzville Financial Plan Bylaw No. 103, 2013" adopted by Council on May 13, 2013	\$ 140,873
Net impact of amendments	(15,500)
Surplus, per "District of Lantzville Financial Plan Bylaw No. 103, 2013, Amendment Bylaw No 103.1, 2013", adopted by Council on November 25, 2013.	\$ 125,373
Add:	
Capital expenditures	873,608
Transfers to statutory reserves	767,209
Internal debt repayment	174,775
Less:	
Transfers from statutory reserves	(873,608)
Proceeds from MFA borrowing	
Recovery from prior year surplus	(379,157)
Surplus, per "2013 Financial Plan" for Statement of Operations	\$ 688,200

# District of Lantzville

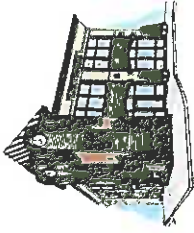


## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2013

	Infrastructure									
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Assets Under Construction	2012 Total
<b>HISTORICAL COST:</b>										
Opening Balance	\$ 8,799,199	\$ 974,691	\$ 1,921,103	\$ 1,350,118	\$ 479,374	\$ 10,518,235	\$ 8,494,534	\$ 5,411,795	\$ 5,120	\$ 37,954,169
Additions	-	91,877	10,055	-	963	378,823	7,247	234,553	50,003	773,521
Disposals	-	-	-	-	(5,778)	(33,082)	-	(27,092)	(5,120)	(71,072)
Closing Balance, Dec.31	8,799,199	1,066,568	1,931,158	1,350,118	474,559	10,863,976	8,501,781	5,619,256	50,003	38,656,618
<b>ACCUMULATED AMORTIZATION:</b>										
Opening Balance	-	284,022	718,190	749,811	213,717	2,446,752	376,102	1,428,425	-	6,217,019
Amortization Expense	-	26,934	47,118	47,305	51,101	331,066	108,260	104,553	-	716,337
Disposals	-	-	-	-	(5,778)	(30,031)	-	(16,511)	-	(52,320)
Closing Balance, Dec.31	-	310,956	765,308	797,116	259,040	2,747,787	484,362	1,516,467	-	6,881,036
<b>NET BOOK VALUE</b>	<b>\$ 8,799,199</b>	<b>\$ 755,612</b>	<b>\$ 1,165,850</b>	<b>\$ 553,002</b>	<b>\$ 215,519</b>	<b>\$ 8,116,189</b>	<b>\$ 8,017,419</b>	<b>\$ 4,102,789</b>	<b>\$ 50,003</b>	<b>\$ 31,775,582</b>
										<b>\$ 31,737,150</b>

# District of Lantzville

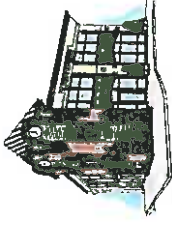


## SCHEDULE OF STATUTORY RESERVE FUND ACTIVITIES

For the year ended December 31, 2013

	Asset Replacement		Fire Truck		Park Development		Park Acquisition		Asset Replacement		Waterworks		Asset Replacement		2013 Total		2013 Financial Plan		2012	
	Capital Works								SEWER FUND		WATER FUND									
GENERAL FUND																				
Opening balance	\$	1,055,305	\$	499,517	\$	313,941	\$	273,727	\$	35,446	\$	124,285	\$	635,360	\$	101,504	\$	3,039,085	\$	2,928,506
Transfers in		370,016		66,825		71,800		33,984		-		26,000		228,000		8,300		804,925		736,563
Loan repayment		55,231		-		-		-		-		-		-		-		55,231		56,715
Interest earned		7,549		4,743		2,898		2,587		315		1,222		5,698		940		25,952		-
Transfers out		(454,541)		-		(48,503)		-		-		-		(218,308)		-		(721,352)		(708,738)
Closing balance	\$	1,033,560	\$	571,085	\$	340,136	\$	310,298	\$	35,761	\$	151,507	\$	650,750	\$	110,744	\$	3,203,841	\$	3,039,085

# District of Lantzville

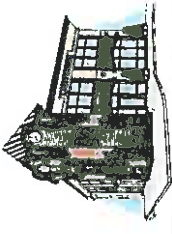


## SCHEDULE OF SEGMENT DISCLOSURES

For the year ended December 31, 2013

	Gen. Gov't & Legislative	Transportation Services	Protective Services	Solid Waste Collection	Planning	Parks & Recreation	Sewer	Water	Reserve	2013	2013
										Fin. Plan	Fin. Plan
<b>REVENUE</b>											
Taxation	\$ 1,462,202	-	-	-	-	-	-	-	-	\$ 1,462,202	\$ 1,460,875
Government grants and transfers	296,568	-	-	-	4,500	-	-	-	-	301,068	301,530
Utility taxes and fees	-	-	-	193,861	-	-	339,653	567,068	-	1,100,582	1,075,890
Services and fees	40,314	-	19,665	2,456	18,099	316	1,650	5,260	-	87,760	67,860
Grants in lieu of taxes	76,421	-	-	-	-	-	-	-	-	76,421	73,200
Interest	45,656	-	-	-	-	-	-	-	25,952	71,608	35,000
Other	55,580	-	-	-	-	1,575	-	-	-	57,155	28,544
	1,976,741	-	19,665	196,317	22,599	1,891	341,303	572,328	25,952	3,156,796	3,042,899
<b>EXPENSES</b>											
Audit and Legal	34,199	-	-	-	-	-	2,580	2,580	-	39,359	56,750
Consulting	3,409	36,911	-	-	-	-	-	-	-	40,320	50,000
Contracted Services	22,466	-	65,120	195,556	25,061	3,677	-	-	-	311,880	315,730
Insurance	23,682	2,250	6,876	-	-	410	5,500	15,480	-	54,198	62,180
Legislative	14,394	-	-	-	-	-	-	-	-	14,394	19,000
Materials and Supplies	25,472	23,466	32,431	-	-	4,846	1,647	21,749	-	109,611	152,870
Salaries, Wages and Benefits	536,577	76,555	88,321	-	44,507	65,907	31,079	103,216	-	946,162	993,340
Training, Travel and Conferences	36,805	5,045	27,839	-	-	-	-	-	-	69,689	77,330
Telephone and Utilities	12,453	63,496	11,215	-	-	-	2,111	21,330	-	110,605	111,920
Other	28,140	94,937	52,528	-	-	18,491	70,607	46,410	-	311,113	515,579
	737,597	302,660	284,330	195,556	69,568	93,331	113,524	210,765	-	2,007,331	2,354,699
<b>Amortization</b>	42,849	351,706	77,447	-	-	25,823	110,185	108,327	-	716,337	-
	780,446	654,366	361,777	195,556	69,568	119,154	223,709	319,092	-	2,723,668	2,354,699
<b>SURPLUS/(DEFICIT)</b>	\$ 1,196,295	\$ (654,366)	\$ (342,112)	\$ 761	\$ (46,969)	\$ (117,263)	\$ 117,594	\$ 253,236	\$ 25,952	\$ 433,128	\$ 688,200

# District of Lantzville



## SCHEDULE OF SEGMENT DISCLOSURES

For the year ended December 31, 2012

	Gen. Gov't & Legislative	Transportation Services	Protective Services	Solid Waste Collection	Planning	Parks & Recreation	Sewer	Water	Reserve	2012	2012	Fin. Plan
<b>REVENUE</b>												
Taxation	\$ 1,426,927	-	-	-	-	-	-	-	-	\$ 1,426,927	\$ 1,425,123	
Government grants and transfers	628,778	-	-	-	-	-	23,002	-	-	651,780	647,994	
Utility taxes and fees	-	-	-	177,363	-	-	308,600	547,008	-	1,032,971	994,723	
Services and fees	42,040	-	19,116	2,432	14,500	1,266	1,398	5,074	-	85,826	63,390	
Grants in lieu of taxes	75,523	-	-	-	-	-	-	-	-	75,523	72,950	
Interest	40,423	-	-	-	-	-	-	-	26,039	66,462	20,000	
Other	56,503	-	-	-	-	3,530	-	-	-	60,033	19,620	
	2,270,194	-	19,116	179,795	14,500	4,796	333,000	552,082	26,039	3,399,522	3,243,800	
<b>EXPENSES</b>												
Audit and Legal	70,131	-	-	-	-	-	2,518	2,518	-	75,167	78,280	
Consulting	18,335	19,068	-	-	-	-	-	-	-	37,403	43,500	
Contracted Services	23,691	-	63,235	177,393	39,611	3,630	-	-	-	307,560	312,100	
Insurance	22,791	2,170	5,644	-	-	440	5,380	15,450	-	51,875	62,120	
Legislative	18,608	-	-	-	-	-	-	-	-	18,608	19,000	
Materials and Supplies	19,602	21,525	33,166	-	-	4,600	746	6,295	-	85,934	169,010	
Salaries, Wages and Benefits	540,257	73,963	68,006	-	-	66,882	52,504	92,706	-	894,318	935,200	
Training, Travel and Conferences	27,877	5,698	33,253	-	-	-	-	-	-	66,828	82,320	
Telephone and Utilities	12,099	59,591	10,135	-	-	-	2,556	19,948	-	104,329	106,290	
Other	22,409	118,610	30,257	-	-	29,354	41,136	31,078	-	272,844	559,880	
	775,800	300,625	243,696	177,393	39,611	104,906	104,840	167,995	-	1,914,866	2,367,700	
<b>Amortization</b>	39,073	336,775	76,442	-	-	25,016	109,098	106,147	-	692,551	-	
	814,873	637,400	320,138	177,393	39,611	129,922	213,938	274,142	-	2,607,417	2,367,700	
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 1,455,321</b>	<b>\$ (637,400)</b>	<b>\$ (301,022)</b>	<b>\$ 2,402</b>	<b>\$ (25,111)</b>	<b>\$ (125,126)</b>	<b>\$ 119,062</b>	<b>\$ 277,940</b>	<b>\$ 26,039</b>	<b>\$ 792,105</b>	<b>\$ 876,100</b>	