

District of Lantzville
Statement of Financial Information
Year ended December 31, 2014

Index

- Management Report
- Audited Financial Statements which include:
 - Statement of Assets and Liabilities
 - Operational Statement
 - Notes to the Financial Statements
- Schedule of Debts
- Schedule of Guarantee and Indemnity Agreements
- Schedule of Remuneration and Expenses
- Schedule of Suppliers of Goods or Services
- Approval of Statement of Financial Information
- Council Minutes Approving Statement of Financial Information

District of Lantzville
Statement of Financial Information
Year ended December 31, 2014

Management Report

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

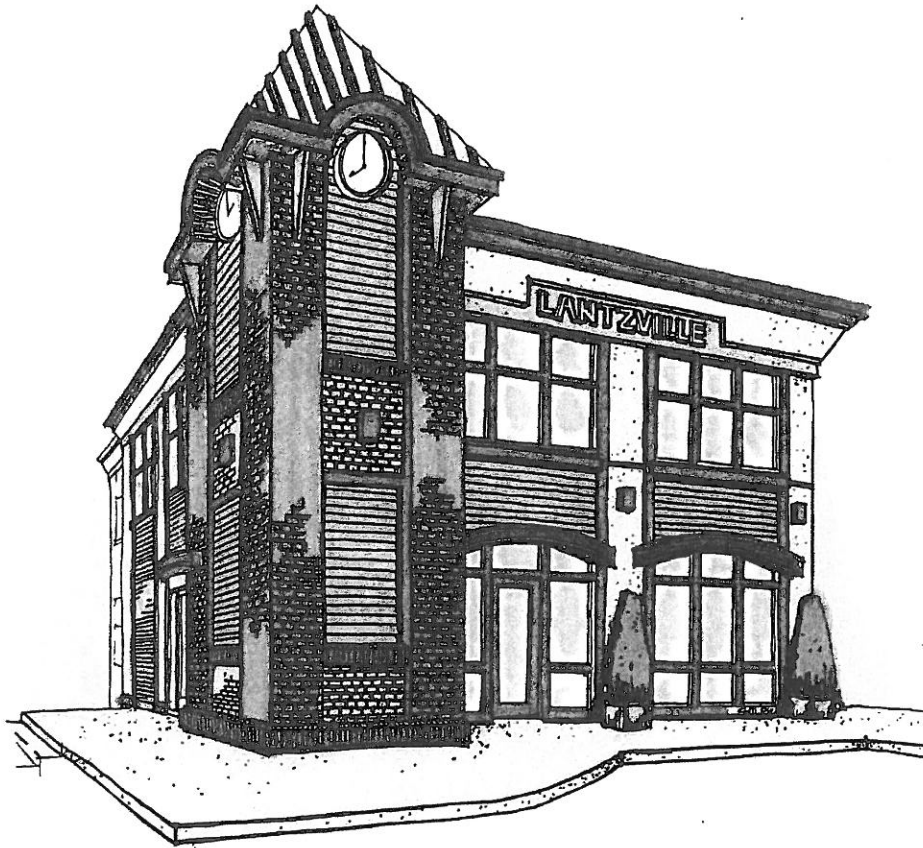
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to Council.

On behalf of the District of Lantzville,



Jedha Holmes, C.A.
Director of Financial Services



DISTRICT OF LANTZVILLE

Financial Statements

Year ended December 31, 2014

**District of Lantzville
Financial Statements
For the Year Ended December 31, 2014**

Index

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:

Schedules A – Schedule of Tangible Capital Assets..... 16

Schedule B – Schedule of Statutory Reserve Funds 17

Schedule C – Schedule of Segment Disclosures for the year ended December 31, 2014..... 18

Schedule D – Schedule of Segment Disclosures for the year ended December 31, 2013..... 19

**District of Lantzville
Financial Statements
December 31, 2014**

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.

May 11, 2015



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

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, 2014, 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, 2014, 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.

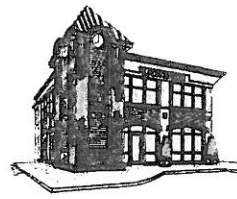
KPMG LLP

Chartered Accountants

May 11, 2015

Victoria, Canada

District of Lantzville



STATEMENT OF FINANCIAL POSITION

As at December 31, 2014 with comparative information for 2013

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 7,320,064	\$ 7,102,194
Accounts receivable (Note 3)	335,515	342,942
	<u>7,655,579</u>	<u>7,445,136</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	\$ 243,606	\$ 285,091
Deferred revenue (Note 5)	1,473,378	1,249,392
Deposits (Note 6)	18,029	27,844
	<u>1,735,013</u>	<u>1,562,327</u>
Net Financial Assets	<u>\$ 5,920,566</u>	<u>\$ 5,882,809</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7 and Schedule A)	\$ 32,025,081	\$ 31,775,582
Prepaid expenses	13,806	11,854
	<u>\$ 32,038,887</u>	<u>\$ 31,787,436</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 37,959,453</u>	<u>\$ 37,670,245</u>

Commitments and contingencies are specified in Note 12

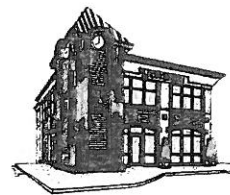
The accompanying notes are an integral part of these financial statements.

On behalf of the Municipality:


Colin Haime, Mayor


Jedha Holmes, CPA, CA, Director of Financial Services

District of Lantzville



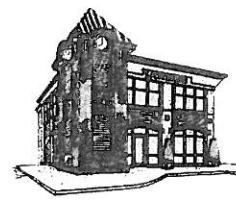
STATEMENT OF OPERATIONS

For the year ended December 31, 2014 with comparative information for 2013

	2014 Financial Plan (Note 13)	2014	2013
REVENUE			
Taxation (Note 9)	\$ 1,508,994	\$ 1,510,623	\$ 1,462,202
Government grants and transfers (Note 10)	295,640	295,023	301,068
Utility taxes and fees	1,119,902	1,126,350	1,100,582
Services and fees (own sources)	74,590	73,484	87,760
Grants in lieu of taxes	77,100	74,350	76,421
Interest	40,000	70,603	71,608
Other	51,928	53,746	57,155
	\$ 3,168,154	\$ 3,204,179	\$ 3,156,796
EXPENSES (Note 11)			
General government	\$ 765,880	\$ 750,199	\$ 670,026
Transportation services	391,930	688,220	654,368
Protective services	331,470	375,572	361,777
Sewer	141,500	231,530	223,710
Water	326,526	345,240	319,092
Solid waste collection	177,590	177,490	195,556
Parks and recreation	148,868	129,852	119,154
Legislative services	128,160	110,952	110,417
Planning and environmental development	149,220	105,916	69,568
	\$ 2,561,144	\$ 2,914,971	\$ 2,723,668
SURPLUS FOR THE YEAR	\$ 607,010	\$ 289,208	\$ 433,128
Accumulated surplus, beginning of year	37,570,245	37,670,245	37,237,117
ACCUMULATED SURPLUS, END OF YEAR	\$ 38,177,255	\$ 37,959,453	\$ 37,670,245

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

District of Lantzville



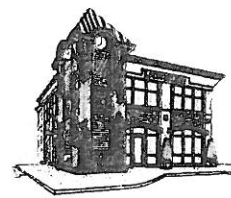
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2014 with comparative information for 2013

	2014 Financial Plan (Note 13)	2014	2013
SURPLUS FOR THE YEAR	\$ 607,010	\$ 289,208	\$ 433,128
Purchase of tangible capital assets	(1,416,520)	(1,007,920)	(758,349)
Amortization of tangible capital assets	-	732,729	716,337
Loss on sale of tangible capital assets	-	23,192	3,580
Proceeds on sale of tangible capital assets	-	2,500	-
	\$ (809,510)	\$ 39,709	\$ 394,696
Acquisition of prepaid expenses	-	(13,806)	(11,854)
Use of prepaid expenses	-	11,854	10,020
	\$ -	\$ (1,952)	\$ (1,834)
Increase (decrease) in net financial assets	(809,510)	37,757	392,862
Net financial assets, beginning of year	5,882,809	5,882,809	5,489,947
NET FINANCIAL ASSETS, END OF YEAR	\$ 5,073,299	\$ 5,920,566	\$ 5,882,809

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

District of Lantzville

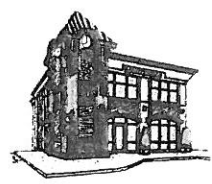


STATEMENT OF CASH FLOWS

For the year ended December 31, 2014 with comparative information for 2013

	2014	2013
Net inflow (outflow) of cash related to the following activities:		
OPERATING		
Surplus for the year	\$ 289,208	\$ 433,128
Items not involving cash:		
Amortization of tangible capital assets	732,729	716,337
Loss on the sale of tangible capital assets	23,192	3,580
Change in non-cash operating assets and liabilities:		
Accounts receivable	7,427	21,672
Accounts payable and accrued liabilities	(41,485)	(46,809)
Deferred revenue	223,986	192,967
Deposits	(9,815)	12,615
Prepaid expenses	(1,952)	(1,834)
Cash provided by operating transactions	\$ 1,223,290	\$ 1,331,656
CAPITAL		
Purchase of tangible capital assets	\$ (1,007,920)	\$ (758,349)
Proceeds from sale of tangible capital assets	2,500	-
Cash used by capital transactions	\$ (1,005,420)	\$ (758,349)
Increase in cash and cash equivalents	\$ 217,870	\$ 573,307
Cash and cash equivalents, beginning of year	7,102,194	6,528,887
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,320,064	\$ 7,102,194

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 with comparative information for 2013

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 and services to residents of the incorporated area. These services include 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 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.

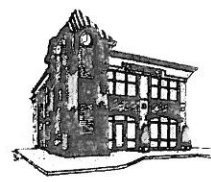
(c) Revenue Recognition:

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, 2014 with comparative information for 2013

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 the related expenses are incurred, services performed, or the tangible capital assets are acquired.

Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred, the 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, 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, 2014 with comparative information for 2013

1. Significant Accounting Policies (continued)

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

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

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.

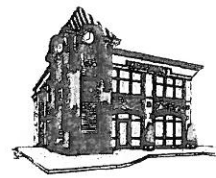
Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services, or when the value of future economic benefits associated with the asset are less than the book value of the asset.

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, 2014 with comparative information for 2013

1. Significant Accounting Policies (continued)

(i) Future Accounting Pronouncements:

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2014 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 established 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014 with comparative information for 2013

2. Cash and Cash Equivalents

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

	2014	2013
RESTRICTED CASH		
Statutory reserves (Note 8)	\$ 3,274,579	\$ 3,203,841
Restricted revenues – deferred revenue (Note 5)	1,473,378	1,249,392
Restricted revenues – deposits (Note 6)	18,029	27,844
	4,765,986	4,481,077
UNRESTRICTED CASH		
Cash available for operations	2,554,078	2,621,117
	\$ 7,320,064	\$ 7,102,194

Cash deposited at the Coastal Credit Union earns interest at a rate in the range of prime minus 1 to 2%. Cash deposited at the Municipal Finance Authority totaling \$1,086,322 at December 31, 2014 (\$1,074,615 at December 31, 2013) is invested in the MFABC Money Market Fund which earned an effective yield of 1.08% (2013 – 1.10%) and whose market value is equal to its cost.

3. Accounts Receivable

Accounts receivable comprise the following as at December 31:

	2014	2013
Other governments	\$ 18,744	\$ 23,113
Property and parcel taxes	201,160	202,928
User fees and other	115,611	116,901
	\$ 335,515	\$ 342,942

4. Accounts Payable and Accrued Liabilities

Accounts payable comprise the following as at December 31:

	2014	2013
General	\$ 106,361	\$ 125,437
Other governments	41,117	78,910
Employee benefit obligations	96,128	80,744
	\$ 243,606	\$ 285,091



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 with comparative information for 2013

4. Accounts Payable and Accrued Liabilities (continued)

(a) Employee Obligations:

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

	2014	2013
Accrued vacation	\$ 5,557	\$ 3,498
Accrued sick leave	90,571	77,246
	\$ 96,128	\$ 80,744

Employee benefit obligations represent accrued benefits as at December 31, 2014. 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 \$13,325 (2013 - \$1,867) related to sick leave usage in the year.

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

	2014	2013
Discount rate	3.15%	4.00%
Rate of salary increase	2.50%	2.50%

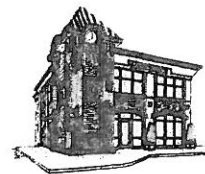
(b) Municipal Pension Contingency

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 the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 from local government.

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 \$51,036 (2013 - \$47,495) for employer contributions, while employees contributed \$51,159 (2013 - \$47,073) to the Plan in fiscal year 2014.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 with comparative information for 2013

5. Deferred Revenue

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

	2013	Receipts	Interest	Revenue	2014
Community Works					
(Gas Tax) Funds	\$ 714,960	\$ 197,747	\$ 7,324	\$ -	\$ 920,031
Development Cost Charges	339,517	5,837	3,082	-	348,436
Administration and					
Inspection Fees	109,442	-	-	-	109,442
Phase 1 sewer op. costs	29,070	-	-	2,162	26,908
Prepaid property taxes	43,378	51,730	-	43,378	51,730
Prepaid Utility Fees	918	4,424	-	918	4,424
Treaty Negotiation Grant	11,322	-	-	-	11,322
Prepaid tax certificates	785	750	-	450	1,085
	\$ 1,249,392	\$ 260,488	\$ 10,406	\$ 46,908	\$ 1,473,378

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:

	2013	Receipts	Interest	Revenue	2014
Water	\$ 105,774	\$ -	\$ 952	\$ -	\$ 106,726
Sewer	41,886	-	377	-	42,263
Drainage	51,216	2,362	472	-	54,050
Highway Facilities	83,368	1,935	759	-	86,062
Parkland	57,273	1,540	522	-	59,335
	\$ 339,517	\$ 5,837	\$ 3,082	\$ -	\$ 348,436



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 with comparative information for 2013

6. Deposits

Deposits are comprised of the following as at December 31:

	2014	2013
Performance deposits	\$ 18,029	\$ 27,844

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

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 \$256,601 (2013 - \$50,003) 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 and Schedule B. Certain amounts, as approved by Council, are set aside in the 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:

	2014	2013
Operating Fund	\$ 2,659,793	\$ 2,690,822
Statutory Reserve Funds (Schedule B)	3,274,579	3,203,841
Equity in Tangible Assets	32,025,081	31,775,582
	\$ 37,959,453	\$37,670,245



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 with comparative information for 2013

8. Accumulated Surplus (continued)

Operating Funds:

	General	Water	Sewer	Total
Opening balance	\$ 2,575,179	\$ 857,375	\$ (741,732)	\$ 2,690,822
Surplus for the year	27,131	131,118	101,941	260,190
Transfers (to) from to Capital Funds	(288,680)	(71,004)	110,185	(249,499)
Transfer to Reserve Funds	(684,345)	(236,300)	(83,986)	(1,004,631)
Transfers from Reserve Funds	770,869	192,042	-	962,911
Closing balance	\$ 2,400,154	\$ 873,231	\$ (613,592)	\$ 2,659,793

Equity in Tangible Capital Assets:

	2014	2013
Opening balance	\$ 31,775,582	\$ 31,737,150
Add: Purchases of tangible capital assets	1,007,920	758,349
Less: Proceeds on disposal	(2,500)	-
Less: Loss on disposal	(23,192)	(3,580)
Less: Amortization	(732,729)	(716,337)
	\$ 32,025,081	\$ 31,775,582

9. Taxation

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

	2014	2013
Property taxes collected	\$ 4,531,700	\$ 4,424,286
Less transfers to other governments:		
School District	1,866,954	1,836,555
School District - policing	197,547	191,668
Regional Hospital District	168,666	166,031
Regional District of Nanaimo	579,405	567,491
BC Assessment	48,025	47,096
Municipal Finance Authority	150	148
Vancouver Island Regional Library	160,330	153,095
	3,021,077	2,962,084
Municipal property taxes	\$ 1,510,623	\$ 1,462,202



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 with comparative information for 2013

10. Government Grants and Transfers

	2014	2013
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 289,825	\$ 291,640
Other	5,198	9,428
	\$ 295,023	\$ 301,068

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 predetermined 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, 2014 with comparative information for 2013

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 other participants, would be required to contribute towards the deficit.

Commitment

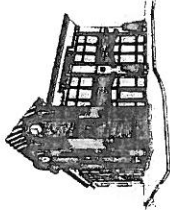
On October 28, 2013 District Council authorized the purchase of a rescue/pumper truck from Rocky Mountain Phoenix. Deposits totaling \$256,436 have been paid to date. The balance owing of \$293,467 was paid upon delivery of the truck on April 1, 2015.

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.

	2014
Surplus, per "District of Lantzville Financial Plan Bylaw No. 107, 2014" adopted by Council on April 28, 2014	\$ 25,050
Net impact of amendments	<u>17,814</u>
Surplus, per "District of Lantzville Financial Plan Bylaw No. 107, 2014", Amendment Bylaw No 107.1, 2014" adopted by Council on November 24, 2014	\$ 42,864
Add:	
Capital expenditures	1,416,520
Transfers to statutory reserves	943,525
Internal debt repayment	170,318
Less:	
Transfers from statutory reserves	(1,451,520)
Recovery from prior year surplus	(514,697)
Surplus, per "2014 Financial Plan" for Statement of Operations	<u>\$ 607,010</u>

District of Lantzville



SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2014

	Land		Infrastructure					Assets Under Construction		2014	2013
	Land	Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water			
HISTORICAL COST:											
Opening Balance	\$ 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	\$ 37,954,169
Additions	-	12,832	-	-	43,225	563,158	-	182,107	208,098	1,009,420	773,521
Disposal	-	-	-	-	(30,928)	(45,282)	-	(17,935)	(1,500)	(95,645)	(71,072)
Closing Balance, Dec 31	8,799,199	1,079,400	1,931,158	1,350,118	486,856	11,381,852	8,501,781	5,783,428	256,601	39,570,393	38,656,618
ACCUMULATED AMORTIZATION:											
Opening Balance	-	310,956	765,308	797,116	259,040	2,747,787	484,362	1,516,467	-	6,881,036	6,217,019
Additions	-	28,430	47,319	45,934	50,403	345,055	108,260	107,328	-	732,729	716,337
Disposal	-	-	-	-	(24,789)	(25,975)	-	(17,689)	-	(68,453)	(52,320)
Closing Balance, Dec 31	-	339,386	812,627	843,050	284,654	3,066,867	592,622	1,606,106	-	7,545,312	6,881,036
NET BOOK VALUE	\$ 8,799,199	\$ 740,014	\$ 1,118,531	\$ 507,068	\$ 202,202	\$ 8,314,985	\$ 7,909,159	\$ 4,177,322	\$ 256,601	\$ 32,025,081	\$ 31,775,582

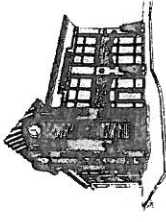
Schedule A



For the year ended December 31, 2014

Schedule B

District of Lantzville



SCHEDULE OF STATUTORY SEGMENT DISCLOSURES

For the year ended December 31, 2014

	Gen. Gov't Legislative	Transportation Services	Protective Services	Solid Waste Collection	Planning	Parks & Recreation	Sewer	Water	Reserve	2014 Financial Plan
REVENUE										
Taxation	\$ 1,510,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,510,623
Government grants and transfers	294,860	-	-	-	163	-	-	-	-	295,023
Utility taxes and fees	-	-	-	177,443	-	-	361,189	587,718	-	1,126,350
Services and fees	30,589	-	21,555	2,458	12,550	-	2,282	4,050	-	73,484
Grants in lieu of taxes	74,350	-	-	-	-	-	-	-	-	74,350
Interest	41,585	-	-	-	-	-	-	-	29,018	70,603
Other	50,030	-	-	-	-	3,716	-	-	-	53,746
	2,002,037	-	21,555	179,901	12,713	3,716	363,471	591,768	29,018	3,204,179
										3,168,154
EXPENSES										
Audit and Legal	53,895	-	-	-	-	-	2,610	2,610	-	59,115
Consulting	21,244	6,844	-	-	-	-	-	-	-	28,088
Contracted Services	24,241	-	70,262	177,490	29,437	3,742	-	-	-	305,172
Insurance	24,363	2,100	6,407	-	-	525	6,490	15,175	-	55,060
Legislative	21,125	-	-	-	-	-	-	-	-	21,125
Materials and Supplies	25,126	24,025	29,849	-	-	3,534	910	12,407	-	95,851
Salaries, Wages and Benefits	562,743	88,957	99,784	-	76,479	71,696	26,617	104,494	-	1,030,770
Training, Travel and Conferences	24,820	6,143	32,365	-	-	-	-	-	-	63,328
Telephone and Utilities	12,386	68,777	11,799	-	-	-	2,371	24,587	-	119,920
Other	47,265	126,944	49,356	-	-	23,036	82,347	74,865	-	403,813
	817,208	323,790	299,822	177,490	105,916	102,533	121,345	234,138	-	2,182,242
										2,561,144
Amortization	43,943	364,430	75,750	-	-	27,319	110,185	111,102	-	732,729
	861,151	688,220	375,572	177,490	105,916	129,852	231,530	345,240	-	2,914,971
										2,561,144
SURPLUS / (DEFICIT)	\$ 1,140,886	\$ (688,220)	\$ (354,017)	\$ 2,411	\$ (93,203)	\$ (126,136)	\$ 131,941	\$ 246,528	\$ 29,018	\$ 289,208
										\$ 607,010

Schedule C - 2014

District of Lantzville

SCHEDULE OF STATUTORY 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 Financial Plan
REVENUE											
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
EXPENSES											
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
Amortization	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
SURPLUS / (DEFICIT)	\$ 1,196,295	\$ (654,366)	\$ (342,112)	\$ 761	\$ (46,969)	\$ (117,263)	\$ 117,594	\$ 253,236	\$ 25,952	\$ 433,128	\$ 688,200

Schedule C - 2013

District of Lantzville
Statement of Financial Information
Year ended December 31, 2014

Schedule of Debts

A Schedule of Debts has not been prepared because the District had no long-term debt during the year ended December 31, 2014.

Prepared in accordance with the *Financial Information Act Regulation*, Schedule 1, Subsection 5.

Schedule of Guarantee and Indemnity Agreements

The District of Lantzville has not given any guarantee or indemnities under the Guarantee and Indemnities Regulations.

Prepared in accordance with the *Financial Information Act Regulation*, Schedule 1, Subsection 5.

District of Lantzville
Statement of Financial Information
Year ended December 31, 2014

Schedule of Remuneration and Expenses

		<u>Remuneration</u>	<u>Expenses</u>
1 Elected Officials			
DeJong, Jack	Mayor	\$ 13,378	\$ 3,484
Haime, Colin	Mayor	1,216	-
Bratkowski, Joe	Councillor	8,428	2,564
Coulson, John	Councillor	766	-
Dempsey, Brian	Councillor	8,428	2,446
Haime, Denise	Councillor	9,194	430
Millbank, Jennifer	Councillor	9,194	1,065
Mostad, Andrew	Councillor	8,428	3,017
Negrave, Rod	Councillor	766	-
Savage, Graham	Councillor	9,194	2,895
Scott, David	Councillor	766	-
	(A)	<u>\$ 69,758</u>	<u>\$ 15,901</u>

2 Employees			
Twyla Graff	Chief Administrative Officer	\$ 127,286 *	\$ 2,813
Fred Spears	Director of Public Works	95,877 *	693
Jedha Holmes	Director of Finance	84,839	2,084
Consolidated total of other employees with remuneration and expenses of \$75,000 or less		<u>539,396</u>	<u>8,801</u>
	(B)	<u>\$ 847,398</u>	<u>\$ 14,391</u>

* includes annual vehicle allowance of \$5,000

3 Reconciliation		
Total Remuneration - elected officials	(A)	\$ 69,758
Total Remuneration - other employees	(B)	<u>847,398</u>
		917,156
Reconciling items (e.g. wage accruals, non-taxable employee benefits)		<u>113,614</u>
Total Remuneration per Financial Statements - Schedule C		<u>\$ 1,030,770</u>

4 Severance Agreements

There were no severance agreements made between the District of Lantzville and its non-unionized employees during the year ended December 31, 2014.

**District of Lantzville
Statement of Financial Information
Year ended December 31, 2014**

Schedule of Suppliers of Goods or Services

1 Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

<u>Supplier name</u>	<u>Amount Paid</u>
679048 B.C. Ltd.	\$ 28,635
BC Assessment	48,025
BC Hydro	107,001
Canada Revenue Agency	219,246
David Stalker Excavating Ltd.	219,787
Hub City Paving	221,011
Koers & Associates Engineering Ltd.	136,389
Province Of BC - School Tax / Policing	1,029,118
Lidstone & Company	42,793
Municipal Pension Plan	101,860
N. Dale Contracting Inc.	178,703
Pacific Blue Cross	25,991
Regional District Of Nanaimo	1,127,155
Rocky Mountain Phoenix	226,765
Vancouver Island Regional Library	160,216
Windley Contracting (2010) Ltd.	116,896
	<u>\$ 3,989,591</u>

2 Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less

\$ 627,990

3 Total payments to suppliers for grants and contributions exceeding \$25,000:

Consolidated total of grants exceeding \$25,000	-
Consolidated total of contributions exceeding \$25,000	-
Consolidated total of all grants and contributions exceeding \$25,000	<u>\$ -</u>

4 Reconciliation:

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 3,989,591
Consolidated total of payments of \$25,000 or less paid to suppliers	627,990
Consolidated total of all grants and contributions exceeding \$25,000	-
Total supplier payments	<u>4,617,581</u>
Reconciling items (e.g. flow through to other governments, tangible capital asset purchases, amortization, wages and benefits)	(1,702,610)

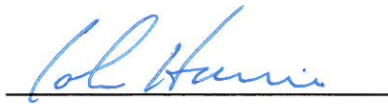
(Reconciling items result from the Schedule of Payments reflecting cash payments in 2014 while the Statement of Operations is prepared on an accrual basis and includes non-cash items such as amortization. The payments listing also includes various amounts that are not included in the Statement of Operations in accordance with generally accepted accounting standards.)

Total expenses per Statement of Operations	<u>\$ 2,914,971</u>
--	---------------------

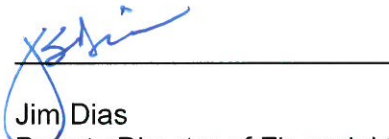
District of Lantzville
Statement of Financial Information
Year ended December 31, 2014

Approval

The undersigned, as authorized by the *Financial Information Act Regulation*, Schedule 1, Subsection 9(2), approve all the statements and schedules included in this Statement of Financial Information, produced in accordance with the *Financial Information Act*.



Colin Haime
Mayor, on behalf of Council
June 3, 2015



Jim Dias
Deputy Director of Financial Services
June 3, 2015



District of Lantzville

Incorporated June 2003

CERTIFIED RESOLUTION

Statement of Financial Information 2014

THAT Council and the Deputy Director of Financial Services approve the amended Statement of Financial Information ("SOFI") for the District of Lantzville for the year ended December 31, 2014.

Certified to be a true and correct copy of the resolution passed by the Council of the District of Lantzville, in open meeting assembled, at the special Council meeting held at the District Office, 2nd Floor - 7192 Lantzville Road, Lantzville, BC on Wednesday, May 27, 2015.

Trudy Coates
Director of Corporate Administration

Dated this 29th day of
May, 2015 at
Lantzville, British Columbia