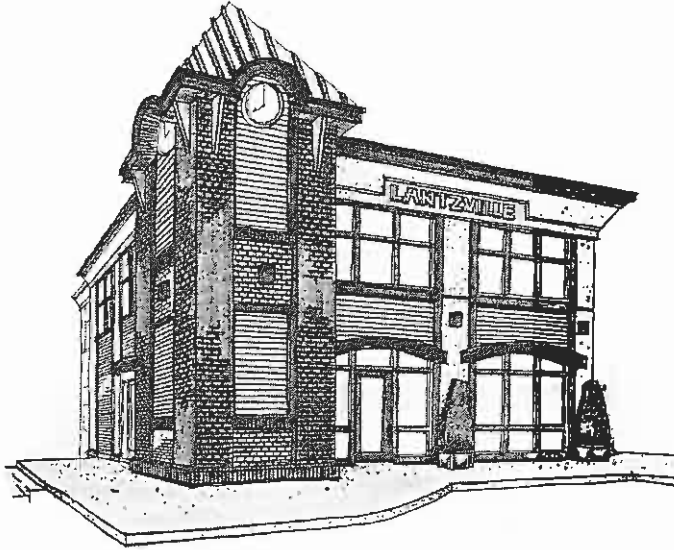


**DISTRICT OF LANTZVILLE**  
**STATEMENT OF FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**INDEX**

	<u>Page</u>
<b>AUDITED FINANCIAL STATEMENTS</b>	1-19
<b>STATEMENT OF FINANCIAL INFORMATION SCHEDULES</b>	
Schedule of Debts	20
Schedule of Guarantee and Indemnity Agreements	21
Schedule of Employee Remuneration and Expenses	22
Schedule of Severance Agreements	23
Schedule Showing Payments for the Provision of Goods and Services	24
Statement of Financial Information Approval	25



# **DISTRICT OF LANTZVILLE**

**2008 Audited Financial Statements**

DISTRICT OF LANTZVILLE

FINANCIAL STATEMENTS

DECEMBER 31, 2008

INDEX

	<u>Page</u>
MANAGEMENT'S RESPONSIBILITY	1
AUDITORS' REPORT	2
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES	4
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	6 to 13
SCHEDULES:	
A - CONSOLIDATED STATEMENT OF OPERATING FUND FINANCIAL ACTIVITIES	14
B - CONSOLIDATED STATEMENT OF CAPITAL FUND FINANCIAL ACTIVITIES	15
C - CONSOLIDATED STATEMENT OF RESERVE FUND FINANCIAL ACTIVITIES	16
D - NET PROPERTY TAXES AVAILABLE FOR MUNICIPAL PURPOSES	17
E - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES - 2008	18
F - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES - 2007	19

District of Lantzville  
Consolidated Financial Statements  
December 31, 2008

Management's Responsibility

To the Mayor and Council of the District of Lantzville:


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

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

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

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

April 2, 2009

  
Twyla Graff  
Chief Administrative Officer

## AUDITORS' REPORT

To the Mayor and Council  
District of Lantzville

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

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

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

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

Nanaimo, B.C.  
April 2, 2009

*Meyers Norris Penny LLP*

CHARTERED ACCOUNTANTS

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

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

APPROVED:

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

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

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

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

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



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

1. **INCORPORATION OF THE DISTRICT OF LANTZVILLE**

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

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

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

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Basis of presentation**

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

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

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

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

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

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

(b) **Revenue recognition**

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

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

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

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

Interest and penalties are recognized when earned.

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

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

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

(c) **Capital assets**

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

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

(d) **Financial instruments**

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

(e) **Use of estimates**

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

(f) **Employee Benefits**

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

(g) **Recent Accounting Pronouncements**

Financial Statement Presentation

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

3. **CASH AND CASH EQUIVALENTS**

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

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

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

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

4. ACCOUNTS RECEIVABLE

Accounts receivable comprise the following as at December 31:

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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable comprise the following as at December 31:

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

6. DEFERRED REVENUE

Deferred revenue comprises the following as at December 31:

	2008	2007
Treaty Negotiation Grant	\$ 11,322	\$ 11,322
Tourism Grant	10,513	10,353
Administration and inspection fees	109,442	-
Prepaid tax certificate accounts	935	3,266
Prepaid property taxes	19,280	23,840
Phase 1 sewer operating costs prepaid by residents	39,880	-
Development cost charges	161,751	16,216
Federal Gas and Public Transit Funds	240,838	154,224
<b>Total</b>	<b>\$ 593,961</b>	<b>\$ 219,223</b>

Continuity Schedule:

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

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

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

**6. DEFERRED REVENUE (cont'd)**

**Federal Gas and Public Transit Funds**

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

**Continuity Schedule:**

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

**7. DEPOSITS**

Deposits comprise the following as at December 31:

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

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

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

**8. CAPITAL ASSETS**

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

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

8. CAPITAL ASSETS (cont'd)

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

9. OPERATING FUND BALANCES

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

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

10. RESERVE FUND BALANCES

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

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

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

11. EQUITY IN NON-FINANCIAL ASSETS

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

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

12. GOVERNMENT GRANTS AND TRANSFERS

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

13. OBJECT AND SEGMENT REPORTING

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

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

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

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

13. OBJECT AND SEGMENT REPORTING (cont'd)

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

The segments included in the statement are as follows:

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

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

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

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

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

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

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

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

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

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

14. COMMITMENTS AND CONTINGENCIES

(a) Municipal Pension Contingency

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

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

(b) Municipal Insurance Contingency

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

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

14. **COMPARATIVE FIGURES**

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

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

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



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

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

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

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

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

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

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

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

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

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

Revenues	General Revenue Fund							Total General	Sewer Services	Water Services	Capital Funds	Reserve Funds	2007 Consolidated
	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation							
General property taxallion	1,263,549						1,263,549						1,263,549
Grants in lieu of taxes	61,251						61,251						61,251
Utility taxes and fees				138,192			138,192	160,810	484,345				793,345
Revenue from own sources	39,899		14,187	3,966	30,805	2,500	91,457		5,799			59,575	102,202
Interest	50,702						50,702						
Provincial grants and transfers	372,608						372,608				1,654,434		2,027,042
Developer contributions											1,045,988		1,045,988
Other			102			7,224	7,326						7,326
	1,788,109	-	14,289	142,158	30,805	9,724	1,985,085	160,810	490,144		2,700,422	59,575	5,396,000
<b>Expenditures</b>													
Capital Assets											3,184,331		3,184,331
Audit and Legal	50,025				27,318	18,180	50,025	2267					52,292
Consulting	29,999						75,497						75,497
Contracted Services	20,006			75,720	34,870	2,107	165,736						165,736
Fire Services Honoraria			33,033				44,948						44,948
Insurance	57,515	1,019	4,185			83	62,802		6,052				68,854
Legislative	69,094						69,094						69,094
Materials and Supplies	19,887	14,130	22,801		2,577		59,395		7,998				67,393
Salaries, Wages And Benefits	339,198	146,069	1,788			49,074	536,129						536,129
Snow Removal		450					450						450
Training, Travel and Conferences	24,200	7,609	21,115				52,924						52,924
Telephone and Utilities	12,492	48,245	13,823				74,560	540	29,877				104,977
Other	32,986	37,101	17,891	55,839	18,869		162,686	9,256	36,203				208,145
	655,402	294,623	159,584	131,559	62,188	90,890	1,354,246	12,063	80,130		3,184,331	-	4,730,000
<b>Excess(Deficiency) of Revenues over Expenditures</b>	1,132,707	(254,623)	(145,295)	10,599	(31,383)	(81,166)	630,839	148,747	410,014		(483,909)	59,575	765,765

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

	General Revenue Fund										Reserve Funds	Capital Funds	2010 Consolidate	
	General Government	Transportation Services	Protective Services	Garbage and Recycling	Planning	Parks and Recreation	Total General	Sewer Services	Water Services					
<b>Revenues</b>														
General property taxation	1,312,944						1,312,944							1,312,944
Grants in lieu of taxes	65,521					65,521								65,521
Utility taxes and fees				144,480			144,480		503,432					970,844
Revenue from own sources	56,555		14,187	3,300	22,398	5,150	101,590	150	7,543					109,288
Interest	67,427						67,427							130,544
Provincial grants and transfers	420,227		5,000				425,227				87,379			512,606
Other	7,877						7,877							7,877
	1,930,551	-	19,187	147,780	22,398	5,150	2,125,066	323,081	510,975		87,379			3,109,616
<b>Expenditures</b>														
Capital Assets											396,347			396,347
Audit and Legal	37,609						37,609	2,490	2,000					42,101
Consulting	100,275				6,885	1,185	108,345							108,345
Contracted Services	20,728		51,475	84,688	48,612	3,640	209,143							209,143
Fire Services			46,635				46,635							46,635
Honararia			4,186			214	52,837	2,000	6,835					61,656
Insurance	47,102						47,102							47,102
Legislative	73,625						73,625							73,625
Materials and Supplies	22,224		32,410			2,791	79,951	1,295	31,670					112,916
Salaries, Wages And Benefits	341,187	117,430	1,722			36,940	497,279	139	37,878					535,225
Snow Removal		55,987	180				56,167							56,167
Training, Travel and Conferences	21,827	8,654	19,362				49,843							49,843
Telephone and Utilities	13,021	50,477	12,259				75,757	396	29,316					105,469
Other	29,100	51,214	26,568	57,657		32,109	196,648	20,895	91,169					308,731
	706,498	307,623	194,797	142,345	55,497	76,879	1,483,639	27,215	198,868		396,347			2,106,309
<b>Excess(Deficiency) of Revenues over Expenditures</b>	1,224,053	(307,623)	(175,610)	5,435	(33,099)	(71,729)	641,427	295,866	312,107		(308,968)			1,033,155

DISTRICT OF LANTZVILLE

SCHEDULE OF DEBTS

FOR THE YEAR ENDED DECEMBER 31, 2008

A Schedule of Debts has not been prepared because the District had no long-term debt during the fiscal year ended December 31, 2008.

DISTRICT OF LANTZVILLE  
SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

The District of Lantzville has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation during the fiscal year ended December 31, 2008.



DISTRICT OF LANTZVILLE  
SCHEDULE OF REMUNERATION AND EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2008

**1 Elected Officials**

Name	Position	Remuneration	Expenses
Colin Haime	Mayor	\$ 13,102	\$ 407
Brian Dempsey	Councillor	7,207	1,720
Joe Bratkowski	Councillor	7,207	4,116
Warren Griffey	Councillor	7,207	1,844
Denise Haime	Councillor	7,207	236
Douglas Parkhurst	Councillor	7,207	236
Susan Crayston	Councillor	6,606	213
Rod Nedgrave	Councillor	601	236
		(A) <u>56,344</u>	<u>9,010</u>

**2 Employees**

Twyla Graff	Chief Administrative Officer	111,881	2,951
Fred Spears	Director of Public Works	80,290	2,157
Consolidated total of other employees with remuneration and expenses of \$75,000 or less		246,505	18,583
		(B) <u>438,676</u>	<u>23,692</u>

**3 Reconciliation**

Total Remuneration - elected officials	(A) \$ 56,344
Total Remuneration - other employees	(B) <u>438,676</u>
<b>Subtotal</b>	495,020
Reconciling items	40,276
Total per Financial Statements - Note 13 Salaries, wages and benefits	<u>(535,296)</u>
Variance	<u>\$ 0</u>

DISTRICT OF LANTZVILLE  
**STATEMENT OF SEVERANCE AGREEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 2008

There were no severance agreements made between the District of Lantzville and its non-unionized employees during the fiscal period ended December 31, 2008.

DISTRICT OF LANTZVILLE

SCHEDULE OF PAYMENTS FOR THE PROVISION OF GOODS AND SERVICES

FOR THE YEAR ENDED DECEMBER 31, 2008

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

<u>Supplier name</u>	<u>Aggregate amount paid to supplier</u>
BC Assessment Authority	\$ 46,770
BC Hydro	78,673
Canada Revenue Agency	135,513
C. Heath Contracting Ltd.	27,433
Doug Lang	39,482
Four Star Waterworks Ltd.	30,290
Hub City Paving	65,173
Koers & Associates Engineering Ltd.	205,375
Province of BC (School Tax)	1,253,482
Municipal Insurance Association	30,420
Municipal Pension Plan	55,775
Pamela Shaw & Associates	26,125
Regional District of Nanaimo	904,676
Rocky Mountain Phoenix	77,727
Sun Coast Waste Services	50,639
Telus	25,274
Vancouver Island Regional Library	127,091
Windley Contracting Ltd.	540,493
Woodgrove Chrysler	80,521
Young Anderson	28,234
	<u>3,831,167</u>

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

\$ 616,127

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

Consolidated total of grants exceeding \$25,000	0
Consolidated total of contributions exceeding \$25,000	
City of Nanaimo re: Vancouver Island Conference Centre	200,000
	<u>200,000</u>
Consolidated total of all grants and contributions exceeding \$25,000	<u>\$ 200,000</u>

4 Reconciliation:

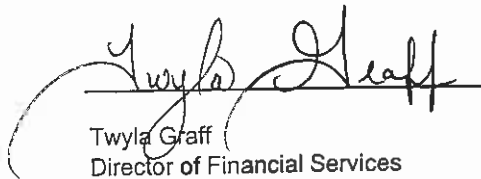
Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 3,831,167
Consolidated total of payments of \$25,000 or less paid to suppliers	616,127
Consolidated total of all grants and contributions exceeding \$25,000	<u>200,000</u>
Total supplier payments	<u>4,647,294</u>
Total per consolidated statement of financial activities	2,106,069
Reconciling items: change in accounts payable, prepaids, and payments to employees and other taxing authorities	<u>2,541,225</u>
	<u>4,647,294</u>
Variance	<u>\$ -</u>

DISTRICT OF LANTZVILLE  
STATEMENT OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2008

The undersigned, as authorized by the Financial Information Regulation, Schedule 1, subsection 9(2), approves all the statements and schedules included in this Statement of Financial Information, produced under the Financial Information Act.



Colin Haime  
Mayor  
Date: June 22, 2009



Twyla Graff  
Director of Financial Services  
Date: June 22, 2009