

DISTRICT OF LANTZVILLE
STATEMENT OF FINANCIAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2006

INDEX

	<u>Page</u>
AUDITED FINANCIAL STATEMENTS	
Index to the Financial Statements	1
Management's Responsibility	2
Auditor's Report	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Financial Activities	5
Consolidated Statement of Changes in Financial Position	6
Consolidated Statement of Changes in Operating Fund Balances	7
Consolidated Statement of Changes in Capital Fund Balances	8
Consolidated Statement of Changes in Reserve Fund Balances	9 to 14
Notes to the Consolidated Financial Statements	15
Schedule 1 - Net Taxes available for Municipal purposes	
STATEMENT OF FINANCIAL INFORMATION SCHEDULES	
Schedule of Guarantee and Indemnity Agreements	16
Schedule of Employee and Council Remuneration and Expenses	17
Schedule of Severance Agreements	18
Schedule Showing Payments for the Provision of Goods and Services	19
Statement of Financial Information Approval	20
Management Report	21

DISTRICT OF LANTZVILLE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

Management's Responsibility

To the Mayor and Council of 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 fulfil 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.

February 12, 2007


Twyla Graff, Chief Administrative Officer



MEYERS NORRIS PENNY LLP

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, 2006 and the consolidated statements of financial activities, changes in financial position, changes in operating fund balances, changes in capital fund balances, changes in reserve fund balances and the related schedule for the year then ended. These financial statements are the responsibility of the District's management. 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, 2006 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

Meyers Norris Penny LLP

Nanaimo, B.C.
February 12, 2007

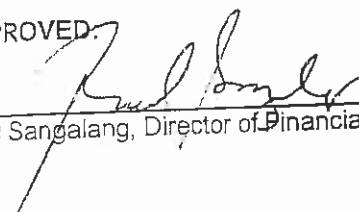
CHARTERED ACCOUNTANTS

- 2 -

**DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2006**

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	\$ 3,283,138	\$ 3,827,113
Accounts receivable (note 4)	983,846	223,996
Investment in Lantzville Woodlot Corporation	-	1
	4,266,984	4,051,110
LIABILITIES		
Accounts payable and accrued liabilities (note 5)	656,738	334,820
Deferred grant and contribution revenue (note 6)	1,093,400	50,966
Restricted revenue (note 7)	32,032	30,772
	1,782,170	416,558
NET FINANCIAL ASSETS	2,484,814	3,634,552
NON-FINANCIAL ASSETS	11,381,446	7,630,096
Physical assets (note 8)		
	\$ 13,866,260	\$ 11,264,648
Commitments and Contingencies (Note 13)		
FUND BALANCES (note 2(a))	1,030,868	1,237,397
Operating	-	-
Capital	1,453,946	2,397,155
Reserve (note 9)	2,484,814	3,634,552
	11,381,446	7,630,096
EQUITY IN PHYSICAL ASSETS (note 10)	\$ 13,866,260	\$ 11,264,648

APPROVED:



Paul Sangalang, Director of Financial Services

See accompanying notes to consolidated financial statements.

**DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	For the year ended December 31, 2006	2006 Budget	For the year ended December 31, 2005
REVENUE	\$ 1,609,882	\$ 1,597,150	\$ 1,538,974
Net Taxes (Schedule 1)	372,604	368,200	310,881
Revenue from own sources	132,275	92,000	86,448
Interest	1,775,530	3,471,000	547,256
Provincial transfers (note 11)	-	981,000	214,093
Developer contributions	32,192	17,200	43,903
Other	-	-	-
	<u>3,922,483</u>	<u>6,526,550</u>	<u>2,741,555</u>
EXPENDITURES	1,399,898	1,424,350	563,394
General government services	83,476	139,400	285,676
Legislative	215,567	309,000	154,653
Protective services	-	-	9,599
Interest on long-term debt	125,702	134,200	127,390
Environmental health	12,147	70,900	15,955
Parks & recreation	68,445	131,100	86,470
Planning	44,636	50,900	45,272
Street lighting	199,351	441,700	403,209
Public works	1,806,370	2,525,400	458,359
Water	1,116,628	4,012,350	1,587
Sewer	-	-	3,975
Share in loss incurred by Lantzville Woodlot Corporation	1	-	-
Loss on Disposal of investment in Lantzville Woodlot Corporation	-	-	-
	<u>5,072,221</u>	<u>9,239,300</u>	<u>2,155,539</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(1,149,738)	(2,712,750)	586,016
Transfer of land from Lantzville Woodlot Corporation	-	-	(259,000)
	<u>(1,149,738)</u>	<u>(2,712,750)</u>	<u>327,016</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	-	-	(88,263)
Principal repaid	(1,149,738)	(2,712,750)	238,753
(DECREASE) INCREASE IN CONSOLIDATED FUND BALANCES	3,634,552	3,634,552	3,395,799
CONSOLIDATED FUND BALANCES, BEGINNING OF PERIOD	\$ 2,484,814	\$ 921,802	\$ 3,634,552
CONSOLIDATED FUND BALANCES, END OF PERIOD	\$ 2,484,814	\$ 921,802	\$ 3,634,552

See accompanying notes to consolidated financial statements.

DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>For the year ended December 31, 2006</u>	<u>For the year ended December 31, 2005</u>
OPERATING ACTIVITIES		
(Deficiency) Excess of Revenues Over Expenditures	\$ (1,149,738)	\$ 327,016
Changes in non-cash financial assets		
Decrease (increase) in accounts receivable	(759,850)	262,332
Decrease in Investment in Lantzville Woodlot Corporation	1	263,175
Increase in restricted revenue	1,260	759
Increase in accounts payable and accrued liabilities	321,918	47,134
Increase in deferred grant and contribution revenue	1,042,434	50,967
	<u>605,763</u>	<u>624,367</u>
	<u>(543,975)</u>	<u>951,383</u>
FINANCING ACTIVITIES		
Decrease in debt	<u>-</u>	<u>(88,263)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(543,975)	863,120
CASH AND CASH EQUIVALENTS, beginning	3,827,113	2,963,993
CASH AND CASH EQUIVALENTS, ending	<u>\$ 3,283,138</u>	<u>\$ 3,827,113</u>

See accompanying notes to consolidated financial statements.

DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF CHANGES IN OPERATING FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

	For the year ended December 31, 2006	2006 Budget	For the year ended December 31, 2005
REVENUE			
Net Taxes (Schedule 1)	\$ 1,609,882	\$ 1,597,150	\$ 1,538,974
Revenue from own sources	372,604	368,200	310,881
Interest	42,584	43,000	34,211
Provincial transfers	1,775,530	3,471,000	547,256
Other	32,192	17,200	43,903
Developer Contributions	-	981,000	-
	<u>3,832,792</u>	<u>6,477,550</u>	<u>2,475,225</u>
EXPENDITURES			
General government services	555,245	605,050	542,237
Legislative	83,476	139,400	285,676
Protective services	179,204	222,000	154,653
Interest on long-term debt	-	-	9,599
Environmental health	125,702	134,200	127,390
Parks & recreation	12,147	55,900	15,955
Planning	68,445	131,100	86,470
Street lighting	44,636	50,900	45,273
Public works	199,351	264,700	180,899
Water	50,396	104,400	95,998
Sewer	2,266	5,350	1,587
Share in loss incurred by Lantzville Woodlot Corporation	-	-	3,975
Loss on Disposal of investment in Lantzville Woodlot Corporation	1	-	-
	<u>1,320,869</u>	<u>1,713,000</u>	<u>1,549,712</u>
EXCESS OF REVENUE OVER EXPENDITURES	2,511,923	4,764,550	925,513
Transfer of land from Lantzville Woodlot Corporation	-	-	(259,000)
Transfers to capital	(3,751,353)	(7,526,300)	(391,735)
Transfers from reserves	1,262,379	1,914,300	-
Transfers to reserves	(229,478)	(288,400)	(254,516)
Principal repaid	-	-	(88,263)
DECREASE IN CONSOLIDATED OPERATING FUND BALANCES	(206,529)	(1,135,850)	(68,001)
CONSOLIDATED OPERATING FUND BALANCES, BEGINNING OF PERIOD	1,237,397	1,237,397	1,305,398
CONSOLIDATED OPERATING FUND BALANCES, END OF PERIOD	<u>\$ 1,030,868</u>	<u>\$ 101,547</u>	<u>\$ 1,237,397</u>

See accompanying notes to consolidated financial statements.

DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

	For the year ended December 31, 2006	2006 Budget	For the year ended December 31, 2005
REVENUE ALLOCATED TO CAPITAL FUND			
INTERNAL TRANSFERS			
From operating funds	\$ 3,751,353	\$ 7,526,300	\$ 391,735
Developer contributions	-	-	214,093
	<u>3,751,353</u>	<u>7,526,300</u>	<u>605,828</u>
EXPENDITURES			
General government services	844,653	819,300	21,157
Protective services	53,863	87,000	-
Parks & recreation	-	15,000	-
Public Works	-	177,000	222,310
Sewer	1,114,363	4,007,000	-
Water	1,738,474	2,421,000	362,361
	<u>3,751,353</u>	<u>7,526,300</u>	<u>605,828</u>
INCREASE IN CONSOLIDATED CAPITAL FUND BALANCES	-	-	-
CONSOLIDATED CAPITAL FUND BALANCES, BEGINNING OF PERIOD	-	-	-
CONSOLIDATED CAPITAL FUND BALANCES, END OF PERIOD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

DISTRICT OF LANTZVILLE
CONSOLIDATED STATEMENT OF CHANGES IN RESERVE FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006

	For the year ended <u>December 31, 2006</u>	2006 <u>Budget</u>	For the year ended <u>December 31, 2005</u>
CHANGES IN RESERVE FUND BALANCES			
Transfers from operating funds	\$ 229,478	\$ 288,400	\$ 254,516
Interest earned	89,692	49,000	52,237
Transfers to operating funds	(1,262,379)	(1,914,300)	-
(DECREASE) INCREASE IN CONSOLIDATED RESERVE FUND BALANCE	<u>(943,209)</u>	<u>(1,576,900)</u>	<u>306,753</u>
CONSOLIDATED RESERVE FUND BALANCES, BEGINNING OF PERIOD	2,397,155	2,397,155	2,090,402
CONSOLIDATED RESERVE FUND BALANCES, END OF PERIOD (note 9)	<u>\$ 1,453,946</u>	<u>\$ 820,255</u>	<u>\$ 2,397,155</u>

See accompanying notes to consolidated financial statements.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

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 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.

Its principal activities include the provision of local government services to residents of the incorporated area. These include general government, fire protection, environmental health, parks and recreation, planning and development, water utility, sewer utility and fiscal services.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The District of Lantzville, (the District), 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, the General, Water, Sewer, Capital and Reserve Funds.

Operating Funds – These funds comprise the principal operating activities of the District and include the sewer and water utilities. As at December 31, 2006, the fund balances were as follows:

	<u>2006</u>	<u>2005</u>
General Fund	\$462,279	\$821,220
Water Fund	562,180	412,867
Sewer Fund	6,409	3,310
Total all funds	\$1,030,868	\$1,237,397

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 2005 and 2006 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 9.

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

(b) Revenue recognition

Tax revenues are recognized in the year that they are levied. Operating grants are recognized when they are earned. Capital grants and Developer contributions are recognized when the related expenditure is incurred and when collection is reasonably assured. Water fees are recognized when the commodity has been received by the customer. Parkland acquisition amounts are deferred and then recognized as revenue in the year that an expenditure authorized by by-law is incurred. Interest and penalties are recognized when earned.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

(c) Physical assets

Physical assets with a purchase or construction value exceeding \$10,000 are reported as capital expenditures and are classified according to their functional use. Physical 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 appropriating surplus for major asset replacements and improvements

(d) Financial instruments

The District's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. 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 collectibility of accounts receivable, accruals for expected employee compensated absences, and provisions for contingencies. 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.

3. CASH AND CASH EQUIVALENTS

December 31 cash balances include amounts designated for specific future purposes (note 9) and deposits held in trust as follows:

	<u>2006</u>	<u>2005</u>
Cash available for operations	\$1,767,553	\$1,383,403
Developer deposit held in trust (note 5)	29,607	15,783
Restricted revenue (note 7)	32,032	30,772
Cash designated for asset replacement	1,453,946	2,397,155
Total	<u>\$3,283,138</u>	<u>\$3,827,113</u>

Cash deposited at the Coastal Community Credit Union earns interest at the rate of prime minus 2%. Cash deposited at the Municipal Finance Authority (\$945,067 as at December 31, 2006 and \$1,034,815 as at December 31, 2005) is invested in the MFABC Money Market Fund, whose market value is equal to its cost.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

4. ACCOUNTS RECEIVABLE

Accounts receivable comprise the following as at December 31:

	<u>2006</u>	<u>2005</u>
Other governments	\$817,394	\$84,821
Taxes	72,339	67,494
User fees and other	94,113	71,681
Total	<u>\$983,846</u>	<u>\$223,996</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable comprise the following as at December 31:

	<u>2006</u>	<u>2005</u>
General	\$339,339	\$61,022
Other governments	250,957	217,861
Developer deposit (note 3)	29,607	15,783
Salaries, wages and benefits	36,835	40,154
Total	<u>\$656,738</u>	<u>\$334,820</u>

In 2005, the District entered into a Memorandum of Understanding agreement with the City of Nanaimo to provide a one-time contribution of \$200,000 towards the cost of developing the New Nanaimo Centre. The amount payable to the City of Nanaimo remains outstanding and is recorded under other governments.

The developer deposit will be refunded when work required is completed.

6. DEFERRED GRANT AND CONTRIBUTION REVENUE

	<u>2006</u>	<u>2005</u>
Balance at Beginning of Period	\$50,966	\$0
New Contributions for Period	1,034,803	59,825
Interest Earned on Contribution	26,755	0
Recognized as Revenue in Period	(19,124)	(8,859)
Balance at end of Period	<u>\$1,093,400</u>	<u>\$50,966</u>

Balance is comprised of:

Treaty Negotiation Grant	\$6,000	\$6,000
Developer Contribution for Sewer Project	1,007,754	0
Community Works Fund	79,646	44,966
	<u>\$1,093,400</u>	<u>\$50,966</u>

7. RESTRICTED REVENUE

Upon incorporation, the Regional District of Nanaimo transferred funds to the District that must be used to acquire parkland. The funds arose in the past as District property-owners paid cash in lieu of dedicating parkland, as required by legislation for subdividing their property. As a municipality, the District is responsible for managing parks within its jurisdiction and accordingly received the related funds.

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

8. PHYSICAL ASSETS

	<u>December 31,</u> <u>2005</u>	<u>Additions</u>	<u>Retirement/ Transfers</u>	<u>December 31,</u> <u>2006</u>
General fund				
Land	\$1,211,900			\$1,211,900
Buildings	1,147,170	876,261		2,023,431
Equipment	1,057,833	22,254		1,080,087
Roads	214,093			214,093
Total	<u>3,630,996</u>	<u>898,515</u>		<u>4,529,511</u>
Sewer fund	45,600	1,114,363		1,159,963
Water fund				
Land	333,913	8,544		342,457
Equipment	21,885	122,439		144,324
Engineering structures	3,597,702	1,607,489		5,205,191
Total	<u>3,953,500</u>	<u>1,738,472</u>		<u>5,691,972</u>
Total all funds	<u>\$7,630,096</u>	<u>3,751,350</u>		<u>\$11,381,446</u>

9. RESERVE FUND BALANCES

	<u>December 31,</u> <u>2005</u>	<u>Transfers from</u> <u>Operating fund</u>	<u>Interest</u>	<u>Transfers to</u> <u>Operating</u> <u>Fund</u>	<u>December 31,</u> <u>2006</u>
General fund					
Asset replacement	\$260,099	\$165,351	\$10,649	(\$8,023)	\$428,076
Fire truck	28,875		1,182		30,057
Park development	151,438	12,001	6,199		169,638
Capital works	857,290	47,690	31,510	(373,756)	562,734
Total	<u>1,297,702</u>	<u>225,042</u>	<u>49,540</u>	<u>(381,779)</u>	<u>1,190,505</u>
Sewer fund	4,011	4,436	164		8,611
Water fund					
Asset replacement	88,038		3,605		91,643
Waterworks	1,007,404		36,383	(880,600)	163,187
Total	<u>1,095,442</u>		<u>39,988</u>	<u>(880,600)</u>	<u>254,830</u>
Total all funds	<u>\$2,397,155</u>	<u>\$229,478</u>	<u>\$89,692</u>	<u>(\$1,262,379)</u>	<u>\$1,453,946</u>

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

10. EQUITY IN PHYSICAL ASSETS

Equity in physical assets represents the total physical assets less long-term debt assumed to acquire those assets. The change in equity in physical assets during the year ended December 31, 2006 is as follows:

	<u>2006</u>	<u>2005</u>
Balance at beginning of period	\$7,630,096	\$6,692,292
Add:		
Capital expenditures	3,751,350	605,828
Transfer of land		259,000
Reduction in long term debt		88,263
Less:		
Disposal / retirement of assets		(15,287)
Total	<u>\$11,381,446</u>	<u>\$7,630,096</u>

11. PROVINCIAL TRANSFERS:

The following provincial government transfers have been included in revenues:

	<u>2006</u>	<u>2005</u>
Transfers for operating purposes	\$320,827	\$297,472
Transfers for capital purposes	1,454,703	249,784
Total	<u>\$1,775,530</u>	<u>\$547,256</u>

12. EXPENDITURES BY OBJECT:

As required by section 1700 of the Public Sector Accounting Board reporting requirements, these financial statements report on expenditures by functions. The District's expenditures by objects are as follows:

	<u>2006</u>	<u>Budget</u>	<u>2005</u>
Salaries, wages and benefits (note 2 (f))	\$545,653	\$533,150	\$533,990
Physical assets	3,751,350	7,526,300	605,828
Regional services	44,779	86,700	209,000
Garbage and recycling collection	125,702	134,200	127,027
Engineering and consultants	101,085	202,700	99,635
Telephone and utilities	94,774	103,400	90,675
Equipment, materials and supplies	46,388	53,900	84,265
Repairs and maintenance	84,157	133,000	53,547
Insurance	67,292	80,500	49,460
Travel, training and conferences	54,986	81,850	47,940
Emergency workers' honoraria	45,223	47,000	44,452
Other operating goods and services	110,832	256,600	209,720
Consolidated total	<u>\$5,072,221</u>	<u>\$9,239,300</u>	<u>\$2,155,539</u>

DISTRICT OF LANTZVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006

13. COMMITMENTS AND CONTINGENCIES

(a) Pension liability

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 pension 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 130,000 active members and approximately 48,000 retired members. Active members include approximately 30,000 contributors from local governments.

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, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The information disclosed in this note represents the most current information at the time of the audit. The actuary does not attribute portions of the unfunded liability to individual employers. The District of Lantzville paid \$22,824 for employer contributions to the plan in fiscal 2006 (\$23,373 – 2005).

(b) Commitments

In February 2007, The District of Lantzville awarded the contract for the Stage 2 Phase 1 of the Sewer Infrastructure Project in the amount of \$2,935,450 (includes GST). The District of Lantzville has also awarded Water Emergency Connection in the amount of \$78,016.

(c) 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
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

	For the year ended <u>December 31, 2006</u>	2006 Budget	For the year ended <u>December 31, 2005</u>
Taxes	\$3,759,348	\$3,748,647	\$3,555,830
Property Tax	52,030	52,700	44,627
Utility taxes	353,427	347,750	344,019
Parcel taxes			
	<u>4,164,805</u>	<u>4,149,097</u>	<u>3,944,476</u>
Remittance of taxes levied for other governments:			
School district	1,819,174	1,818,142	1,759,883
Regional hospital district	149,243	148,696	136,060
Regional district	415,035	414,389	349,099
BCAA and MFA	47,641	47,630	45,215
Vancouver Island Regional Library	123,830	123,090	115,245
	<u>2,554,923</u>	<u>2,551,947</u>	<u>2,405,502</u>
Net Taxes available for Municipal Purposes	<u>\$ 1,609,882</u>	<u>\$ 1,597,150</u>	<u>\$ 1,538,974</u>

See accompanying notes to consolidated financial statements.

DISTRICT OF LANTZVILLE
STATEMENT OF FINANCIAL INFORMATION
SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

The District of Lantzville has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation. No financial guarantees or indemnity agreements were in place in 2006.

DISTRICT OF LANTZVILLE
STATEMENT OF FINANCIAL INFORMATION
SCHEDULE OF EMPLOYEE REMUNERATION AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

1 Elected Officials

<u>Name</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Colin Haime	Mayor	\$ 12,857	\$ 1,825
Brian Dempsey	Councillor	7,072	2,008
Joe Bratkowski	Councillor	7,072	2,109
Susan Crayston	Councillor	7,072	139
Warren Griffey	Councillor	7,072	1,516
Denise Haime	Councillor	7,072	868
Douglas Parkhurst	Councillor	7,072	
		<u>55,289</u>	<u>8,465</u>

Employees

Twyla Graff	Chief Administrative Officer	82,485	2,862
Consolidated total of other employees with remuneration and expenses of \$75,000 or less		361,937	2,584
		<u>444,422</u>	<u>5,446</u>

Add:	499,711	13,911
Benefits	45,942	
Total Remuneration	545,653	

Reconciliation	
Total Remuneration - elected officials	55,289
Total Remuneration - other employees	490,364
Subtotal	545,653
Reconciling items	
Total Per Statement of Revenue and Expenditure	<u>545,653</u>
Variance	<u><u>-</u></u>

Prepared under the Financial Information Regulation, Schedule 1, Section 6(2), (3), (4), (5) and (6)

DISTRICT OF LANTZVILLE
STATEMENT OF FINANCIAL INFORMATION
STATEMENT OF SEVERANCE AGREEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

There was one severance agreement made between the District of Lantzville and its non-unionized employees during the fiscal period ended December 31, 2006.

The agreement represent 6 months compensation*

*based on salary

Prepared under the Financial Information Regulation, Schedule 1, subsection 6 (7)

DISTRICT OF LANTZVILLE
STATEMENT OF FINANCIAL INFORMATION
SCHEDULE SHOWING PAYMENTS FOR THE PROVISION OF GOODS AND SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2006

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

<u>Supplier name</u>	<u>Aggregate amount paid to supplier</u>
BC Hydro	70,494
Hub Excavating Ltd.	715,364
I.R. Wilson Consultants Ltd.	36,177
Island West Coast Developments Ltd	751,271
Koers & Associates Engineering Ltd	441,784
Lidstone Young Anderson	30,560
Municipal Insurance Association	39,272
Municipal Pension Plan	42,732
Pamela Shaw & Associates	38,870
Regional District of Nanaimo	100,459
Sun Coast Waste Services	42,253
TC Trades Affiliates Ltd.	29,546
Tectonica Management Inc.	29,372
Trecan Filtration Group Inc.	45,095
Windley Contracting Ltd.	1,541,177
WL Solutions Ltd.	91,534
	<u>\$ 4,045,960</u>

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

625,087

3 Total of 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>

Reconciliation

Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 4,045,960
Consolidated total of payments of \$25,000 or less paid to suppliers	625,087
Consolidated total of all grants and contributions exceeding \$25,000	\$ -
Total	<u><u>\$ 4,671,047</u></u>

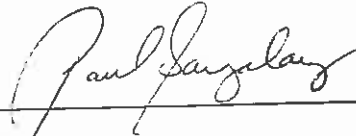
Prepared under the Financial Information Regulation, Schedule 1, Section 7
and the Financial Information Act, Section 2

DISTRICT OF LANTZVILLE
STATEMENT OF FINANCIAL INFORMATION
STATEMENT OF FINANCIAL INFORMATION APPROVAL
FOR THE YEAR ENDED DECEMBER 31, 2006

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:



Paul Sangalang
Director of Financial Services
Date:

Prepared pursuant to the Financial Information Regulations, Schedule 1, section 9

DISTRICT OF LANTZVILLE
STATEMENT OF FINANCIAL INFORMATION
MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

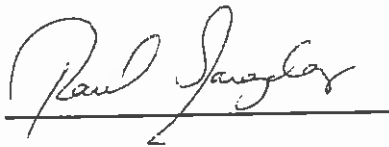
The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles or stated accounting principles, and the integrity and objectivity of these statements are management's 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 of the District of Lantzville is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

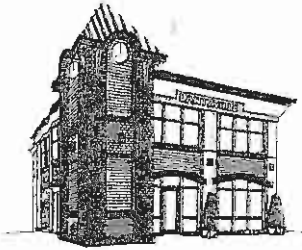
The external auditors, Meyers Norris Penny, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination 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 the Council of the District of Lantzville and meet with it on a regular basis.

On behalf of the District of Lantzville



Paul Sangalang
Director of Financial Services
June 11, 2007

Prepared pursuant to Financial Information Regulation, Schedule 1, Section 9



District of Lantzville

Incorporated June 2003

June 18, 2007

To Whom It May Concern:

Excerpt from the minutes of the Regular Meeting of Council of the District of Lantzville held Monday, June 11th, 2007.

Resolution #C-63-07

MOVED and **SECONDED** that Council and the Director of Financial Services approve the Statement of Financial Information (SOFI) for the District of Lantzville for the year ended December 31st, 2006.

CARRIED

I hereby certify that the above resolution is a true and correct statement made by Council of the District of Lantzville at their Regular Meeting held Monday, June 11th, 2007.



T.L. (Twyla) Graff
CAO/Director of Corporate Administration
District of Lantzville