

2016 Annual Report

For the year ended December 31, 2016

District of Lantzville

British Columbia, Canada



District of Lantzville British Columbia

2016 Annual Report

Fiscal year ended December 31, 2016



This Annual Report has been prepared by the Finance Department

Telephone: (250) 390-4006

Fax: (250) 390-5188

www.lantzville.ca

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INTRODUCTORY INFORMATION

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MESSAGE FROM THE MAYOR



On behalf of Lantzville Council, I am proud to share our 2016 Annual Report with you.

In 2016 we began to lay the ground work to achieve the District's Strategic Plan Goals. It was a productive year with the road replacement of Manhattan / Bayview Park Drive, Well #6 Replacement and substantial well redevelopment. We also saw significant progress on the Official Community Plan and Water Master Plan, both of which will be completed in 2017 and provide a comprehensive plan regarding the future of the District. The year also saw increased funding to the fire department, including increased training and hiring the District's first part-time paid Fire Chief.

In March of 2017 the District was the recipient of funding under the New Building Canada Fund – Small Communities Fund (NBCF-SCF), for Phase III Sanitary Sewer Collection System with funding of \$4,373,332 coming equally from the provincial and federal governments. The remaining 1/3rd will be funded through borrowing. The project will provide sanitary sewer to over 300 homes and work on the project will continue through 2018.

2017 will see work towards the completion of outstanding 2016 – 2018 strategic priorities chart items, consisting of:

- Economic Development Strategy
- Completion of Official Community Plan
- First Nations Relationship Building
- Village Core Plan through the Official Community Plan
- Service Capacity Review
- Branding
- Policy Review
- Completion of Water Master Plan
- Update Records Management System
- Bylaw Review and Update
- Completion of Wellfield Rehabilitation Program
- Completion of the Development Cost Charge Review
- Completion of the Finance Systems Review

2017 will no doubt be a busy and productive year for the District. Council maintains a commitment to the District's Mission statement and Council Values.

Mission Statement:

“Provide efficient, effective and environmentally and economically sustainable services and good governance for the public while managing growth of the community and respecting Lantzville’s diverse character and charm.”

Council Values:

“Act in a professional manner at all times, having respect for:

- the public,*
- staff,*
- Council members,*
- the roles of Council, staff and the public,*
- the decision making process, and*
- carry out adequate research and thoughtfully consider the issues before us, while serving and representing all of our community.”*

On behalf of the District Council it has been a pleasure to work alongside our wonderful staff and the community in 2016 to continue to achieve the objectives of the District’s Strategic Plan and to deliver value-for-money services to the public.

It is an honour and privilege to serve as your Mayor.

Sincerely,



Colin Haime
Mayor
District of Lantzville

DISTRICT OF LANTZVILLE

2016 OFFICIALS

MAYOR

Colin Haime

COUNCILLORS

Bob Colclough	Denise Haime
John Coulson	Dot Neary
Will Geselbracht	Mark Swain

MANAGEMENT

Chief Administrative Officer	Brad McRae, M.A.
Director of Corporate Administration	Trudy Coates
Director of Financial Services	Jeannie Beauchamp, CPA, CGA, MBA
Director of Public Works	Fred Spears
Community Planner	Frank Limshue, MCIP, B.A.
Fire Chief	Rob Chatton, LAFC

AUDITORS

KPMG LLP

PRIMARY BANKERS

Coastal Community Credit Union

PRIMARY SOLICITORS

Fulton & Company LLP

DISTRICT OF LANTZVILLE

2016 ELECTED OFFICIALS

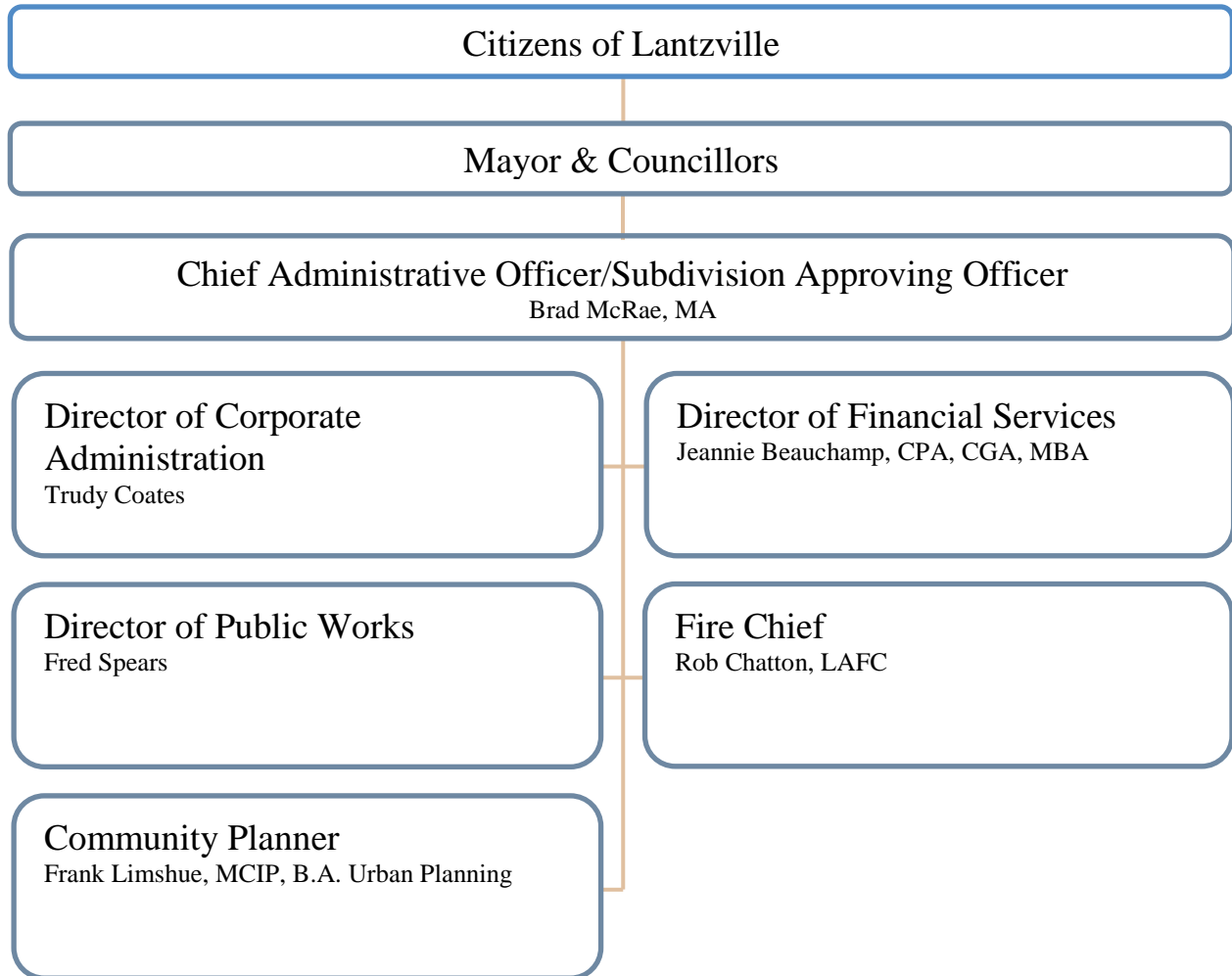
The Municipal Council is Lantzville's governing body. Lantzville's Municipal Council is comprised of a Mayor and six Councillors. Your 7-member Council is serving a term expiring in October 2018, after which, the District of Lantzville will be governed by a 5-member Council. Under the *Community Charter*, their role is to provide good government; services its citizens need and want; stewardship for its public assets; and a positive economic, social and environmental climate. Council is responsible to set budgets, levy taxes, adopt bylaws, establish policies and make decisions that guide the growth, development and operation of the District of Lantzville. District staff are responsible for day-to-day operations, implementing Council decisions and policies, and providing advice to elected officials.

Council usually holds two meetings each month, which are open to the public. Meeting agendas and schedules are available from the District Office or on the District's website at www.lantzville.ca.



Front row (left to right): Councillor Denise Haime, Mayor Colin Haime, Councillor Dot Neary
Back row (left to right): Councillor John Coulson, Councillor Mark Swain, Councillor Bob Colclough, Councillor Will Geselbracht

DISTRICT OF LANTZVILLE
2016 ORGANIZATIONAL STRUCTURE





District of Lantzville

Incorporated June 2003

REPORT FROM THE DIRECTOR OF FINANCIAL SERVICES

June 2017

Mayor and Council
District of Lantzville

Your Worship and Members of Council,

I am pleased to present the District of Lantzville's 2016 Annual Financial Report for the fiscal year ended December 31, 2016, as required by Sections 98 of the *Community Charter*.

This report includes the auditor's report, the 2016 financial statements, and supplementary information for the District of Lantzville.

The financial statements for the year ended December 31, 2016 were prepared by District staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, and have been applied on a basis consistent with that of the preceding year.

The District maintains a system of internal accounting controls designed to safeguard the assets of the District and to provide reliable financial information. We confirm and test these systems on a cyclical basis by contracted audit services.

The audit firm KPMG LLP was appointed by Council and is responsible for expressing an opinion as to whether the consolidated financial statements fairly present the financial position of the District of Lantzville and the results of its 2016 operations.

The 2016 audited financial statements were presented to and approved by Council.

As at December 31, 2016, the District had an accumulated surplus of \$38.7 million, an increase of \$0.2 million for the year. This is largely comprised of net investments in tangible capital assets (\$32.0 million), which includes land, park infrastructure, buildings, roads, and utility assets. The District currently holds no debenture debt. The reserves increased \$0.4 million to \$3.7 million as a result of timing of capital projects. Capital expenditures for the year decreased by \$0.3 million to \$0.6 million including \$0.2 million for Manhattan/Bayview Park Drive Paving and \$0.2 million for Well Rehabilitation and Replacement.

Revenues and expenses remain comparable to the prior year.

Respectfully,

A handwritten signature in black ink that reads "J. Beauchamp." The signature is written in a cursive, flowing style.

Jeannie Beauchamp, CPA, CGA, MBA
Director of Financial Services

STRATEGIC PRIORITIES FOR 2016-2018

The District of Lantzville conducts a comprehensive annual planning process which begins with strategic direction from Council. This is followed by a joint review by both Council and senior staff, which focuses on the nature and extent of the services that the District will provide to its residents. Based on this framework, a five year financial plan is developed. The five year financial plan includes the costs of ongoing operations, strategic projects and planned capital expenditure projects to provide the necessary infrastructure for the proposed services. As a result of a by-election that was held in 2015, a revised Strategic Plan for 2016-2018 was developed and is reflected within this report.

Strategic Priorities

Council recognizes the importance of planning for the future and continues to conduct strategic planning sessions as a means of identifying and establishing priorities, goals and objectives in response to issues identified by both residents of the community and Council. Council's priorities, as identified at its strategic planning sessions held in December 2015 are as follows:

- Water Agreement: *Revisions proposed and submission to Nanaimo*
- Communication, Engagement, and Transparency: *Development of supportive policies*
- Economic Development Strategy: *Develop long term sustainable economic growth map*
- Official Community Plan: *Develop new Official Community Plan (OCP)*
- First Nations Relationship Building: *Establishment of working relations with neighbouring community*
- Village Core Plan: *Review, revise, incorporate into OCP and implement plan*

MUNICIPAL SERVICES AND OPERATIONS FOR 2016

OVERVIEW OF SERVICES

1. General Government

- Administration
- Corporate Services
- Financial Services

2. Protective Services

- Fire suppression, prevention, and rescue
- Emergency Preparation
- Fire Bylaw Enforcement

3. Community Planning

- Development planning
- Land development
- Subdivision approval

4. Public Works

- Transportation services (roads and drainage)
- Waterworks
- Sewer collection
- Parks and trails

In 2016, the District of Lantzville continued to contract engineering and some public works services. The following services are contracted from the Regional District of Nanaimo:

- Building inspection
- Bylaw enforcement
- Animal control
- GIS, mapping
- Emergency planning

The contracting of these services is reviewed on an annual basis to ensure best value for service.

DEPARTMENTAL REPORTS

1. GENERAL GOVERNMENT

a. ADMINISTRATION

The Chief Administrative Officer (CAO) is responsible for the overall management of the operations of the municipality, as well as implementation of specific Council policies, objectives and directions. The current CAO also holds the positions of Statutory Approving Officer and Deputy Director of Corporate Administration.

Duties of the CAO office include:

- Ensuring that the policies, programs and other directions of Council are implemented
- Advising and informing Council on the operation and affairs of the municipality
- Being a support for Mayor and Councillors in providing clear, factual, non-biased information so that Council can make good decisions on matters within the control and purview of the Council
- Providing support and direction to senior staff in the day to day operations of the municipality
- Supporting Council's strategic objectives
- Fostering both a positive work environment and displaying a commitment to community.

In addition to the management staff, the District has two full-time and one part-time staff at the District office who assist with financial services primarily and some administration services for all departments.

Progress on 2016 Objectives

Improve Communications, Engagement, and Transparency with Lantzville residents:

Completed. Public Participation Policy and Social Media Policy adopted, Twitter and Facebook accounts established, Council Chamber audio visual upgrades installed, meetings recorded and linked to the District's website. Ongoing priority for increased and improved communications, engagement and transparency per policies.

Strengthen relationships with Snaw-Naw-As (Nanoose) First Nation: *Ongoing.* Snaw-Naw-As participated in a Special Council meeting in May 2016 (Freedom of the Municipality awards to T. Whipps & K. Spence); lunch with both Councils held in June 2016; Council support in November 2016 for Snaw-Naw-As request to the Department of National Defense for water access to Wallis Point.

Successfully amend the current Lantzville/Nanaimo Water Agreement: *Ongoing.*

Presentation and formal request to City of Nanaimo in June 2016; to date no decision by City of Nanaimo Council except to propose a Water Supply Advisory Committee meeting to discuss water in a regional context.

Complete Village Core Plan: *Ongoing.* See Community Planning section. This work will form part of the new Official Community Plan.

Develop and complete Lantzville Water Master Plan: *Ongoing.* Part of the OCP Update and Water Master Plan process scheduled to complete in November 2017.

Objectives for 2017

Council has set forth a list of objectives for 2016, including but not limited to:

- Community Planner position review
- Fire Chief position review, Fire Department review including pre-fire plan program
- Develop and implement an Economic Development Strategy
- Strengthen relationships with Snaw-Naw-As (Nanoose) First Nation
- Conduct a Service Capacity Review
- Conduct a Branding process (community identity) and implement

Performance Measures

- Degree of implementation of the above initiatives and projects
- Increase in current infrastructure
- Health of the organization as a whole
- Community participation and feedback

b. CORPORATE ADMINISTRATION

The Director of Corporate Administration is responsible for:

- statutory duties of the corporate officer per section 148 of the *Community Charter*, including keeping the corporate seal and accepting service of notices and documents on behalf of the corporation, and acting as the Signing Officer
- receiving and distributing correspondence, including referrals to Council and/or staff
- developing the agenda for Council and committee meetings, ensuring accurate minutes of Council and committees are prepared and actions are tracked
- preparing reports, bylaws, and policies for the Chief Administrative Officer (CAO) and Council's consideration, and conducting research assignments and special projects
- providing procedural advice and administrative support to Council, committees and the CAO
- the records management system including maintaining and safeguarding minutes, bylaws and other records, and providing public access to records
- communications such as the community newsletter, website, and publications, including publishing notices and advertisements, and assisting with special events and public relations
- administering oaths and taking affirmations, affidavits and declarations, and certifying copies of bylaws and other documents
- organizing and conducting the District's elections and referendums

In addition to the above, the Director of Corporate Administration continues to: act as the Freedom of Information and Protection of Privacy Coordinator, Secretary to the Board of Variance, and Acting CAO when required; provide assistance with Human Resources functions; and liaise with the public, elected officials, advisory bodies, Provincial ministries, and other local governments.

Progress on 2016 Objectives

Complete review with Council and implement draft Council Procedure Bylaw: *Completed.* Reports at public meetings, statutory notices issued, and Council Procedure Bylaw No. 118 adopted November 14, 2016 and implemented. Next review in early 2019.

Update records management system: *Ongoing.* Index updated to LGMA 2015 Manual standard, 2016 archiving completed, agreements index enhanced, and original agreements secure filed in fire-resistant cabinet.

Update policy index, review policies and provide recommendations: *Ongoing.* Grants in Aid policy updated; new Freedom of Municipality Honour, Public Participation, and Social Media policies approved. Also, other policies updated by lead departments (e.g. Travel Expense Reimbursement, Accepting One Development Permit Application for Multiple Property Owners, Investment); policy review ongoing.

Update bylaw index, review bylaws and provide recommendations: *Ongoing.* Council Procedure and Ph 2 LAS Enlargement bylaws adopted. Annual bylaws by lead departments (e.g. financial plan, tax rates, property tax exemption, fees), rezoning (60.33), and finance bylaws (Council expenses, Regional Parks & Trails Parcel Tax, Reserve Fund) adopted. Review of bylaws and updates confirmed as priority for 2016-2018 in Strategic Priorities Chart.

Increase and improve corporate communications consistent with District policies on communication, engagement and transparency: *Ongoing.* Improvements to District website included pages updated, Council meetings recorded and linked (starting in September 2016), subscription option added to the District's website to email subscribers information (currently in use for OCP process); increased followers on Twitter and linked to Facebook; good turnout for OCP public meetings and excellent survey return rate.

Objectives for 2017:

- Begin preparations for 2018 general local election pursuant to legislation
- Phase III Sanitary Sewer Collection System Local Area Service by Council initiative with alternate approval
- Update bylaw index, consolidate bylaws, review bylaws and provide recommendations
- Update policy index, review policies and provide recommendations
- Update records management system, including complete capital purchase for fire-resistant cabinet for filing permanent records
- Increase and improve corporate communications consistent with District policies on communication, engagement and transparency

Performance measures:

- Increased public knowledge of changes for the 2018 general local election (new date, smaller Council)
- Completed Phase III Sanitary Sewer Collection System Local Area Service process
- Increased engagement and community feedback in District decision-making processes as a result of the various communication methods used by the District
- Adoption of updated or new bylaws and policies, and more consolidated bylaws
- Updated records management system, with enhanced indexing, accessibility and safeguarding

c. FINANCIAL SERVICES

The Director of Financial Services is responsible for:

- statutory duties of the financial officer per section 149 of the *Community Charter*, including the following:
 - (a) receiving all money paid to the municipality;
 - (b) ensuring the keeping of all funds and securities of the municipality;
 - (c) investing municipal funds, until required, in authorized investments;
 - (d) expending municipal money in the manner authorized by the council;
 - (e) ensuring that accurate records and full accounts of the financial affairs of the municipality are prepared, maintained and kept safe;
 - (f) exercising control and supervision over all other financial affairs of the municipality.
- Preparing the 5 year financial plan
- Preparing the annual financial statements and other financial reporting

- Act as the District’s Collector
- Assume the duties and responsibilities of Acting Chief Administrative Officer as required

Progress on 2016 Objectives

Purchase and implementation of asset accounting and asset management software:

Ongoing. Software purchase is complete with implementation scheduled to be completed in 2017.

Conduct an in-depth review of finance systems: *Ongoing.* The finance systems review is scheduled to be completed by December 31, 2017.

Meet the requirements set out in the Public Sector Accounting Board section 3260 – Liability for Contaminated Sites: *Completed.*

Objectives for 2017:

- Complete the implementation of asset accounting and asset management software
- Complete the in-depth review of finance systems

Performance measures:

- Degree of implementation of the above noted initiatives and projects
- Financial health of the organization

2. PROTECTIVE SERVICES

a. FIRE SUPPRESSION, PREVENTION, AND RESCUE

The Fire Chief is responsible for:

- Overall fire safety of the municipality
- Training and education for fire personnel
- Ensuring budgets and operations are managed responsibly
- Maintaining certifications and accreditations of fire personnel
- Fire inspections
- Public education on fire safety

In addition to the above, Protective Services is working to establish up-to-date financial and administrative procedures, and maintaining a positive, sound relationship with the community.

Progress on objectives for 2016:

Revamp administrative procedures: *initiated and ongoing.* With the addition of a new paid Part-Time Fire Chief, a thorough review is being undertaken to ensure the District is in compliance with Provincial legislative requirements.

Equipment inventory and Asset Management: *initiated and ongoing.*

Playbook Fire Service Level: *Completed.* The Fire Department Playbook requires municipalities to set the level of service required for the community. This report was presented to Mayor and Council and the Service Level adopted was Interior Operations.

Objectives for 2017:

- **Complete review of administrative procedures:** With the addition of a new paid Part-Time Fire Chief, a thorough review is being undertaken to ensure the District is in compliance with Provincial legislative requirements.
- **Complete the equipment inventory listing and Asset Management plan:**
- **Playbook Fire Service Level:** Review different training programs available to meet the legislative requirements of the Interior Operations Level as well as the needs of the Department.

Performance measures:

- Increase presence in the community
- Demonstrate value for service to the public
- Training per the Provincial Playbook interior service

3. COMMUNITY PLANNING

a. DEVELOPMENT PLANNING

The primary role of the Planning Department is to provide the District with a planning program to promote the orderly and economic development of the community by adhering to the District's Official Community Plan, Zoning and Subdivision Bylaws.

Progress on 2016 Objectives:

Complete a Comprehensive Review of the Official Community Plan. *Ongoing.* Carrying over from the fall of 2015 launch of the Official Community Plan review, the District continues to solicit feedback from residents in a variety of forms (questionnaires, kitchen table meetings, community workshops and community-wide survey). The consulting team will be considering all the comments submitted to prepare, for Council consideration, policies to reflect long-term goals and objective of the community.

Council adoption of the Village Commercial Core Improvement Plan, and initiation of the detailed design for streetscape improvements: *Ongoing.* A draft plan was completed and approved by Council on November 27, 2014, a subsequent public information meeting was held on January 20, 2015. The document remains in draft form. It is expected that much of the work will be used in the new Official Community Plan Review.

Research and public engagement regarding the legalization of secondary suites: *Ongoing.* This work was delayed in 2015. However, as part of the Official Community Plan review process, we have attempted, through the use of community-wide survey, to gauge the level of support by asking residents whether or not they supported suites. If suites are supported in the new OCP, the District will then need to develop regulations for this type of use.

Council approval of land use bylaws (i.e. OCP, Zoning) when required: *Ongoing.* There were four zoning amendment applications received in 2016. Two zoning amendments approved by Council, while the other two are still in process.

Objectives for 2017:

- Council adoption of a new Official Community Plan
- Commencing a review of the Zoning Bylaw to ensure consistency with the new OCP

Performance Measures:

- Council approval of OCP revisions and amended zoning bylaws, after consultation with residents and other interested parties/stakeholders
- Applicant satisfaction with process
- Developer satisfaction with process

b. LAND DEVELOPMENT AND SUBDIVISION APPROVAL

The Approving Officer processes subdivision applications to ensure that all legislative requirements are met, District policies and bylaws are adhered to, and that development approval is coordinated among District departments and outside agencies.

Progress on 2016 Objectives:

Subdivision applications/approvals are done in a timely manner: *Ongoing.* There were three subdivision applications received in 2016. The Foothills subdivision application was amended from 31 lots to 103 lots.

Objectives for 2017:

- Subdivision applications/approvals are done in a timely manner
- Subdivision applications/approvals are given subject to legislation requirements and that adhere to the District's low impact development standards
- Subdivision applications/approvals are given subject to application of the District's various applicable bylaws and policies

Performance Measures:

- Timely manner in which subdivision applications/approvals are processed
- Subdivisions are developed to the standards pursuant to District bylaws

4. ENGINEERING, PUBLIC WORKS & PARKS

The District has three full-time employees in this department, which ensure the safe and efficient operation of the District's waterworks, sanitary sewer collection systems, storm drainage systems, parks, municipal buildings, signage and other related facilities and equipment. In addition, a casual on-call employee provides services on an as-needed basis.

Engineering services

Engineering services continued to be contracted to Koers & Associates Engineering Ltd in 2016.

Transportation services (roads and drainage):

A municipality is responsible for maintaining local roads within its boundaries. The District contracts this service directly to Windley Contracting Ltd. The public works department provides some road maintenance services such as pothole repairs, signage and other minor road repair items.

Waterworks

The District supplies and distributes water for household use, commercial and fire suppression purposes to approximately 900 properties. The District is responsible for ensuring that the water it supplies meets strict drinking water quality guidelines. The District is also responsible for maintaining and improving the equipment and infrastructure related to this supply and distribution system.

Sewer Collection

The District provides sewer collection services for approximately 460 properties. The District is responsible for maintaining and improving the District-owned equipment and infrastructure related to this system within federal and provincial regulations.

Parks and Recreation

The District maintains various parks, playgrounds, and road ends within the District.

Progress on 2016 Objectives:

Complete rehabilitation and exploration of Well systems: *Completed*

The District completed the rehabilitation of the wells in early 2017. All the works were completed within budget.

Facilitate maintenance and replacement of storm sewers throughout the District: *Ongoing*

The District continues to maintain and upgrade the municipal sanitary storm sewer systems.

Facilitate completion of road resurfacing projects in the 2016 Capital Plan, including Bayview Park Drive and patching of Lorenzen Lane: *Completed*

The replacement of the asphalt on Bayview Park Drive and the patching of Lorenzen Lane has been completed within budget.

Ensure the District operates its sanitary sewer collection system in accordance with federal and provincial regulations: *Completed*

Maintenance has been carried out over the 2016 period that meet the federal and provincial regulations.

Successful completion of Sewer Phase 3 funding grant application: *Completed*

The District applied and was successful in acquiring 2/3rds grant funding from the provincial and federal governments for the Phase III Sanitary Sewer Collection System project.

Objectives for 2017:

- Complete a Water Master Plan
- Complete a watermain replacement project on Peterson Road
- Complete an interconnection pipe to connect the District of Lantzville water system to the City of Nanaimo's water system
- Complete a replacement of the Storm Drainage Pipe under Rumming Road
- Complete the installation of an air conditioning system in the District of Lantzville Administration Building
- Complete an asphalt replacement project for Peterson Road
- Complete a Mountain Bike Skills Park

Performance Measures:

- Completion of capital and operating projects within the 2017 Financial Plan parameters
- Satisfactory results from ongoing water sampling procedures
- Reduction in water consumption, particularly in the peak summer months
- Increased number of low-flush toilet rebate monies returned to property owners
- Number of complaints from residents

5. BUILDING INSPECTION

Building Inspectors enforce the Building Code and regulatory bylaws governing building, heating, plumbing, and zoning. The District contracts with the Regional District of Nanaimo to provide Building Inspection services to the residents of Lantzville. There were a total of 33 building permits issued, of which, only seven permits were for new single-family dwellings. The estimated construction value was \$4.9 million.

Progress on 2016 Objectives:

Building permit applications/approvals are done in a timely manner: *Ongoing.* Building permits continue to be issued on a timely basis in accordance with regulatory and legislative requirements including District bylaws.

Building permits are issued subject to meeting B.C. Building Code requirements, District bylaws, and other regulations as applicable: *Ongoing.* Building permits were issued in consultation with District staff and in accordance with B.C. Building Code requirements, District bylaws, and other regulations as applicable.

Objectives for 2017:

- Building permit applications/approvals and inspections are done in a timely manner
- Building permits are issued subject to meeting B.C. Building Code requirements, District bylaws, and other regulations as applicable

Performance Measures:

- The timely manner in which applications/approvals are processed

6. EMERGENCY MANAGEMENT

The District has contracted with the Regional District of Nanaimo for the provision of emergency preparedness, response and recovery services. This contractual arrangement has the Regional District of Nanaimo providing the District of Lantzville with an Emergency Program Coordinator (EPC) on a permanent basis.

Progress on 2016 Objectives:

- EPC's continuing attendance at various conferences/workshops and participation in the Mid-Island Emergency Program Coordinators Committee, Regional Community Recovery Working group (focus on recovery/resilience in the community), and BC Association of Emergency Managers.
- Ongoing recruitment, orientation and training of local ESS volunteers to ensure operational readiness.
- Ongoing establishment of Neighbourhood Emergency Preparedness (NEP) groups and participation in public education and preparedness.
- Coordinate continuing emergency response training for District staff as needed.
- Coordinate emergency response training for elected officials.
- Participate in Emergency Preparedness Week in May 2016.
- Continue community communications and presentations regarding emergency preparedness

(NOTE: All of the above noted matters are in progress as they are yearly operational matters)

Objectives for 2017

- The 2016 Objectives will also be the 2017 objectives but subject to change to address new opportunities or challenges.

Performance Measures:

- Education and training that facilitates EPC, staff and Council competencies to effectively respond to and recover from an emergency or disaster
- Number of NEP and ESS volunteers recruited
- Emergency Response Centre is operational
- EOC supplies are current and emergency communications capacity is sufficient

7. BYLAW ENFORCEMENT

The District has a contractual arrangement with the Regional District of Nanaimo to provide bylaw enforcement services to Lantzville residents. Bylaw enforcement officers investigate complaints from residents relating to such matters as dangerous dogs, noise, and land use matters. The District's policy when dealing with enforcement issues is complaint driven with a strong focus on seeking voluntary compliance whenever possible. In 2016, bylaw enforcement investigated and resolved 28 complaints within the District.

Progress on objectives for 2016:

- Review, adopt, rescind, and amend current bylaws as developed by staff: *Completed.*
- Complete current compliance based enforcement case files: *Completed.*

Performance Measures:

- Number of bylaw enforcement files closed
- Number of contraventions resolved on a voluntary basis

Objectives for 2017

- Complete current compliance based enforcement case files
- Respond to and investigate complaints in a timely manner

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FINANCIAL STATEMENTS



DISTRICT OF LANTZVILLE

Financial Statements

Year ended December 31, 2016

**DISTRICT OF LANTZVILLE
FINANCIAL STATEMENTS**

Year Ended December 31, 2016

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**DISTRICT OF LANTZVILLE
STATEMENT OF RESPONSIBILITY**

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 Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes 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.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditors’ Report outlines their responsibilities, the scope of their examination and their opinion on the District’s financial statements. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the District in accordance with Canadian public sector accounting standards.



Ronald Campbell, CLGM
Chief Administrative Officer
May 8, 2017



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone (250) 480-3500
Fax (250) 480-3539

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, 2016, 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.

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, 2016, 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 Professional Accountants

May 8, 2017
Victoria, Canada



District of Lantzville

STATEMENT OF FINANCIAL POSITION

As at December 31, 2016 with comparative information for 2015

	2016	2015
Financial assets:		
Cash (Note 3)	\$ 1,684,506	\$ 5,885,589
Investments (Note 3)	7,107,511	2,095,602
Taxes receivable	150,597	166,189
Accounts receivable	194,201	165,366
Inventories for resale	1,293	1,220
	9,138,108	8,313,966
Liabilities:		
Accounts payable and accrued liabilities	577,266	356,719
Deposits	18,650	7,950
Deferred revenue (Note 4)	1,751,405	1,567,155
Prepaid property taxes	86,960	79,548
Employee future benefits obligations (Note 5)	68,852	56,047
	2,503,133	2,067,419
Net financial assets	6,634,975	6,246,547
Non-financial assets:		
Tangible capital assets (Note 6 and Schedule A)	31,987,775	32,164,539
Inventory of supplies	9,548	7,922
Prepaid expenses	45,089	39,604
	32,042,412	32,212,065
Accumulated surplus (Note 7)	\$ 38,677,387	\$ 38,458,612

Commitments and contingent liabilities (Note 11)

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

Approved by:



Jeannie Beauchamp, CPA, CGA, MBA
Director of Financial Services

District of Lantzville



STATEMENT OF OPERATIONS

For the year ended December 31, 2016 with comparative information for 2015

	Financial Plan (Note 12)	2016	2015
Revenue:			
Taxation, net (Note 8)	\$ 2,333,526	\$ 2,348,126	\$ 2,324,624
Sales of services	671,827	693,187	637,183
Grants and government transfers (Note 9)	781,250	445,380	472,695
Investment income	60,600	83,147	58,778
Penalties and fines	29,380	37,924	31,829
Net gain on sale	-	1	-
Development charges earned	88,825	56,861	-
Contributions from developers and others	-	2,460	5,664
Other revenue from own sources	105,770	86,721	90,706
Total revenues	4,071,178	3,753,807	3,621,479
Expenses: (Note 10 and Schedules C)			
General government services	1,095,944	1,041,223	953,604
Transportation services	748,800	742,155	643,042
Protective services	466,888	490,168	412,653
Solid waste collection	176,000	180,553	162,668
Recreation and cultural services	326,377	328,118	308,944
Community development services	74,440	70,715	63,265
Sewer	298,386	288,988	268,253
Water	509,142	393,112	394,376
Total expenses	3,695,977	3,535,032	3,206,805
Annual surplus (deficit)	375,201	218,775	414,674
Accumulated surplus, beginning of year	38,458,612	38,458,612	38,043,938
Accumulated surplus, end of year	\$ 38,833,813	\$ 38,677,387	\$ 38,458,612

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, 2016 with comparative information for 2015

	Financial Plan (Note 12)	2016	2015
Annual surplus (deficit)	\$ 375,201	\$ 218,775	\$ 414,674
Acquisition of tangible capital assets	1,424,500	(578,344)	(903,567)
Amortization of tangible capital assets	731,000	743,708	736,741
Loss on the disposal of tangible capital assets	-	11,399	16,733
Proceeds on sale of tangible capital assets	-	1	-
Write-downs of tangible capital assets	-	-	129
	2,530,701	395,539	264,710
Acquisition and consumption of inventory of supplies	-	(1,626)	380
Acquisition and consumption of prepaid expenses	-	(5,485)	(27,163)
		(7,111)	(26,783)
Change in net financial assets	2,530,701	388,428	237,927
Net financial assets at beginning of year	6,246,547	6,246,547	6,008,620
Net financial assets at end of year	\$ 8,777,248	\$ 6,634,975	\$ 6,246,547

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

District of Lantzville



STATEMENT OF CASH FLOWS

For the year ended December 31, 2016 with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating transactions:		
Annual surplus (deficit)	\$ 218,775	\$ 414,674
Items not involving cash:		
Amortization of tangible capital assets	743,708	736,741
Loss on the disposal and write-down of tangible capital assets	11,399	16,862
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(28,835)	39,425
Inventories for resale	(73)	145
Taxes receivable	15,592	(35,466)
Accounts payable and accrued liabilities	220,547	184,991
Deposits	10,700	(10,079)
Deferred revenue	184,250	260,870
Prepaid property taxes	7,412	23,395
Employee future benefit obligations	12,805	(40,081)
Inventory of supplies	(1,626)	380
Prepaid expenses	(5,485)	(27,163)
Cash provided by operating transactions	1,389,169	1,564,694
Financing transactions:		
Investments	(5,011,909)	(1,009,280)
Capital transactions:		
Proceeds from sale of tangible capital assets	1	-
Acquisition of tangible capital assets	(578,344)	(903,567)
Cash used in capital transactions	(578,343)	(903,567)
Increase (decrease) in cash and cash equivalents	(4,201,083)	(348,153)
Cash and cash equivalents, beginning of year	5,885,589	6,233,742
Cash and cash equivalents, end of year	\$ 1,684,506	\$ 5,885,589

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



District of Lantzville

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

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 Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") 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. Expenses paid in the current period and attributable to a future period are recorded as prepaid.

(c) Revenue Recognition:

- i. Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year.
- ii. Sales of services and user fee revenues are recognized when the service or product is rendered by the District and the amounts are received or become receivable.
- iii. Unrestricted government transfers are recognized as revenue in the year in which the transfer is authorized by the issuing government, and when any eligibility criteria has been met. Restricted government transfers, in the way of grants or other transfers, are recognized as revenue in the year in which the stipulations are met.
- iv. Revenue unearned in the current period is recorded as deferred revenue.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

1. Significant Accounting Policies: (continued)

- v. 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.

(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 Investments:

Cash and investments consist of cash on deposit in qualifying institutions as defined in the *Community Charter*. Investments are recorded at cost plus amounts reinvested.

(f) Employee Future Benefits Payable:

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

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

(g) Deposits:

Receipts restricted by third parties are deferred and reported as deposits and are refundable under certain circumstances. Deposits that are prepayments are recognized as revenue when qualifying expenditures are incurred.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

1. Significant Accounting Policies: (continued)

(h) Non-Financial 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

i. Tangible Capital Assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land	Indefinite
Land Improvements	10 – 50
Buildings	15 – 80
Equipment	5 – 10
Roads Infrastructure	10 – 75
Vehicles	10 – 25
Sewer Infrastructure	10 – 100
Water Infrastructure	10 – 100

Amortization is calculated yearly, with half the year being 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.

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 assets are less than the book value of the asset.

ii. Contributions of Tangible Capital Assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

1. Significant Accounting Policies: (continued)

iii. Works of Art, and Historical Treasures:

The District manages and controls various works of art and non-operational historical cultural assets. These assets are not recorded as tangible capital assets and are not amortized due to the subjectivity of their value.

iv. Interest Capitalization:

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

v. Leased Tangible Capital Assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses incurred.

vi. Inventory of Supplies:

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

(i) 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. Adjustments, if any, will be reflected in operations in the period of settlement.

(j) Comparative Figures:

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

1. Significant Accounting Policies: (continued)

(k) Changes in Significant Accounting Policies:

On January 1, 2014, the District adopted PS3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis to January 1, 2014 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus to the District.

(l) Future Accounting Pronouncements:

A number of new standards and amendments to standards are not yet effective for the year ended December 31, 2016 and have not been applied in preparing these financial statements. Those expected to potentially impact the financial statements of the District 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, 2019. 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. PS2601 – Foreign Currency Translation:

This section revises and replaces the existing Section PS2600 Foreign Currency Translation. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

iii. PS1201 – Financial Statement Presentation:

This Section revises and replaces the existing Section PS1200 Financial Statement Presentation. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

iv. PS2200 – Related Party Disclosures:

This Section defined a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

1. Significant Accounting Policies: (continued)

v. PS3420 – Inter-entity transactions:

This section establishes how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

vi. PS3320 – Contingent Assets:

This section establishes disclosure standards on contingent assets. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

vii. PS3380 – Contractual Rights:

This section establishes disclosure standards on contractual rights. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

2. Financial Instruments:

The District's financial instruments consist of cash and investments, accounts receivable, taxes receivable, accounts payable and accrued liabilities, and deposits. The carrying amount of these financial instruments approximates their fair value because they are short-term in nature or because they bear interest at market rates.

Unless otherwise noted, it is management's opinion that the District is not exposed to significant interest or credit risks arising from these financial instruments.

3. Cash and Investments:

Cash and investments are comprised of cash on hand, cash on deposit at financial institutions and investments held in the Municipal Finance Authority of British Columbia investment funds.

	2016	2015
Cash	\$ 1,684,506	\$ 5,885,589
Investments	7,107,511	2,095,602
	\$ 8,792,017	\$ 7,981,191

District of Lantzville



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

3. Cash and Investments: (Continued)

Cash deposited at the Coastal Credit Union earns interest at a rate in the range of prime minus 1 to 2%. Investments consist of short-term investments in the Municipal Finance Authority of BC money market fund and bond funds as well as Guaranteed Investment Certificates with various financial institutions. Investments have yields ranging from 0.79% to 1.95%

Included in cash and cash equivalents and investments are the following restricted amounts:

	2016	2015
Statutory reserves	\$ 3,696,588	\$ 3,282,459
Restricted investments – development cost charges	362,756	394,223
	\$ 4,059,344	\$ 3,676,682

4. Deferred Revenue:

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

	2016	2015
Community Works (Gas Tax) Funds	\$ 1,339,121	\$ 1,124,604
Development Cost Charges	362,756	394,223
Other Deferred Revenue	49,528	48,328
	\$ 1,751,405	\$ 1,567,155

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:

District of Lantzville



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

4. Deferred Revenue: (continued)

	2015	Receipts	Interest	Eligible Expense	2016
Water	\$ 115,291	\$ 3,894	\$ 1,003	\$ -	\$ 120,188
Sewer	48,765	6,182	487	-	55,434
Drainage	66,286	4,723	630	-	71,639
Highway Facilities	96,391	3,871	894	56,861	44,295
Parkland	67,490	3,081	629	-	71,200
	\$ 394,223	\$ 21,751	\$ 3,643	\$ 56,861	\$ 362,756

5. Employee Future Benefit Obligations:

Employee benefit obligations represent accrued benefits as follows:

	2016	2015
Vacation payable	\$ 18,503	\$ 9,618
Accrued sick leave	50,349	46,429
	\$ 68,852	\$ 56,047

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.

Municipal Pension Plan

The District and its employees contribute to the Municipal Pension Plan (“the Plan”), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of the benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local government.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

5. Employee Future Benefit Obligations (continued):

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation of the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$66,291 (2015 - \$53,873) for employer contributions, while employees contributed \$59,306 (2015 - \$50,561) to the Plan in fiscal 2016.

The next valuation will be at December 31, 2018 with results available in 2019.

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.

6. Tangible Capital Assets (Schedule A):

(a) Assets under construction:

Assets under construction having a value of \$525,531 (2015 - \$88,754) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed capital assets received during the year is \$nil (2015 - \$nil)

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset has been recognized at a nominal value.

(d) Write-down of tangible capital assets:

Tangible capital assets having a value of \$nil (2015 - \$130) have been written down during the year.

District of Lantzville



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

7. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2016	2015
Equity in Tangible Capital Assets	\$ 31,987,775	\$ 32,164,539
Unrestricted General Fund Surplus	2,777,624	2,918,812
Unrestricted Sewer Fund Surplus	(453,135)	(573,294)
Unrestricted Water Fund Surplus	668,535	666,096
Statutory Reserve Funds (Schedule B)	3,696,588	3,282,459
	\$ 38,677,387	\$ 38,458,612

Reserve funds are comprised of the statutory reserve funds shown in Schedule B.

8. Net Taxes Available for Municipal Purposes:

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

	2016	2015
Taxes:		
Property / parcel taxes	\$ 5,254,438	\$ 5,152,739
Payments in lieu of taxes	19,467	21,859
1% utility taxes	50,727	50,948
	5,324,632	5,225,546
Less taxes levied for other authorities:		
School District	1,882,129	1,847,599
School District - policing	207,466	202,303
Regional Hospital District	175,710	168,511
Regional District of Nanaimo	665,395	635,902
BC Assessment Authority	45,644	46,457
Municipal Finance Authority	162	150
	2,976,506	2,900,922
Net taxes available for municipal purposes	\$ 2,348,126	\$ 2,324,624

Net taxes available for municipal purposes includes \$171,109 for the Vancouver Island Regional Library (2015 - \$170,292).

District of Lantzville



NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

9. Government Grants and Transfers

	2016	2015
Operating transfers from provincial government:		
Strategic Communities Investment Fund Grant	\$ 435,290	\$ 458,991
Other	10,090	13,704
	\$ 445,380	\$ 472,695

10. 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

General government services includes all administrative aspects of the District including corporate administration, finance, human resources and legislated services to the residents of the District.

Transportation Services

Transportation services is comprised of annual maintenance of all municipally owned roads, storm drainage, sidewalks, street signs, street lighting, traffic signals and transportation vehicle fleet used to provide services to the District.

Protective Services

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

Solid Waste Collection

Solid waste management includes fees related to residential solid waste curbside collection services.

Community Development Services

Community development services includes land use planning, subdivision, development, and mapping.



District of Lantzville

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016 with comparative information for 2015

10. Expenditure by Object and Segment: (continued)

Recreation and Cultural Services

Recreation and Cultural Services is comprised of services meant to improve the health and development of citizens of Lantzville. This segment includes maintenance and development of all parks and green spaces within the District as well as the District's financial contribution to the services provided by the Vancouver Island Regional Library.

Sewer Services

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

Water Services

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

11. Commitments and Contingencies:

- (a) The Nanaimo Regional District ("RDN") debt, under provisions of the *Local Government Act*, is a direct, joint and several liability of the RDN and each member municipality within the RDN, including the District.
- (b) The District is a defendant in various lawsuits. The District records an accrual in respect to legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. 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.

12. Financial Plan Figures:

On November 14, 2016, Council adopted an amendment to the April 25, 2016, 2016 Financial Plan Bylaw No. 120 to increase budgeted surplus from \$375,201 to \$705,201 and increase capital expenditures from \$1,424,500 to \$2,173,472 due primarily to a change in expected timing of work on a capital project.

Financial Plan figures presented in these financial statements are based on the original 2016-2020 Financial Plan Bylaw as approved by Council on April 25, 2016. The chart below reconciles the approved budget to the amended budget figures.

	2016
Financial Plan Bylaw surplus for the year	\$ 375,201
Add:	
Nanaimo Water Interconnection Project	<u>330,000</u>
Adjusted Annual Surplus	\$ 705,201



District of Lantzville

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2016

	<u>Infrastructure</u>									2016	2015
	Land	Land Improvements	Buildings	Vehicles	Equipment	Roads	Sewer	Water	Assets Under Construction		
HISTORICAL COST:											
Opening Balance	\$ 8,799,199	\$1,079,400	\$1,931,158	\$ 1,875,638	\$ 468,089	\$ 11,645,404	\$ 8,501,781	\$ 6,006,451	\$ 88,754	\$ 40,395,874	\$ 39,551,797
Additions	-	-	66,140	-	60,785	14,640	-	-	502,918	644,483	1,160,168
Disposal	-	(15,339)	-	(1)	(5,675)	(41,872)	-	-	(66,141)	(129,028)	(316,091)
Closing Balance, Dec 31	8,799,199	1,064,061	1,997,298	1,875,637	523,199	11,618,172	8,501,781	6,006,451	525,531	40,911,329	40,395,874
ACCUMULATED AMORTIZATION:											
Opening Balance	-	367,411	859,946	897,625	303,277	3,395,304	700,882	1,706,890	-	8,231,335	7,537,222
Additions	-	26,528	49,093	64,586	43,192	340,874	108,260	111,175	-	743,708	736,741
Disposal	-	(9,199)	-	(1)	(5,675)	(36,614)	-	-	-	(51,489)	(42,628)
Closing Balance, Dec 31	-	384,740	909,039	962,210	340,794	3,699,564	809,142	1,818,065	-	8,923,554	8,231,335
NET BOOK VALUE	\$ 8,799,199	\$ 679,321	\$ 1,088,259	\$ 913,427	\$ 182,405	\$ 7,918,608	\$ 7,692,639	\$ 4,188,386	\$ 525,531	\$ 31,987,775	\$ 32,164,539

Schedule A



District of Lantzville

SCHEDULE OF STATUTORY RESERVE FUNDS

For the year ended December 31, 2016

	Winter Road Maintenance	Capital Works	Asset Replacement	Fire Truck	Park Development	Park Acquisition	Asset Replacement	Asset Replacement	2016 Total	2016 Financial Plan	2015
	GENERAL FUND						SEWER FUND		WATER FUND		
Opening balance	\$ 26,338	\$ 1,187,600	\$ 640,031	\$ 130,723	\$ 278,892	\$ 36,343	\$ 206,356	\$ 776,176	\$ 3,282,459	\$ 3,282,459	\$ 3,274,579
Transfers in	26,463	484,864	48,421	100,001	-	-	26,000	236,300	922,049	894,088	886,201
Interest earned	395	14,979	6,044	1,772	2,502	327	2,013	7,783	35,815	-	25,242
Transfers out	(35,671)	(184,114)	(46,108)		(21,342)	-	-	(256,500)	(543,735)	(1,154,675)	(903,563)
Closing balance	\$ 17,525	\$ 1,503,329	\$ 648,388	\$ 232,496	\$ 260,052	\$ 36,670	\$ 234,369	\$ 763,759	\$ 3,696,588	\$ 3,021,872	\$ 3,282,459

Schedule B



District of Lantzville

SCHEDULE OF STATUTORY SEGMENT DISCLOSURES

For the year ended December 31, 2016

	General Government Services	Transportation Services	Protective Services	Solid Waste Collection	Recreation and Cultural Services	Community Development Services	Sewer	Water	2016	2016 Financial Plan
REVENUE										
Taxation	\$ 672,427	\$ 459,433	\$ 286,464	\$ -	\$ 371,361	\$ 45,673	\$ 188,378	\$ 324,390	\$ 2,348,126	\$ 2,333,526
Sales and services	-	-	-	182,090	-	-	192,876	318,221	693,187	671,827
Grants and government transfers	182,347	120,166	74,926	-	55,995	11,946	-	-	445,380	781,250
Investment income	75,677	-	-	-	-	-	2,824	4,646	83,147	60,600
Penalties and fines	29,225	-	-	-	-	-	3,074	5,625	37,924	29,380
Net Gain on Sale	1	-	-	-	-	-	-	-	1	-
Development charges earned	-	56,861	-	-	-	-	-	-	56,861	88,825
Contributions from developers and others	2,460	-	-	-	-	-	-	-	2,460	-
Other revenue from own sources	32,630	-	17,351	-	13,640	23,050	-	50	86,721	105,770
	994,767	636,460	378,741	182,090	440,996	80,669	387,152	652,932	3,753,807	4,071,178
EXPENSES										
Salaries, wages and benefits	657,212	82,127	155,072	-	81,871	68,168	33,162	130,251	1,207,863	1,192,370
Materials and supplies	45,790	98,709	99,022	-	19,811	-	81,449	28,269	373,050	421,729
Contracted services	177,890	5,170	78,348	176,537	2,209	-	7,749	79,081	526,984	610,904
Other	113,461	196,900	66,355	4,016	197,113	2,547	56,443	46,592	683,427	739,974
Amortization	46,870	359,249	91,371	-	27,114	-	110,185	108,919	743,708	731,000
	1,041,223	742,155	490,168	180,553	328,118	70,715	288,988	393,112	3,535,032	3,695,977
SURPLUS / (DEFICIT)	\$ (46,456)	\$ (105,695)	\$ (111,427)	\$ 1,537	\$ 112,878	\$ 9,954	\$ 98,164	\$ 259,820	\$ 218,775	\$ 375,201

Schedule C - 2016



District of Lantzville

SCHEDULE OF STATUTORY SEGMENT DISCLOSURES

For the year ended December 31, 2015

	General Government Services	Transportation Services	Protective Services	Solid Waste Collection	Recreation and cultural Services	Community Development Services	Sewer	Water	2015	2015 Financial Plan
REVENUE										
Taxation	\$ 655,065	\$ 461,690	\$ 272,030	\$ -	\$ 369,788	\$ 58,094	\$ 191,301	\$ 316,656	\$ 2,324,624	\$ 2,310,969
Sales and services	-	-	-	163,329	-	-	186,201	287,653	637,183	651,000
Grants and government transfers	238,934	83,138	88,088	-	35,658	21,389	1,552	3,936	472,695	469,090
Investment income	58,778	-	-	-	-	-	-	-	58,778	40,000
Penalties and fines	24,083	-	-	-	-	-	2,791	4,955	31,829	31,940
Contributions from developers and others	5,664	-	-	-	-	-	-	-	5,664	5,664
Other revenue from own sources	33,478	-	20,830	-	14,044	19,350	3,004	-	90,706	36,220
	1,016,002	544,828	380,948	163,329	419,490	98,833	384,849	613,200	3,621,479	3,544,883
EXPENSES										
Salaries, wages and benefits	620,288	83,502	96,984	-	70,198	62,060	30,743	135,190	1,098,965	1,102,550
Materials and supplies	64,253	63,417	91,551	225	22,250	-	81,231	70,111	393,038	522,145
Contracted services	105,858	4,765	72,216	162,443	2,199	-	2,650	20,062	370,193	377,006
Other	119,839	129,542	68,176	-	187,383	1,205	43,444	58,279	607,868	640,628
Amortization	43,366	361,816	83,726	-	26,914	-	110,185	110,734	736,741	731,000
	953,604	643,042	412,653	162,668	308,944	63,265	268,253	394,376	3,206,805	3,373,329
SURPLUS / (DEFICIT)	\$ 62,398	\$ (98,214)	\$ (31,705)	\$ 661	\$ 110,546	\$ 35,568	\$ 116,596	\$ 218,824	\$ 414,674	\$ 171,554

Schedule C – 2015

STATISTICAL INFORMATION

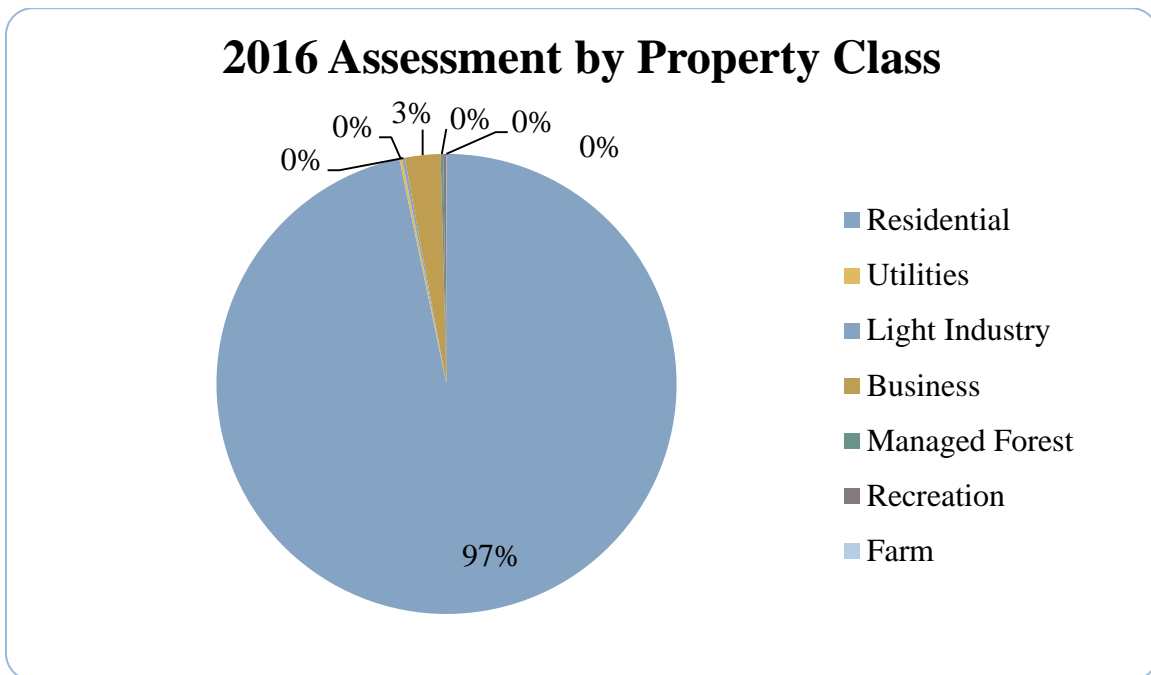
(UNAUDITED)

DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TAXABLE ASSESSMENTS OF LAND AND IMPROVEMENTS 2012-2016 (IN THOUSANDS)

Property Class	2012	2013	2014	2015	2016
Residential	713,803	674,822	682,914	682,719	738,172
Utilities	1,446	1,454	1,517	1,459	1,484
Light Industry	1,548	1,479	1,417	1,730	1,441
Business	19,759	18,780	18,812	19,084	19,079
Managed Forest	1,202	1,227	1,120	1,245	1,360
Recreation	1,632	1,627	1,684	1,748	1,658
Farm	110	105	106	101	101
	739,500	699,494	707,570	708,086	763,295

Source: BC Assessment

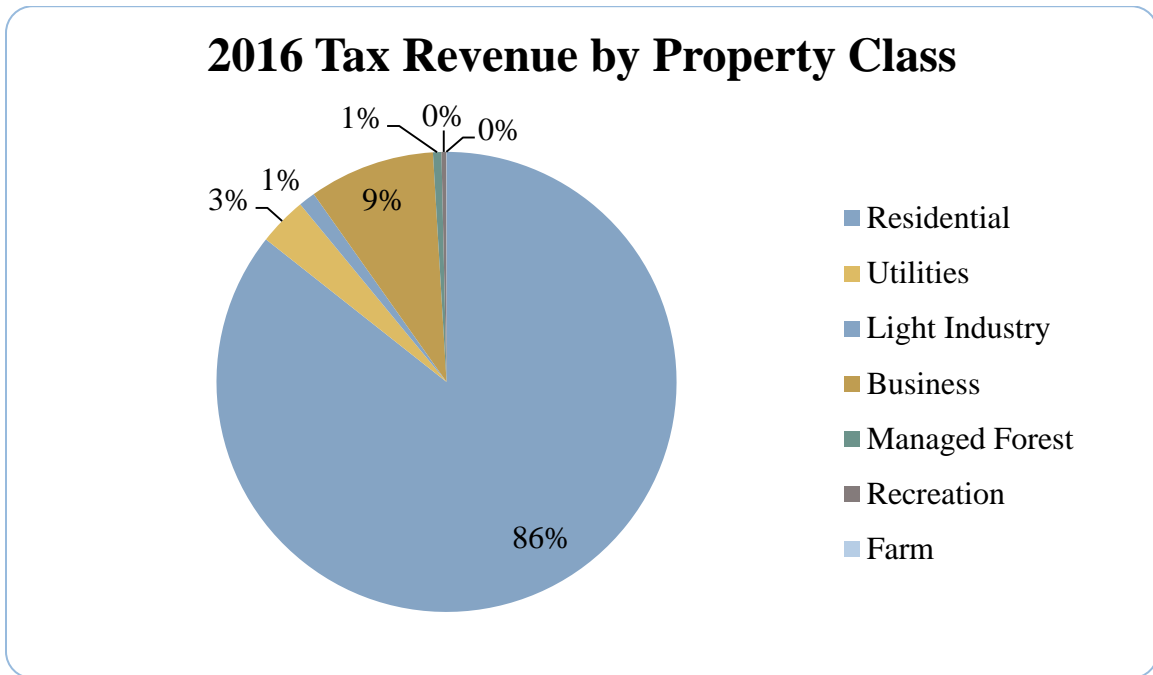


DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TAX REVENUE BY PROPERTY CLASS 2012-2016

Property Class	2012	2013	2014	2015	2016
Residential	1,209,182	1,239,175	1,282,377	1,315,053	1,348,714
Utilities	52,784	52,560	54,648	52,220	53,537
Light Industry	18,359	19,012	18,619	23,323	18,426
Business	133,888	137,944	141,302	147,040	139,440
Managed Forest	7,636	8,449	7,887	8,993	9,318
Recreation	4,838	5,228	5,532	5,892	5,301
Farm	241	251	259	254	241
	<u>1,426,927</u>	<u>1,462,620</u>	<u>1,510,624</u>	<u>1,552,774</u>	<u>1,574,978</u>

Source: District of Lantzville Finance Department

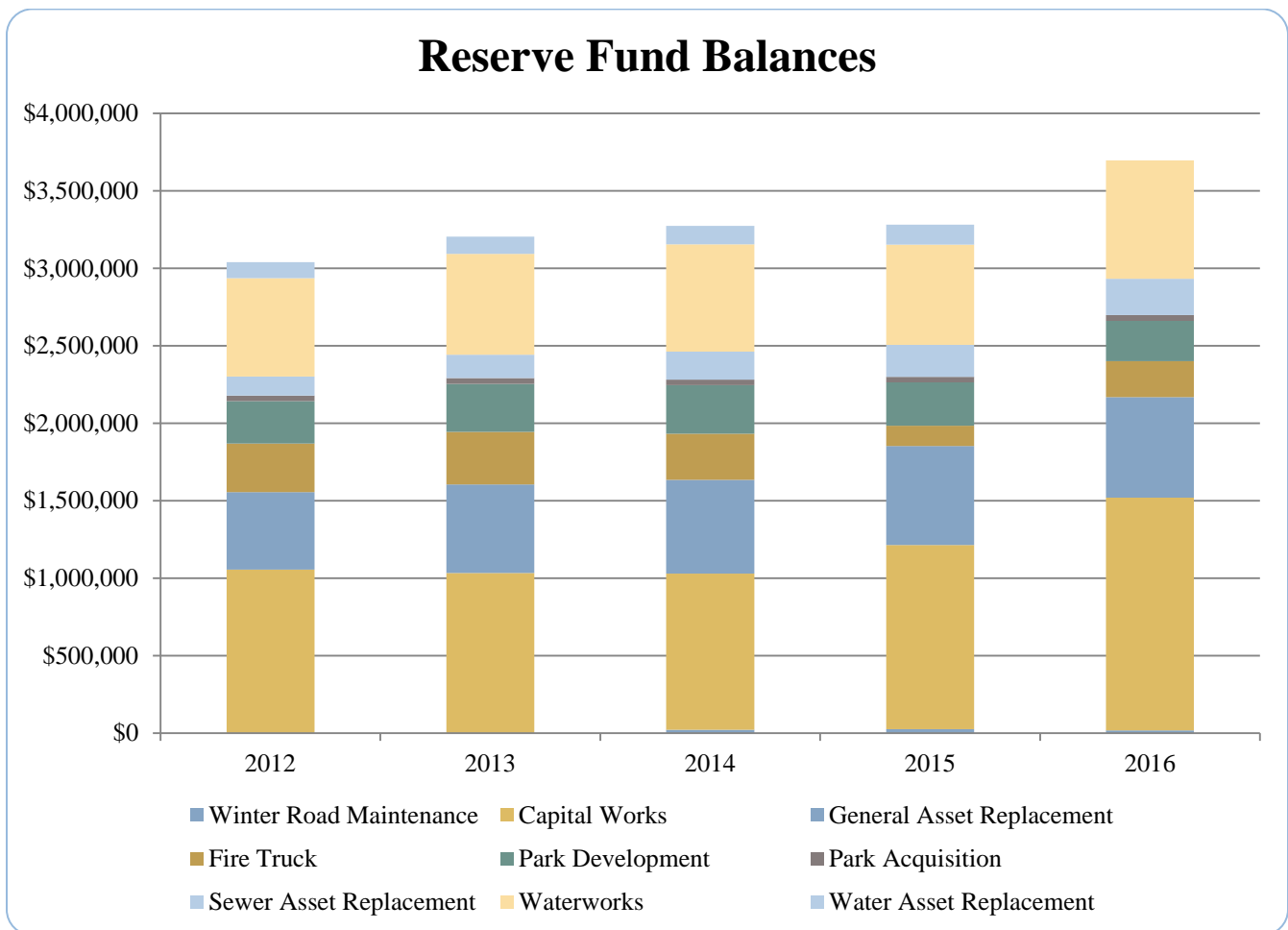


DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

RESERVE FUND BALANCES 2012-2016

	2012	2013	2014	2015	2016
Winter Road Maintenance	-	-	21,154	26,338	17,525
Capital Works	1,055,305	1,033,560	1,008,377	1,187,660	1,503,329
General Asset Replacement	499,517	571,085	605,180	640,031	648,388
Fire Truck	313,941	340,136	298,901	130,723	232,496
Park Development	273,727	310,298	313,091	278,892	260,052
Park Acquisition	35,446	35,761	36,083	36,343	36,670
Sewer Asset Replacement	124,285	151,507	178,988	206,356	234,369
Waterworks	635,360	650,750	692,727	646,933	763,759
Water Asset Replacement	101,504	110,744	120,078	129,243	-
	<u>3,039,085</u>	<u>3,203,841</u>	<u>3,274,579</u>	<u>3,282,459</u>	<u>3,696,588</u>

Source: District of Lantzville Finance Department



DEBENTURE DEBT

The District of Lantzville has not carried Debenture Debt during the prior five years

DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TAXES COLLECTED FOR OTHER AGENCIES 2012-2016

	2012	2013	2014	2015	2016
School	1,902,284	1,846,321	1,867,136	1,847,599	1,882,129
Regional Hospital	169,597	166,031	168,666	168,511	175,710
RDN	594,556	567,491	598,711	635,902	665,395
Policing	181,324	191,668	197,547	202,303	207,466
BC Assessment	48,850	47,095	48,025	46,457	45,644
MFA	157	148	150	150	162
	<u>2,898,780</u>	<u>2,820,767</u>	<u>2,882,249</u>	<u>2,900,922</u>	<u>2,976,506</u>

Source: District of Lantzville Finance Department

ACCUMULATED SURPLUS 2012-2016

	2012	2013	2014	2015	2016
Accumulated Surplus	<u>37,327,480</u>	<u>37,760,608</u>	<u>38,043,938</u>	<u>38,458,612</u>	<u>38,677,387</u>

Source: District of Lantzville Finance Department

DISTRICT OF LANTZVILLE
STATISTICAL INFORMATION

TOP 10 PRINCIPAL CORPORATE TAXPAYERS

Registered Owner	2016 Municipal Taxes Levied
FortisBC Energy (Vancouver Island) Inc	\$30,727
Telus Communications Inc	19,267
Lone Tree Properties Inc	18,182
Foillan Holdings Inc	16,315
Lantzville Projects Ltd	12,729
679048 BC Ltd	11,094
Winchelsea View Golf Course Ltd	10,189
Hogler Enterprises Ltd	9,443
Lantzville Hospitality Ltd	9,106
Datco Holdings Ltd Inc	8,807
Total Tax Contribution from Top 10 Taxpayers	\$145,859
Total Municipal Tax	\$1,574,977
Proportion of municipal tax paid by top ten	9.3%

Source: District of Lantzville Finance Department

OTHER INFORMATION

DISTRICT OF LANTZVILLE
REPORT ON PERMISSIVE TAX EXEMPTIONS
Amount of Municipal Property Taxes that would have been imposed if no tax exemption
2016

2016 PERMISSIVE TAX EXEMPTIONS

Roll #	Civic Address	Owner	Lessee - Occupant	2016 Taxation Exemption	General Municipal Taxes
350 07917.000	7113 Lantzville Road	Anglican Synod Diocese of BC	St. Phillip's by the Sea Anglican Church	262,533	\$ 840
350 07945.100	7244 Lantzville Road (Church)	District of Lantzville	Seaside Community Society – Woodgrove Christian Community Church	268,100	857
350 07920.000	Lot 1, Plan 9671, DL 27G (School Road Tennis Courts – Parking Lot)	District of Lantzville		385,000	1,231
350 07906.500	7225 Lantzville Road	Seaview Centennial Branch #257 of the Royal Canadian Legion		403,700	2,442
350 07919.500	7232 Lantzville Road (Costin Hall)	District of Lantzville	Seaside Community Society	556,000	4,064
351 19458.008	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	71,800	2,591
350 19459.009	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	20,900	754
350 19459.012	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	14,800	534
350 19459.014	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	61,100	2,205
350 19459.017	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	60,100	2,168
350 19459.018	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	81,800	2,951
350 19459.019	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	81,000	2,951
350 19460.003	Railways within District boundaries	Island Corridor Foundation	Island Corridor Foundation	18,300	660
					\$ 24,220

2016 Annual Municipal Report

DECLARATION OF DISQUALIFICATION FROM OFFICE

NIL REPORT

June 9, 2017

No declaration has been made for any Council or former Council member to be disqualified from office under section 111 of the *Community Charter*.



Trudy Coates _____
Director of Corporate Administration



DISTRICT OF LANTZVILLE

District of Lantzville
7192 Lantzville Road, P.O. Box 100
Lantzville, BC V0R 2H0

www.lantzville.ca