

TOWN OF LADYSMITH
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014
AUDITED



LADYSMITH

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DECEMBER 31, 2014

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Ladysmith and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting standards.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

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

MNP LLP as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian Auditing Standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian Public Sector Accounting Standards.



Ruth Malli, C.P.A., C.G.A.
Chief Administration Officer

Independent Auditors' Report

To the Mayor and Council of the Town of Ladysmith:

We have audited the accompanying consolidated financial statements of the Town of Ladysmith, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, cash flows and changes in net financial assets and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Ladysmith as at December 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Nanaimo, British Columbia

April 27, 2015

MNP LLP
Chartered Accountants

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
Financial Assets		
Cash and short term deposits (Note 3)	\$ 12,790,890	\$ 12,591,022
Accounts receivable (Note 4)	<u>4,175,786</u>	<u>2,900,746</u>
	<u>16,966,676</u>	<u>15,491,768</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	1,734,074	1,562,524
Post-employment benefits (Note 6)	276,300	225,900
Deferred revenue (Note 7)	311,057	229,240
Refundable deposits and other (Note 8)	333,530	396,242
Restricted reserves - other (Note 9)	480,150	474,213
Development cost charge reserve (Note 9)	1,477,171	1,517,690
Federal gas tax reserve (Note 11)	976,699	854,988
Obligations under capital lease (Note 12 & Schedule I)	558,406	575,566
Debenture debt (Note 13 & Schedule II)	<u>3,231,518</u>	<u>3,476,347</u>
	<u>9,378,906</u>	<u>9,312,710</u>
Net Financial Assets	<u>7,587,770</u>	<u>6,179,058</u>
Non-Financial Assets		
Tangible Capital Assets (Schedule X & XI)	80,163,285	77,877,676
Prepays	101,293	118,649
Inventory	<u>74,824</u>	<u>84,075</u>
	<u>80,339,402</u>	<u>78,080,400</u>
Accumulated Surplus (Note 18)	<u><u>\$ 87,927,172</u></u>	<u><u>\$ 84,259,458</u></u>

Commitments and Contingencies (Note 14)



 Director of Financial Services

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>Budget 2014 (Note 19)</u>	<u>2013</u>
Revenue			
Taxes - (Schedule III)	\$ 8,619,254	\$ 8,614,717	\$ 8,286,919
Fees and charges			
General (Schedule IV)	1,735,798	1,705,829	1,735,914
Sewer (Schedule IV)	741,877	711,437	718,265
Water (Schedule IV)	713,777	694,130	676,576
Investment Income	130,693	85,000	121,411
Penalty and interest on tax	123,986	122,000	123,620
Grants (Schedule VII)	3,504,463	5,281,777	1,375,509
Donations and contributed property	143,043	268,500	24,636
Gain (loss) on foreign exchange	95,762	-	-
Gain (loss) on disposal of tangible capital assets	(35,830)	-	(43,587)
Development fees	111,625	111,625	108,075
Local area improvements	8,922	8,922	8,922
Gas tax funds utilized	261,684	250,000	81,225
	<u>16,155,052</u>	<u>17,853,937</u>	<u>13,217,485</u>
Expenses			
General government services	2,240,654	2,280,326	2,103,832
Protective services	1,805,295	1,957,313	1,820,194
Transportation services	2,166,675	2,275,473	2,138,016
Garbage services	454,278	534,456	462,974
Cemetery services	23,999	28,505	23,953
Development services	567,200	971,315	557,198
Recreation and cultural services	2,343,122	2,409,110	2,218,835
Parks operation services	836,094	880,617	867,892
Sewer	1,074,454	1,410,747	983,611
Water	975,569	1,143,529	829,808
	<u>12,487,339</u>	<u>13,891,391</u>	<u>12,006,313</u>
Annual Surplus (Deficit)	3,667,714	3,962,546	1,211,172
Accumulated Surplus, beginning of year	<u>84,259,458</u>	<u>84,259,458</u>	<u>83,048,286</u>
Accumulated Surplus - end of year	<u>\$ 87,927,172</u>	<u>\$ 88,222,004</u>	<u>\$ 84,259,458</u>

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Operating Transactions		
Annual Surplus	\$ 3,667,714	\$ 1,211,172
Less non-cash items included in surplus:		
Amortization	2,436,345	2,528,284
Loss (gain) on disposal of tangible capital assets	35,830	43,587
Actuarial adjustments on debt debenture	(78,504)	(68,475)
Contributed Property	(110,215)	-
	<u>5,951,170</u>	<u>3,714,568</u>
Accounts receivable	(1,275,040)	(237,112)
Prepaid expenses	17,356	(19,815)
Inventory	9,251	(432)
Accounts payable and accrued liabilities	171,550	322,918
Post employment benefits	50,400	(21,300)
Deferred revenues	81,817	16,502
Refundable deposits and other	(62,712)	(20,395)
Restricted reserves	5,937	10,381
Development cost charge reserve	(40,519)	27,755
Gas tax reserve	121,711	179,611
Cash provided by operating transactions	<u>5,030,922</u>	<u>3,972,681</u>
Capital Transactions		
Proceeds on sale of tangible capital assets	6,429	129,986
Cash used to acquire tangible capital assets	(4,606,232)	(2,735,453)
	<u>(4,599,803)</u>	<u>(2,605,467)</u>
Financing		
Repayment of long-term debt	(231,251)	(215,761)
Net (Decrease) Increase in cash from financing	<u>(231,251)</u>	<u>(215,761)</u>
Increase in Cash and Short Term Deposits	199,867	1,151,453
Cash and Short Term Deposits - Beginning of Year	12,591,022	11,439,569
Cash and Short Term Deposits - End of Year	<u>\$ 12,790,890</u>	<u>\$ 12,591,022</u>

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2014

	2014	Budget 2014 (Note 19)	2013
Annual Surplus (Deficit)	\$ 3,667,714	\$ 3,962,546	\$ 1,211,172
Acquisition of tangible capital assets	(4,764,212)	(11,224,190)	(3,204,179)
Amortization of tangible capital assets	2,436,345	2,399,736	2,528,284
Loss (gain) on sale of tangible capital assets	35,830	-	43,587
Proceeds from sale of tangible capital assets	6,429	-	129,986
Decrease (Increase) in inventories	9,251	-	(433)
Decrease (Increase) in prepaids	17,356	-	(19,815)
	<u>1,408,712</u>	<u>(4,861,908)</u>	<u>688,602</u>
Change in Net Financial Assets			
Net Financial Assets (Net Debt), beginning of year	<u>6,179,058</u>		<u>5,490,456</u>
Net Financial Assets (Net Debt), end of year	<u>\$ 7,587,770</u>		<u>\$ 6,179,058</u>

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. General

The Town of Ladysmith was incorporated under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services in the Town, as governed by the Community Charter and the Local Government Act.

The notes to the consolidated financial statements are an integral part of these financial statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis of these statements. They also provide relevant supplementary information and explanations which cannot be expressed in the consolidated financial statements.

2. Significant Accounting Policies

(a) Basis of Presentation

It is the Town's policy to follow Canadian public sector accounting standards for local governments and to apply such principles consistently. The financial resources and operations of the Town have been consolidated for financial statement purposes and include the accounts of all of the funds of the Town.

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

The consolidated financial statements reflect the assets, liabilities, revenues and expenses and changes in fund balances and financial position of the Town. These consolidated financial statements consolidate the following operations:

<i>General Revenue Fund</i>	<i>General Capital Fund</i>
<i>Water Revenue Fund</i>	<i>Water Capital Fund</i>
<i>Sewer Revenue Fund</i>	<i>Sewer Capital Fund</i>
<i>Reserve Fund</i>	

(b) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Town. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Town. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Town. Interfund and intercompany balances and transactions have been eliminated. The controlled organizations include DL 2016 Holdings Corporation, a wholly owned subsidiary of the Town.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

2. Significant Accounting Policies (continued)

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Town does not capitalize interest charges as part of the cost of its tangible capital assets.

Tangible capital assets are amortized over their estimated useful life, with a half-year's provision in the year of acquisition, on the straight-line method at the following annual rates:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	15 to 75 years
Buildings	25 to 40 years
Equipment, Furniture and Vehicles	5 to 60 years

Engineering Structures

Roads and Sidewalks	20 to 75 years
Storm and Sewer	25 to 75 years
Water	20 to 80 years

Constructions in progress contain capital projects underway but not yet complete or put into use. Once put into use, the asset will be amortized based on the above annual rates for the applicable category of work performed.

Certain assets have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts that are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands and other natural resources are not recognized as tangible capital assets.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term deposits with maturities of three months or less from the date of acquisition, reported in Canadian funds using the exchange rate of the prescribed bank as of December 31.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

2. Significant Accounting Policies (continued)

(e) Restricted Reserves and Deferred Revenues

Receipts which are restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as restricted reserves. When qualifying expenses are incurred, restricted reserves are brought into revenue at equal amounts, in accordance with Revenue Recognition policy 2 (h). These revenues are comprised of the amounts shown in Note 9.

Revenues received from non-government sources in advance of expenses which will be incurred in a later period are deferred until the associated purchase or expense is incurred.

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Significant areas requiring the use of management estimates relate to the collectability of accounts receivable, deferred charges, accrued liability, post-employment benefits, provisions for contingencies and amortization rates, useful lives and salvage values for determining capital asset values. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

(g) Leases

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

Rental payments under operating leases are expensed as incurred.

The Town currently rents property at 132c and 33 Roberts Street for office space as well as 17 and 25 Roberts Street for a parking lot. Total lease payments expensed for the year were \$ 75,711. The operating leases are annual agreements, and the Town does not expect significant variation from the annual amounts in future years.

(h) Revenue Recognition

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Fees and charges revenue are recognized when the services are rendered. Investment income is accrued as earned. Gain (loss) on foreign exchange has been recognized in the Statement of Operations using the exchange rate in effect on December 31, 2014.

Other revenues are recognized when earned in accordance with the terms of the agreement, when the amounts are measurable and when collection is reasonably assured.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

2. Significant Accounting Policies (continued)

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. Grants and donations are recognized in the financial statements in the period which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability (deferred revenue). In such circumstances, the Town recognizes the revenue as the liability is settled.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

(i) 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 operations. 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.

(j) Inventory

Inventory is valued at the lower of cost and net realizable value, determined on an average cost basis.

(k) Recent Accounting Pronouncements

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements. PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Town has determined that no owned properties meet the criteria to recognize a liability for contaminated sites, therefore it expects no impact from adoption of PS3260.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

3. Cash and Short Term Deposits

Cash and short term deposits were comprised as follows:

	<u>2014</u>	<u>2013</u>
Cash	\$ 12,030,766	\$ 11,839,089
Short term deposits	760,124	751,933
	<u>\$ 12,790,890</u>	<u>\$ 12,591,022</u>

Included in Cash is a deposit of \$2,325,089 (the equivalent of \$2,035,089 US Funds based on the exchange rate at the Ladysmith and District Credit Union on December 31, 2014). Short term deposits consist of short term investments in the Municipal Finance Authority of B.C. money market fund. The market value is equal to the carrying value.

Included in cash and short term deposits are the following restricted amounts that can only be expended in accordance with the terms of the restricted reserves.

	<u>2014</u>	<u>2013</u>
Restricted reserves - other	\$ 480,150	\$ 474,213
Federal gas tax reserve	976,699	854,988
Development cost charges reserve	1,477,171	1,495,960
Total restricted cash	<u>\$ 2,934,020</u>	<u>\$ 2,825,161</u>

4. Accounts Receivable

	<u>2014</u>	<u>2013</u>
Property taxes	\$ 1,277,401	\$ 1,136,828
Other government	2,258,560	427,609
User fees and other	615,204	1,294,498
Development cost charges	-	21,730
Developer receivables	16,253	16,253
Employee receivables	8,369	3,828
	<u>\$ 4,175,786</u>	<u>\$ 2,900,746</u>

Development cost charges (DCC's) are collected on the approval of subdivision or the issuance of a building permit. These funds assist the Town in constructing capital improvements directly or indirectly related to the development. Development cost charges represent funds due from developers within two years and are secured by irrevocable standby letters of credit. No interest is charged on these outstanding installments.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

5. Accounts Payable and Accrued Liabilities

	<u>2014</u>	<u>2013</u>
General	\$ 1,284,364	\$ 1,241,444
Other governments	1,039	111
Salaries and wages	188,300	161,707
Contractor holdbacks	219,448	118,339
Accrued interest	<u>40,923</u>	<u>40,923</u>
	<u>\$ 1,734,074</u>	<u>\$ 1,562,524</u>

6. Post-Employment Benefits

The Town provides compensated absences to its employees to a maximum of 120 days. The Town also allows employees to defer unused vacation without any maximum. Any deferred vacation time remaining at retirement or termination is paid out at that time. The amount recorded for these benefits is based on an actuarial evaluation done by an independent firm using a projected benefit actuarial valuation method prorated on services. The last actuarial valuation was calculated at August 31, 2014 and has been extrapolated to December 31, 2014. The change in the liability in the financial statements in respect of obligations under the plan amounts to \$50,400. (2013 – \$21,300).

The accrued post-employment benefits are as follows:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 225,900	\$ 247,200
Current service costs	29,200	28,800
Benefits paid	(13,700)	(5,000)
Actuarial (gain)/loss	<u>34,900</u>	<u>(45,100)</u>
Balance, end of year	<u>\$ 276,300</u>	<u>\$ 225,900</u>

The significant actuarial assumptions adopted in measuring the Town's post-employment benefits are as follows:

	<u>2014</u>	<u>2013</u>
Discount Rate	3.10%	3.90%
Expected Inflation Rate and Wage & Salary Increases	2.50%	2.50%

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

7. Deferred Revenue

	<u>2014</u>	<u>2013</u>
Licence fees & charges	\$ 5,961	\$ 1,814
Rental payments	37,957	26,701
Prepaid property tax	163,609	101,590
Subdivision tree prepayment	35,105	35,105
Recreation prepayment	26,928	24,676
Utilities	26,102	31,857
Other	15,396	7,497
	<u>\$ 311,057</u>	<u>\$ 229,240</u>

8. Refundable Deposits and Other

	<u>2014</u>	<u>2013</u>
Developer performance deposits	\$ 159,780	\$ 207,112
Damage deposits	173,550	187,400
Other	200	1,730
	<u>\$ 333,530</u>	<u>\$ 396,242</u>

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

9. Restricted Reserves and Development Cost Charges Reserve

Restricted reserves include Development Cost Charges (DCC's) which are charged to developers and utilized for infrastructure development. There are two reserves, LRCA Capital and B&G Capital for the replacement of specific building components located at 630 2nd Avenue and 220 High Street.

Description	Balance Dec. 31, 2013	Interest	Contributions	Expenditures	Balance Dec. 31, 2014
DCC - Water	\$ 243,358	\$ 2,854	\$ 11,924	\$ -	\$ 258,136
DCC - Parks	258,724	2,948	8,791	-	270,463
DCC - Roads	520,273	5,268	14,519	(108,075)	431,984
DCC - Sewer	160,007	1,888	14,826	-	176,721
DCC - Storm	335,328	3,733	806	-	339,867
	<u>1,517,690</u>	<u>16,690</u>	<u>50,866</u>	<u>(108,075)</u>	<u>1,477,171</u>
Gas Tax	<u>854,988</u>	<u>9,348</u>	<u>374,048</u>	<u>(261,685)</u>	<u>976,699</u>
Parking	75,035	819	-	(3,550)	72,304
Green Streets	1,411	16	-	-	1,427
Amphitheatre	14,067	158	500	-	14,725
LRC - Capital	366,487	230	2,480	-	369,197
B&G - Capital	17,213	220	5,064	-	22,497
	<u>474,213</u>	<u>1,443</u>	<u>8,044</u>	<u>(3,550)</u>	<u>480,150</u>
TOTAL	<u>\$ 2,846,891</u>	<u>\$ 27,481</u>	<u>\$ 432,958</u>	<u>\$ (373,310)</u>	<u>\$ 2,934,020</u>

10. Financial Instruments

The Town as part of its operations carries a number of financial instruments. It is management's opinion the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

11. Federal Gas Tax Reserve

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Town and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. The funds are recorded on the financial statements as a restricted reserve.

	2014	2013
Opening balance of unspent funds	\$ 854,988	\$ 675,377
Add: Amounts received during the year	374,048	252,620
Interest earned	9,348	8,216
Less: Gas tax funds utilized	(261,685)	(81,225)
Closing balance of unspent funds	\$ 976,699	\$ 854,988

12. Obligations under Capital Lease

There are six leases payable to the Municipal Finance Authority. The future minimum lease payments, including PST, under the capital lease obligation are as follows:

2015	\$ 112,384
2016	60,682
2017	48,364
2018	333,468
2019	3,509
Thereafter	0

Debt interest, less actuarial adjustments in the consolidated statement of financial activities, is calculated as \$10,812 (2013 - \$9,058).

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

12. Obligations under Capital Lease (continued)

The Town has entered into capital leases for the following purchases:

- 1) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on September 28, 2010, for the purchase of a fire truck. Under the terms of the agreement the Town has prepaid \$97,000. The remaining obligation will be repaid with monthly lease payments in the amount of \$773 including interest at 1.75% per annum. The balance of the capital lease at December 31, 2014, which is included in obligation under capital leases, is \$51,091. Lease to expire September 2015. (2013 - \$59,905)
- 2) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on August 2011 for the purchase of a Photocopier. The remaining obligation will be repaid with monthly lease payments in the amount of \$329 including interest at 2.0% per annum. The balance of the capital lease at December 31, 2014, which is included in obligation under capital leases, is \$6559. Lease to expire July 2016. (2013 - \$10,611)
- 3) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on April 2012 for the purchase of a 4X4 fire truck. The remaining obligation will be repaid with monthly lease payments in the amount of \$1,381 including interest at 2.0% per annum. The balance of the capital lease at December 31, 2014, which is included in obligation under capital leases, is \$41,870. Lease to expire May 2017. (2013 - \$58,585)
- 4) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on June 2012 for the purchase of a photocopier. The remaining obligation will be repaid with monthly lease payments in the amount of \$111 including interest at 2.0% per annum. The balance of the capital lease at December 31, 2014, which is included in obligation under capital leases, is \$3,587. Lease to expire July 2017. (2013 - \$4,928)
- 5) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on March 28, 2013 for the purchase of a fire truck. The remaining obligation will be repaid with monthly lease payments in the amount of \$2,718 including interest at 2.0% per annum. The balance of the capital lease at December 31, 2014, which is included in obligation under capital leases, is \$406,075. Lease to expire March 2018. (2013 - 432,570)
- 6) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on February 2, 2014 for the purchase of a photocopier. The remaining obligation will be repaid with monthly lease payments in the amount of \$147 including interest at 2.0% per annum. The balance of the capital lease at December 31, 2014, which is included in obligation under capital leases, is \$7,546. Lease to expire February 2019. (2013 - \$8,967)
- 7) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on April 25, 2014 for the purchase of fitness equipment. The remaining obligation will be repaid with monthly lease payments in the amount of \$782 including interest at 2.0% per annum. The balance of the capital lease at December 31, 2014, which is included in obligation under capital leases, is \$41,678. Lease to expire April 2019.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

13. Debenture Debt

The total long term debt issued and outstanding as at December 31, 2014 was \$3,231,518 (\$3,476,347 as at December 31, 2013). There is an additional \$10 million dollars authorized to fund the upgrade of the Waste Water Treatment Plant. The following principal amounts are payable over the next five years. .

Principal repayments

	2015	2016	2017	2018	2019	Thereafter
General	\$ 137,656	\$ 66,033	\$ 66,033	\$ 66,033	\$ 66,033	\$ 792,395
Water	24,012	24,012	24,012	24,012	24,012	432,216
Sewer	4,657	-	-	-	-	-
	<u>\$ 166,325</u>	<u>\$ 90,045</u>	<u>\$ 90,045</u>	<u>\$ 90,045</u>	<u>\$ 90,045</u>	<u>\$ 1,224,611</u>

Actuarial sinking fund earnings

	2015	2016	2017	2018	2019	Thereafter
General	\$ 83,177	\$ 27,953	\$ 31,712	\$ 35,622	\$ 39,688	\$ 859,687
Water	1,959	2,998	4,079	5,202	6,371	378,131
Sewer	3,825	-	-	-	-	-
	<u>\$ 88,961</u>	<u>\$ 30,951</u>	<u>\$ 35,791</u>	<u>\$ 40,824</u>	<u>\$ 46,059</u>	<u>\$ 1,237,818</u>
	<u>\$255,286</u>	<u>\$120,996</u>	<u>\$125,836</u>	<u>\$130,869</u>	<u>\$136,104</u>	<u>\$2,462,429</u>

Debt interest, less actuarial adjustments in the consolidated statement of financial activities, is determined as follows:

	Interest	Actuarial Adjustment	2014 Net	2013 Net
Sewer - Interest	\$ 2,197	\$ 3,460	\$ (1,263)	\$ 77
Water - Interest	34,000	960	33,040	41,545
General - Interest	219,463	74,083	145,380	154,098
	<u>\$ 255,660</u>	<u>\$ 78,504</u>	<u>\$ 177,156</u>	<u>\$ 195,720</u>

14. Commitments and Contingencies

(a) Contingent Liabilities

- i) The Town, as a member of the Cowichan Valley Regional District, is jointly and severally liable for operational deficits or long term debt related to functions in which it participates.
- ii) The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet payments on its obligations it shall make payments from the Debt Reserve Fund which in turn is established by a similar Debt Reserve Fund in the Town and all other borrowing participants. If the Debt Reserve Fund is deficient the Authority's obligations become a liability of the regional district and may become a liability of the participating municipalities.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

14. Commitments and Contingencies (continued)

iii) Various claims have been made against the Town as at December 31, 2014 for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcomes of the lawsuits, now pending, are not determinable. As the outcomes are not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

(b) Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 76 contributors from the Town of Ladysmith.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1.37 billion funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan,

The Town of Ladysmith paid \$408,683 (\$377,728 - 2013) for employer contributions to the Plan in fiscal 2014.

(c) Reciprocal Insurance Exchange Agreement

The Town is a subscribed member of the Municipal Insurance Association of British Columbia (The "Exchange") as provided by Section 3.02 of the Insurance Act of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement the Town is assessed a premium and specific deductible for its claims based on population. The obligation of the Town with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, and not joint and several. The Town irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscriber may suffer.

15. Significant Taxpayers

The Town is reliant upon 10 taxpayers for approximately 21.19% (2013 – 21.80%) of the total property tax revenue which includes Western Forest Products at approximately 13.1% (2013 – 13.59%) of the total property tax revenue.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

16. Funds Held in Trust

These funds account for assets which must be administered as directed by agreement or statute for certain beneficiaries; in particular, these funds are for the Cemetery Trust Fund. In accordance with PSAB recommendations on financial statement presentation, trust funds are not included in the Town's Financial Statements. A summary of trust fund activities by the Town is as follows:

	<u>2014</u>	<u>2013</u>
Assets		
Cash and short term investment	<u>\$ 143,932</u>	<u>\$ 141,707</u>
Equity		
Opening balance	\$ 141,707	\$ 139,697
Interest	1,583	1,668
Transfer interest to fund cemetery costs	(1,583)	(1,668)
Contributions	2,225	2,010
Balance, end of year	<u>\$ 143,932</u>	<u>\$ 141,707</u>

17. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

18. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	<u>2014</u>	<u>2013</u>
Unappropriated equity	\$ 3,301,039	\$ 2,461,781
Appropriated equity (Schedule V)	7,422,629	7,131,815
	10,723,667	9,593,596
 Capital Funds		
General capital fund	113,288	112,067
Sewer capital fund	834	834
Water capital fund	595,935	607,883
	710,057	720,784
 Reserve Funds		
Reserve funds (Schedule V)	120,633	119,315
Equity in Tangible Capital Assets	76,372,814	73,825,763
Total Accumulated Surplus	<u>\$ 87,927,172</u>	<u>\$ 84,259,458</u>

19. Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 12, 2014.

The Financial Plan anticipated the use of surpluses accumulated in previous years to balance against current year expenses in excess of current year revenues. In addition, the Financial Plan anticipated capital expenses rather than amortization expense.

The following shows how these amounts were combined:

Financial Plan Balance for the year	\$	-
Add back:		
Amortization		(2,399,736)
Proceeds from new debt		(4,060,000)
Transfers to/from own funds		(1,273,759)
Less:		
Principal payments on debt		471,851
Capital expenditures per budget		12,091,690
Capital Expenditures expensed according to Tangible Capital Asset Policy		(867,500)
Adjusted Annual Surplus		<u>\$ 3,962,546</u>

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

20. DL 2016 Holdings Corporation (“DL 2016”)

The Town of Ladysmith has an investment in DL 2016 Holdings Corporation, a wholly owned subsidiary company of the Town.

The Town of Ladysmith leases portions of its waterfront from the Province of British Columbia parts of which are subleased to DL 2016 for use as a marina.

DL 2016 has entered into operation and maintenance agreement and a license agreement with the Ladysmith Maritime Society (LMS) for the operation and management of the lease area.

Pursuant to these agreements DL 2016 could provide security for debt financing in order for LMS to implement capital improvements to the lease area.

21. Segmented Information

The Town is a diversified municipal government institution that provides a wide range of services to its citizens such as roads, water, sewer and drainage infrastructure, fire protection, police protection (RCMP), cemetery, recreation centre, garbage collection and parkland. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

The City Manager is the liaison between Council and the Town departments and staff. The Corporate Services Department supports the legislated activities of Council, and provides information to citizens with respect to Council/Committee processes, reporting procedures and decisions, and Town activities. Also included in General Government Services is the Finance Department, Information Technology and Human Resources.

Protective Services

Protection is comprised of fire protection, policing, bylaw enforcement and building inspection.

- Bylaw enforcement administers, monitors, and seeks compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the Town of Ladysmith.
- Fire protection is provided by the fire department, whose volunteer members receive compensation for each callout in which they take part.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

21. Segmented Information (Continued)

- Policing is provided under contract with the RCMP operating from a detachment building located in and owned by the Town of Ladysmith.
- The Town of Ladysmith's Development Services and Public Works Departments work together to regulate all construction within the Town. This is achieved through the use of the Town of Ladysmith's Building and Plumbing Bylaw, the British Columbia Building Code, the British Columbia Fire Code and other related bylaws and enactments with the Town of Ladysmith.

Transportation, Garbage and Cemetery

The Transportation (Public Works) Department is responsible for the infrastructure of the Town:

- Ensuring clean and safe water to the Town, supplied through underground pipes and reservoirs,
- Maintaining a separate system of underground pipes to collect sewer or waste water for proper treatment prior to discharging it,
- Providing and maintaining the Town's roads, sidewalks, street lights, signage and line markings, storm drainage and hydrants,
- Providing other key services including street cleaning and the operation of a local bus service.

Garbage Services (Public Works) is responsible for the garbage collection and compost and recycling programs operating in the Town of Ladysmith. Garbage and recycling collection is performed by a contractor.

Cemetery (Public Works) Department provides cemetery services including the maintenance of the cemetery grounds.

Development

The Development Services Department provides short-term and long-term land use planning services.

- Long-term Planning includes work with the community on reviewing the Town's Official Community Plan, developing new Neighbourhood Plans, the Trail Plan and the review of relevant bylaws.
- Short term Planning includes the processing of development applications.

These notes form an integral part of these financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

21. Segmented Information (Continued)

Recreation and Culture

The Parks, Recreation and Culture Department contribute to the quality of life and personal wellness of the community through the provision of a variety of special events, programs, services and facilities. The Frank Jameson Community Centre is the location where the majority of the programs are offered.

Parks

Parks includes and provides maintenance of beach area, trails, golf course, spray-park, ball parks, and any other civic grounds.

Water

Water includes all of the operating activities related to the treatment and distribution of water throughout the Town.

Sewer

Sewer includes all of the operating activities related to the collection and treatment of waste water (sewage) throughout the Town.

22. Subsequent Events

Subsequent to year end, the Town borrowed \$1,000,000 on the approved \$10,000,000 loan through the Municipal Finance Authority for the construction of the third phase of the wastewater treatment plant.

TOWN OF LADYSMITH
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE I

	<u>Term</u>	<u>Original Amount</u>	<u>Balance Dec 31, 2013</u>	<u>Principal Payments</u>	<u>Net Interest ⁽¹⁾</u>	<u>Balance Dec 31, 2014</u>	<u>Interest Rate</u>
Spartan Fire Truck	2010-15	\$ 312,258	\$ 59,905	\$ 8,886	\$ 1,044	\$ 51,091	4.02%
City Hall Copier	2011-16	19,780	10,611	4,064	164	6,559	2.00%
Fire Bush Truck	2012-17	83,652	58,585	16,781	952	41,870	2.00%
Spartan Fire Truck	2013-18	452,066	432,570	27,045	7,859	406,075	2.00%
P.W. Copier	2012-17	6,748	4,928	1,348	81	3,587	2.00%
Ricoh Copier - FJCC	2014-19	8,967	8,967	1,431	141	7,546	2.00%
Fitness Equip - FJCC	2014-19	47,765		6,127	571	41,678	2.00%
		<u>\$ 931,236</u>	<u>\$ 575,566</u>	<u>\$ 65,682</u>	<u>\$ 10,812</u>	<u>\$ 558,406</u>	

(1) Interest, net of actuarial adjustments

TOWN OF LADYSMITH
SCHEDULE OF DEBENTURE DEBT
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE II

	<u>Issue #</u>	<u>Term</u>	<u>Original Amount</u>	<u>Balance Dec 31, 2013</u>	<u>Principal Payments</u>	<u>Net Interest ⁽¹⁾</u>	<u>Balance Dec 31, 2014</u>	<u>Interest Rate</u>		
<u>General Capital Fund</u>										
	2000	First Avenue	73	2000-15	\$ 1,438,000	\$ 255,306	\$ 124,844	\$ 38,092	\$ 130,462	6.35%
	2006	RCMP Building	97	2006-31	2,750,000	2,228,452	86,895	107,288	2,141,557	4.66%
<u>Water Capital Fund</u>										
	2012	Water Improvements	118	2012-37	\$ 1,000,000	\$ 975,988	\$ 24,972	\$ 33,040	\$ 951,016	3.40%
<u>Sewer Capital Fund</u>										
	2000	Sewer Improvements	72	2000-15	\$ 93,500	\$ 16,601	\$ 8,117	(1,263)	\$ 8,484	6.45%
					<u>\$ 5,281,500</u>	<u>\$ 3,476,347</u>	<u>\$ 244,829</u>	<u>\$ 177,156</u>	<u>\$ 3,231,518</u>	

⁽¹⁾ Interest, net of actuarial adjustments

TOWN OF LADYSMITH
SCHEDULE OF TAX REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE III

	Actual 2014	Budget 2014	Actual 2013
General Taxes			
General municipal purposes	\$ 7,022,129	\$ 7,022,170	\$ 6,773,970
Grants in lieu and 1% utility tax	165,983	165,163	158,857
Water and sewer parcel tax	1,431,141	1,427,384	1,354,154
	<u>\$ 8,619,254</u>	<u>\$ 8,614,717</u>	<u>\$ 8,286,981</u>
 Collections for other governments:			
School district	\$ 3,028,714	\$ 3,024,870	\$ 3,032,020
Regional hospital district	642,775	641,896	570,051
Regional district	1,018,087	1,016,853	798,977
BCAA and MFA	85,103	84,997	85,446
Library	328,044	328,018	303,110
	<u>\$ 5,102,722</u>	<u>\$ 5,096,634</u>	<u>\$ 4,789,604</u>
 Less:			
Transmission of taxes levied for other agencies:			
School district	\$ 3,028,714	\$ 3,024,870	\$ 3,032,020
Regional hospital district	642,775	641,896	569,895
Regional district	1,018,087	1,016,853	798,845
BCAA and MFA	85,103	84,997	85,450
Library	328,044	328,018	303,456
	<u>\$ 5,102,722</u>	<u>\$ 5,096,634</u>	<u>\$ 4,789,666</u>
 Net Taxation	 <u>\$ 8,619,254</u>	 <u>\$ 8,614,717</u>	 <u>\$ 8,286,919</u>

TOWN OF LADYSMITH
SCHEDULE OF FEES & CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE IV

	<u>Actual 2014</u>	<u>Budget 2014</u>	<u>Actual 2013</u>
Licences and fines	\$ 81,540	\$ 76,675	\$ 76,826
Garbage services	595,863	553,000	516,384
General government services	124,753	70,365	174,123
Cemetery services	27,630	31,000	30,020
Recreation services	599,304	628,261	606,779
Permits and Fees	72,197	107,500	89,535
Protective Services	234,511	239,028	242,247
Water Utility Fees	713,777	694,130	676,576
Sewer Utility Fees	741,877	711,437	718,265
	<u>\$ 3,191,452</u>	<u>\$ 3,111,396</u>	<u>\$ 3,130,755</u>

TOWN OF LADYSMITH
CONTINUITY SCHEDULE OF RESERVES & APPROPRIATED EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE V

(Unaudited)

	Balance Dec. 31, 2013	Interest Allocated	Contributions	Funding	Balance Dec. 31, 2014
RESERVES					
Tax Sale	\$ 25,149	\$ 281	\$ -	\$ -	\$ 25,430
Perpetual Safety Fund	12,516	138	-	-	12,654
Sale Real Property	-	-	-	-	-
Amenity Funds	81,650	901	-	-	82,551
TOTAL RESERVES	\$ 119,315	\$ 1,320	\$ -	\$ -	\$ 120,635
APPROPRIATED EQUITY - OPERATIONS					
General Operating Fund					
Future Projects	1,074,888	-	456,727	504,387	1,027,229
Equipment	698,343	-	268,821	178,197	788,967
Land & Building	222,818	-	98,359	27,038	294,139
Tax Contingency	157,986	-	-	50,000	107,986
Snow & Ice Removal	25,000	-	20,000	15,000	30,000
Infrastructure Deficit	70,000	-	70,140	-	140,140
Multi-Materials BC Rebate	-	-	60,800	-	60,800
	<u>2,249,035</u>	<u>-</u>	<u>914,047</u>	<u>774,622</u>	<u>2,449,260</u>
Water Operating Fund					
Capital Expenditures	1,092,971	-	322,469	637,437	778,003
MFA Surplus Refunds	524,076	-	-	-	524,076
Total Water Operating Fund	<u>1,617,047</u>	<u>-</u>	<u>322,469</u>	<u>637,437</u>	<u>1,302,079</u>
Sewer Operating Fund					
Capital Expenditures	2,659,380	-	405,555	-	3,064,935
MFA Surplus Refunds	606,353	-	-	-	606,353
Total Sewer Operating Fund	<u>3,265,733</u>	<u>-</u>	<u>405,555</u>	<u>-</u>	<u>3,671,288</u>
TOTAL APPROPRIATED EQUITY	<u>\$ 7,131,815</u>	<u>\$ -</u>	<u>\$ 1,642,071</u>	<u>\$ 1,412,059</u>	<u>\$ 7,422,628</u>
TOTAL RESERVES AND APPROPRIATED EQUITY	<u>\$ 7,251,130</u>	<u>\$ 1,320</u>	<u>\$ 1,642,071</u>	<u>\$ 1,412,059</u>	<u>\$ 7,543,262</u>

TOWN OF LADYSMITH
SCHEDULE OF RESTRICTED RESERVES, RESERVES & EQUITY BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE VI

(Unaudited)

	Restricted Reserves	Allocated Reserves	Appropriated Equity	Unappropriated Equity	Capital Funds Equity	Total
General operating fund	\$ -	\$ -	\$ 2,449,261	\$ 430,529	\$ -	\$ 2,879,790
Water operating fund	-	-	1,302,079	560,810	-	1,862,889
Sewer operating fund	-	-	3,671,288	2,309,699	-	5,980,987
Reserve fund	480,150	120,634	-	-	-	600,784
General capital fund	-	-	-	-	113,288	113,288
Water capital fund	-	-	-	-	595,935	595,935
Sewer capital fund	-	-	-	-	834	834
Total	\$ 480,150	120,634	\$ 7,422,629	\$ 3,301,039	\$ 710,057	\$ 12,034,508

TOWN OF LADYSMITH
SCHEDULE OF GRANT REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE VII

	<u>Actual 2014</u>	<u>Budget 2014</u>	<u>Actual 2013</u>
Operating Grants			
Traffic Fines Revenue	\$ 31,650	\$ 31,676	\$ 31,530
Small Communities	295,191	297,041	297,041
CVRD Recreation	125,545	125,545	126,693
Other	16,138	7,365	28,131
	<u>468,524</u>	<u>461,627</u>	<u>483,395</u>
Capital Grants			
Waterfront Area Plan	\$ -	\$ 100,000	\$ -
Electric Charging Stations	-	-	16,207
Spray Park	-	-	11,868
Zoning Bylaw	23,660	23,000	65,741
Stz`uminus First Nation Cooperation Protocol	19,037	27,000	23,062
Frank Jameson Lighting	-	-	2,500
Frank Jameson Energy Upgrades	353,021	375,000	7,958
Age-Friendly Community Project	-	-	19,477
Brownfield	-	-	184
Wastewater Treatment Plant Upgrade	2,640,221	3,795,150	745,118
Public Works Composting	-	500,000	-
	<u>\$ 3,035,939</u>	<u>\$ 4,820,150</u>	<u>\$ 892,114</u>
	<u>\$ 3,504,463</u>	<u>\$ 5,281,777</u>	<u>\$ 1,375,509</u>

TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE VIII

	General Government 2014	Protective 2014	Transport Environment & Public Health 2014	Development 2014	Recreation & Culture 2014	Parks 2014	Water 2014	Sewer 2014	Total Actual 2014
REVENUE									
Tax	\$ 7,188,113						\$ 468,390	\$ 962,751	\$ 8,619,254
Fees & Charges	61,945	323,687	632,516	62,561	655,089		713,777	741,877	3,191,452
Investment income	127,922						2,772	-	130,693
Penalty & Interest on tax	123,986							-	123,986
Grants	312,515	31,650	8,836	24,091	487,151			2,640,221	3,504,463
Donations & contributed property			107,082	14,327	10,500	8,000		3,133	143,043
Gain (loss) on foreign exchange	95,762								95,762
Gain (loss) on disposal	(5,000)		(7,281)		(23,549)				(35,830)
Development fees			108,075	3,550				-	111,625
Local area improvements								8,922	8,922
Gas tax fund utilized			63,000		192,674	6,011	-	-	261,684
Total revenue	7,905,241	355,337	912,228	104,529	1,321,864	14,011	1,184,939	4,356,904	16,155,052
EXPENSES									
Contracted Services	277,283	979,731	707,416	190,715	216,757	36,316	199,302	143,206	2,750,726
Grants In Aid	98,156	11,000	-	-	-	-	-	-	109,156
Insurance	63,494	25,650	7,756	-	43,087	-	4,353	13,899	158,239
Interest	164	117,144	38,172	-	712	-	33,040	(1,263)	187,968
Materials & Supplies	34,475	92,376	119,298	7,049	105,344	85,655	36,198	97,799	578,194
Utilities & Telephone	9,920	20,390	11,931	4,201	44,979	380	2,880	9,544	104,226
Wages & Benefits	1,432,762	345,527	810,731	359,036	1,638,725	373,228	348,105	318,913	5,627,026
Other	134,334	44,146	108,629	6,198	74,975	89,106	27,447	50,624	535,459
Amortization	190,066	169,332	841,019	-	218,543	251,408	324,244	441,733	2,436,345
Total expenses	2,240,654	1,805,295	2,644,952	567,200	2,343,122	836,094	975,569	1,074,454	12,487,339
Surplus (Deficit)	\$ 5,664,587	\$ (1,449,958)	\$ (1,732,724)	\$ (462,671)	\$ (1,021,258)	\$ (822,083)	\$ 209,370	\$ 3,282,450	\$ 3,667,713

TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE IX

	General		Transport		Recreation &		Water	Sewer	Total
	Government	Protective	Environment &	Development	Culture	Parks			
	2013	2013	Public Health	2013	2013	2013			
REVENUE									
Tax	\$ 6,932,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394,900	\$ 959,254	\$ 8,286,919
Fees & charges	56,297	338,197	584,266	59,410	685,018	12,726	683,776	711,065	3,130,755
Investment income	103,189	-	-	-	-	-	18,214	8	121,411
Penalty & Interest on tax	123,620	-	-	-	-	-	-	-	123,620
Grants	297,225	31,530	26,113	99,891	163,763	11,868	-	745,119	1,375,509
Donations & contributed property	-	-	3,335	3,701	11,600	6,000	-	-	24,636
Gain (loss) on disposal	37,000	-	(78,325)	-	-	-	(2,262)	-	(43,587)
Development fees	-	-	108,075	-	-	-	-	-	108,075
Local area improvements	-	-	-	-	-	-	-	8,922	8,922
Gas tax funds utilized	8,415	-	12,266	-	2,653	-	-	57,892	81,225
Total revenue	7,558,511	369,727	655,730	163,002	863,034	30,594	1,094,628	2,482,260	13,217,485
EXPENSES									
Contracted Services	270,782	986,200	691,584	193,178	202,254	47,156	115,154	139,185	2,645,493
Grants In Aid	95,750	11,000	-	-	-	-	-	-	106,750
Insurance	69,168	24,853	10,697	-	32,355	-	3,917	12,508	132,104
Interest	239	119,344	43,573	-	-	-	41,545	76	204,777
Materials & Supplies	28,401	129,560	166,138	6,025	88,517	95,359	34,213	45,040	593,253
Utilities & Telephone	10,973	23,103	13,906	7,229	45,890	500	1,500	11,971	115,072
Wages & Benefits	1,318,869	324,321	642,442	343,936	1,556,538	392,746	310,869	303,143	5,192,864
Other	119,643	42,426	82,226	6,830	83,748	84,744	33,105	34,994	487,716
Amortization	190,007	159,387	995,771	-	209,532	247,387	289,505	436,695	2,528,284
Total expenses	2,103,832	1,820,194	2,624,943	557,198	2,218,834	867,892	829,808	983,612	12,006,313
Surplus (Deficit)	\$ 5,454,679	\$ (1,450,467)	\$ (1,969,213)	\$ (394,196)	\$ (1,355,800)	\$ (837,298)	\$ 264,820	\$ 1,498,648	\$ 1,211,172

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE X

	Land	Land Improvements	Buildings	Vehicles Furniture & Equipment	Linear Infrastructure				Assets Under Construction	2014 Total
					Transportation	Sanitary Sewer	Storm Sewer	Water		
COST										
Opening Balance	\$ 8,566,085	\$ 7,776,566	\$ 17,719,021	\$ 5,542,685	\$ 25,543,068	\$ 19,996,796	\$ 7,938,726	\$ 15,908,724	\$ 2,395,942	\$ 111,387,613
Add: Additions	-	184,366	1,988,628	230,549	333,487	-	201,939	465,700	2,734,450	6,139,119
Less: Disposals	-	-	22,857	67,575	-	-	16,951	-	1,374,905	1,482,288
Less: Write-downs	-	-	-	-	-	-	-	-	-	-
Closing Balance	8,566,085	7,960,932	19,684,792	5,705,659	25,876,555	19,996,796	8,123,714	16,374,424	3,755,487	116,044,444
ACCUMULATED AMORTIZATION										
Opening Balance		2,298,880	3,970,876	3,129,672	12,935,018	5,286,007	1,869,229	4,020,252		33,509,934
Add: Amortization		229,462	492,230	271,507	608,606	433,940	107,634	292,966		2,436,345
Less: Write-downs		-	-	-	-	-	-	-		-
Less: Acc. Amortization on Disposals		-	4,879	57,642	-	-	2,599	-		65,120
Closing Balance		2,528,342	4,458,227	3,343,537	13,543,624	5,719,947	1,974,264	4,313,218	0	35,881,159
Net Book Value, year ended December 31, 2014	\$8,566,085	\$5,432,590	\$15,226,565	\$2,362,122	\$12,332,931	\$14,276,849	\$6,149,450	\$12,061,206	\$3,755,487	\$80,163,285

Included in the tangible capital assets are leased assets with a total cost of \$931,236 (2013 - \$883,471) and accumulated amortization of \$144,607 (2013 - \$108,021).

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE XI

	Land		Buildings	Vehicles	Linear Infrastructure				Assets Under Construction	2013 Total
	Land	Improvements		Furniture & Equipment	Transportation	Sanitary Sewer	Storm Sewer	Water		
COST										
Opening Balance	\$8,566,083	\$7,716,115	\$17,645,455	\$5,341,424	\$25,525,101	\$19,938,904	\$7,938,726	\$15,703,689	\$299,765	\$108,675,262
Add: Additions	-	60,451	73,566	684,392	17,967	57,892	-	213,734	2,096,177	3,204,179
Less: Disposals	-	-	-	483,131	-	-	-	8,700	-	491,831
Less: Write-downs	-	-	-	-	-	-	-	-	-	-
Closing Balance	8,566,083	7,776,566	17,719,021	5,542,685	25,543,068	19,996,796	7,938,726	15,908,723	2,395,942	111,387,610
ACCUMULATED AMORTIZATION										
Opening Balance		2,071,823	3,514,845	3,161,375	12,194,945	4,853,230	1,763,248	3,740,442		31,299,908
Add: Amortization		227,057	456,031	280,118	740,073	432,777	105,981	286,247		2,528,284
Less: Write-downs		-	-	-	-	-	-	-		-
Less: Acc. Amortization on Disposals		-	-	311,821	-	-	-	6,437		318,258
Closing Balance		2,298,880	3,970,876	3,129,672	12,935,018	5,286,007	1,869,229	4,020,252	0	33,509,934
Net Book Value, year ended December 31, 2013	\$8,566,083	\$5,477,686	\$13,748,145	\$2,413,013	\$12,608,050	\$14,710,789	\$6,069,497	\$11,888,471	\$2,395,942	\$77,877,676