



# TOWN OF LADYSMITH

A SPECIAL MEETING OF THE  
COUNCIL OF THE TOWN OF LADYSMITH  
WILL BE HELD IN COUNCIL CHAMBERS AT CITY HALL ON  
MONDAY, APRIL 28, 2014  
5:00 P.M.

## AGENDA

CALL TO ORDER 5:00 P.M.

1. AGENDA APPROVAL

2. MINUTES

2.1. Minutes of the Special Meeting of Council held April 14, 2014.....1 - 4

3. 2013 AUDITED FINANCIAL STATEMENTS

3.1. 2013 Audit Findings Report

Cory Vanderhorst, CPA, from the Town's audit firm MNP ..... 5 - 15

3.2. Audited Financial Statements (Draft Form)

Director of Financial Services (Financial Statements to be distributed at the meeting)

4. 2014 – 2018 FINANCIAL PLAN DELIBERATIONS

4.1. Presentation by Director of Financial Services

4.2. Presentation by S/Sgt. Dave Herman, Ladysmith RCMP Detachment

4.3. Public Input and Questions

5. CLOSED MEETING

In accordance with section 90(1) of the *Community Charter*, this section of the meeting will be held *In Camera* to consider the following items:

- personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the municipality or another position appointed by the municipality
- labour relations or other employee relations

6. ADJOURNMENT





**TOWN OF LADYSMITH**  
**MINUTES OF A SPECIAL MEETING OF COUNCIL**  
**MONDAY, APRIL 14, 2014**  
**COUNCIL CHAMBERS, CITY HALL**  
**CALL TO ORDER 6:30 P.M.**

---

**COUNCIL MEMBERS PRESENT:**

Mayor Rob Hutchins  
Councillor Bill Drysdale  
Councillor Glenda Patterson

Councillor Steve Arnett  
Councillor Gord Horth

Councillor Jillian Dashwood  
Councillor Duck Paterson

**STAFF PRESENT:**

Ruth Malli  
John Manson

Sandy Bowden  
Clayton Postings

Erin Anderson  
Felicity Adams

---

**CALL TO ORDER**

Mayor Hutchins called this Regular Meeting of Council to order at 6:30 p.m.

**CLOSED SESSION**

**CS 2014-131**

*Moved and seconded:*

That in accordance with Sec.127(4) of the Community Charter Council waive notice for a Special Closed Meeting of Council to be held immediately following the open Council meeting to consider items regarding labour relations or other employee relations.

*Motion Carried Unanimously*

**AGENDA APPROVAL**

**CS 2014-132**

*Moved and seconded:*

That the agenda for the Special Council Meeting of April 14, 2014 be approved as circulated.

*Motion carried.*

**MINUTES**

**CS 2014-133**

*Moved and seconded:*

That the minutes of the Regular Meeting of Council held Monday, April 7, 2014 be approved as circulated.

*Motion carried.*

**STAFF REPORTS**

**Fire Equipment - SCBA Air Compressor and Filling Station**

**CS 2014-134**

*Moved and seconded:*

That Council direct staff to include \$40,000 for Self Contained Breathing Apparatus (SCBA) Air Compressor and Filling Station in the 2014-2018 Financial Plan and authorize staff to issue a Request for Proposals.

**CS 2014-135**

*Moved and seconded:*

That the \$40,000 for the SCBA air compressor and filling station be funded through the Fire Department Operations Reserve Fund

---

and any residual funds from the Capital budget.

*Motion carried.*

### **Town of Ladysmith 2013 Water Report**

*Moved and seconded:*

**CS 2014-136**

That Council:

1. Receive the draft 2013 Water Report for information;
2. Direct staff to pursue, in principle, water filtration as the method of secondary water treatment for the Town of Ladysmith, and waive the purchasing policy for a Water Filtration Pilot Study; and,
3. Direct staff to amend capital plans to provide for a secondary water filtration system for the Town.

*Motion carried.*

### **FINANCIAL PLAN DELIBERATIONS**

#### **Water and Sewer Utilities**

The Director of Financial Services reviewed the proposed Water and Sewer Utilities budgets for 2014 and responded to questions from Council and members of the public.

*Moved and seconded:*

**CS 2014-137**

That Council direct Staff to:

- 1) draft a Water Rates Bylaw to increase the quarter base charge by \$1.05 and increase each step by 5¢, effective for the 3<sup>rd</sup> quarter billing; and,
- 2) include in the 2014-2018 Financial Plan a policy of increasing the Water Rates, by bylaw, by \$1.00 to the quarterly base charge and increase each step by 3¢, effective each year on January 1<sup>st</sup>.

*Motion carried.*

*Moved and seconded:*

**CS 2014-138**

That Council direct Staff to:

- 1) increase the Water Parcel Tax by \$20 to \$130 per parcel; and,
- 2) include in the 2014-2018 Financial Plan a policy of increasing the Water Parcel Tax, by bylaw, by \$20 each year, effective January 1<sup>st</sup>.

*Motion carried.*

*Moved and seconded:*

**CS 2014-139**

That Council direct Staff to:

- 1) draft a Sanitary Sewer Rates bylaw to increase the monthly charge by \$1.00 to \$15/month, effective for the third quarter

Utility Billing; and,

- 2) include in the 2014-2018 Financial Plan a policy of increasing the Sanitary Sewer Rates, by bylaw, by \$1.00 to the monthly charge, effective each year on January 1<sup>st</sup>.

*Motion carried.*

*Moved and seconded:*

**CS 2014-140**

That Council direct Staff to maintain the Sewer Parcel Tax at a rate of \$269 per parcel.

*Motion carried.*

#### **Financial Plan Deliberations**

Council reviewed the 2014-2018 Financial Plan including the 2014 Grants-in-Aid applications. The following adjustments to the Five Year Financial Plan were considered:

- Signage projects
- Sportsman's Shelter Roof (Transfer Beach)
- Kinsmen Shelter Roof (Transfer Beach)
- Ornamental Streetlights - Inspection

*Moved and seconded:*

**CS 2014-141**

That Staff be directed to prepare a report on the options for expanding the parking at Aggie Hall.

*Motion carried.*

*Moved and seconded:*

**CS 2014-142**

That the Ladysmith Resources Centre Association 2014 grants-in-aid applications be approved as follows:

- General Programming - \$8,000
- Family Support - \$8,000
- Youth at Risk - \$8,000
- Victim Services - \$11,000

*Motion carried.*

*Moved and seconded:*

**CS 2014-143**

That letters be sent to the Directors of Areas G and H expressing Council's concern regarding the funding for the Ladysmith Resources Centre Association's programs and requesting their consideration of providing funding for the programs given that residents of Areas G and H benefit from the programs.

*Motion carried.*

*Moved and seconded:*

**CS 2014-144**

That Staff be directed to clarify the grant-in-aid application submitted by the Ladysmith Food Bank, and specifically regarding the "Soup Kitchen" program.

*Motion carried.*

Council expressed concern regarding the \$75,000 required for closed circuit video equipment for the RCMP and requested Staff to explore other options, such as deferring this expenditure until 2015.

Staff was requested to review the possible contribution of materials for the Holland Creek bridge replacement project for a possible value of \$20,000.

Council confirmed its commitment to the following tax rates policy:

Residential Class (Class 1) tax increase to be no more than 5% after new construction figures and that the Business/Other Class (Class 6) increase be no more than half of the Residential (Class 1) increase.

Over 2015-2018, maintain the Class 6 tax levy increase to be no more than half of the Class 1 tax levy increase.

Council directed staff to increase the reliance on Class 8 (Recreation/Non-profit) by the amount of the assessment increase.

#### ADJOURNMENT

**CS 2014-145**

*Moved and seconded:*

That this meeting of Council be adjourned at 8:45 p.m.

*Motion carried.*

CERTIFIED CORRECT:

\_\_\_\_\_  
Mayor (R. Hutchins)

\_\_\_\_\_  
Corporate Officer (S. Bowden)



## **TOWN OF LADYSMITH**

### **AUDIT FINDINGS REPORT**

Year Ending December 31, 2013

For presentation at the Mayor and Council  
Meeting

April 28, 2014

April 28, 2014

Members of the Mayor and Council of Town of Ladysmith

Dear Mayor and Council:

We are pleased to put forward this report to discuss the results of our audit of the consolidated financial statements of Town of Ladysmith ("the Municipality") for the year ended December 31, 2013. In this report, we cover those significant matters which, in our opinion, you should be aware of as members of the Mayor and Council.

We have completed our audit of the consolidated financial statements of the Municipality and are prepared to sign our independent auditors' report after the Mayor and Council's review and approval of the consolidated financial statements.

Our report will provide an unqualified opinion to the Mayor and Council of the Municipality. A draft copy of our proposed independent auditors' report is included as Appendix A to this report.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

A handwritten signature in black ink that reads 'MNP LLP'.

MNP LLP

CV/tm  
encls.



# CONTENTS

1.MNP Audit Process .....	1
2.Significant Audit Findings .....	3
Areas of Audit Emphasis .....	3
Final Materiality .....	3
Difficulties Encountered .....	3
Significant Deficiencies in Internal Control .....	3
Identified or Suspected Fraud .....	3
Identified or Suspected Non-compliance with Laws and Regulations .....	3
Matters Arising in Connection with Related Parties .....	4
Going Concern .....	4
Significant Accounting Policies .....	4
Significant Management Estimates .....	4
Matters Arising from Management Discussions .....	4
Significant differences .....	5
Modifications to the Independent Auditors' Report .....	5
Independence .....	5
Appendix A: Draft Independent Auditors' Report .....	6
Additional Materials .....	7

# 1. MNP AUDIT PROCESS

As auditors, we report to the Mayor and Council on the results of our examination of the Municipality's consolidated financial statements. This report summarizes our audit process and discusses issues that are of relevance to the Mayor and Council of the Municipality.

- Our audit was carried out in accordance with Canadian auditing standards.
- Our audit procedures included a review of all significant accounting and management reporting systems.
- Each material year-end balance, key transaction and other event considered significant to the consolidated financial statements was separately examined.
- Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks.
- This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise.
- Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances.
- Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.



- During the course of our audit, we have:
  - Examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
  - Assessed the accounting principles used and significant estimates made by management;
  - Obtained an understanding of the Municipality and its environment, including management's internal controls (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the consolidated financial statements and to design and perform audit procedures;
  - Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
  - Evaluated the overall consolidated financial statement presentation;
  - Performed a subsequent events review with management;
  - Reviewed and assessed the status of contingencies, commitments and guarantees;
  - Reviewed and assessed exposure to environmental liabilities.
- We have obtained written representations from management in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:
  - Directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements;
  - Not directly related to items that are material to the consolidated financial statements, but are significant, either individually or in the aggregate, to the engagement; and
  - Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements.
- These representations are included as Additional Materials following this report.

## 2. SIGNIFICANT AUDIT FINDINGS

As a part of our commitment to providing superior client service we strive to maintain effective two-way communication. To aid the Mayor and Council in its role overseeing the financial reporting process, including its review and approval of the consolidated financial statements, we are pleased to provide you with the following significant findings:

### AREAS OF AUDIT EMPHASIS

- There were no unusual specific areas of audit emphasis for your Municipality for 2013 because there were no significant changes to accounting policies, management personnel or operations.

### FINAL MATERIALITY

- **Final materiality used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$200,000.**

### DIFFICULTIES ENCOUNTERED

- We have satisfactorily completed our audit procedures for each of the significant account balances and transaction streams. No significant limitations were placed on the scope or timing of our audit.

### SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

- While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention. However, we may not be aware of all the significant deficiencies in internal control that do, in fact, exist.

### IDENTIFIED OR SUSPECTED FRAUD

- No incidents of fraud, or suspected fraud, came to our attention in the course of our audit.

### IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS

- Nothing has come to our attention that would suggest there is non-compliance with laws and regulations that would have a material effect on the financial statements.

## **MATTERS ARISING IN CONNECTION WITH RELATED PARTIES**

- During the course of our audit, we selected a sample of expense claims submitted by the Mayor and Council and by Senior Management of the Municipality, and we reviewed those expense claims for approvals and compliance with the related bylaws or policies. We did not find any issues or irregularities to bring to your attention.

## **GOING CONCERN**

- We have not identified any material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

## **SIGNIFICANT ACCOUNTING POLICIES**

- The accounting policies used by the Municipality are appropriate and have been consistently applied.
- The new PSAB accounting standard for Government Transfers was applied prospectively in 2013.

## **SIGNIFICANT MANAGEMENT ESTIMATES**

- The preparation of the consolidated financial statements is subject to significant accounting estimates made by management. All significant management estimates were reviewed for the current period and no material differences were noted.
- The following is a summary of significant management estimates and provisions:
  - Allowance for doubtful accounts – \$44,900 provision for a few specific overdue property rental accounts.
  - Provision for legal contingencies – no provision deemed necessary.
  - Amortization period of tangible capital assets – amortized over the estimated useful life of the respective assets.
  - Fair value measurement of in-kind additions to tangible capital assets – none for 2013.
  - Post employment benefits liability is calculated by Mercer, an external actuary company engaged by the Town.

## **MATTERS ARISING FROM MANAGEMENT DISCUSSIONS**

- We would like to formally acknowledge the excellent cooperation and assistance we received from the management and staff.

- There were no disagreements with management, significant difficulties or other irregularities encountered during the course of our audit.

## **SIGNIFICANT DIFFERENCES**

- No significant adjusted or unadjusted differences were noted by us, with respect to the December 31, 2013 consolidated financial statements.

## **MODIFICATIONS TO THE INDEPENDENT AUDITORS' REPORT**

- Our independent auditors' report will provide an unqualified opinion to the Mayor and Council.
- The only modification is a standard other matter comment which explains that the comparative figures were audited by another auditor

## **INDEPENDENCE**

- We confirm to the Mayor and Council that we are independent of the Municipality.
- Our letter to the Mayor and Council discussing our independence is included as Additional Materials following this report.

**At our upcoming meeting we would also be pleased to discuss any other issues and/or concerns of the Mayor and Council.**



## APPENDIX A: DRAFT 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, 2013 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 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, 2013 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.

### *Other Matter*

The comparative figures were audited by another auditor who issued an unqualified opinion dated May 13, 2013.

Nanaimo, British Columbia

Chartered Accountants

## ADDITIONAL MATERIALS

We have included our independence letter, which formally confirms in writing MNP's independence.

Dear Members of the Mayor and Council:

We have been engaged to audit the consolidated financial statements of Town of Ladysmith ("the Municipality") for the year ending December 31, 2013.

CAS 260 *Communication With Those Charged With Governance* ("the Standard") requires that we communicate at least annually with you regarding all relationships between the Municipality and MNP LLP ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, we are required to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationship between the Municipality and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2013 to April 28, 2014.

Canadian Auditing Standards require that we confirm our independence to the Mayor and Council. Accordingly, we hereby confirm that MNP is independent with respect to the Municipality within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia as of April 28, 2014.

The total fees charged to the Municipality during the period from January 1, 2013 to April 28, 2014 were \$21,150 for audit services for the 2013 year. There were no fees charged for other services.

This report is intended solely for the use of the Mayor and Council, management and others within the Municipality and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,



MNP LLP





## ABOUT MNP

MNP is one of the largest chartered accountancy and business consulting firms in Canada. For more than 65 years, we have proudly served and responded to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a cost-effective approach to doing business and personalized strategies to help you succeed.



**Best  
Employers**  
in Canada

By Aon Hewitt

Visit us at [MNP.ca](http://MNP.ca)



Praxity, AISBL, is a global alliance of independent firms. Organised as an international not-for-profit entity under Belgium law, Praxity has its administrative office in London. As an alliance, Praxity does not practice the profession of public accountancy or provide audit, tax, consulting or other professional services of any type to third parties. The alliance does not constitute a joint venture, partnership or network between participating firms. Because the alliance firms are independent, Praxity does not guarantee the services or the quality of services provided by participating firms.