



TOWN OF LADYSMITH

A SPECIAL MEETING OF THE
COUNCIL OF THE TOWN OF LADYSMITH
WILL BE HELD IN COUNCIL CHAMBERS AT CITY HALL ON
THURSDAY, MAY 8, 2014
4:30 P.M.

AGENDA

CALL TO ORDER 4:30 P.M.

1. AGENDA APPROVAL

2. MINUTES

2.1. Minutes of the Special Meeting of Council held April 28, 2014.....1 - 3

3. 2014 – 2018 FINANCIAL PLAN DELIBERATIONS – BYLAWS

3.1. Town of Ladysmith Financial Plan Bylaw 2014, No 1853.....4 - 7
May be read a first, second and third time.

The purpose of Bylaw 1853 is to adopt a five-year financial plan for the Town, as required by the *Community Charter*.

3.2. Town of Ladysmith Tax Rates Bylaw 2014, No. 1854.....8 - 9
May be read a first, second and third time.

The purpose of Bylaw 1854 is to set the property tax rates for 2014 in accordance with the Financial Plan for 2014.

3.3. Town of Ladysmith Water Parcel Tax Bylaw 2014, No. 1855.....10
May be read a first, second and third time.

The purpose of Bylaw 1855 is to set the water tax rate on property parcels for 2014, to help meet the costs of water system services and improvements.

3.4. Town of Ladysmith Sewer Parcel Tax Bylaw 2014, No. 185611
May be read a first, second and third time.

The purpose of Bylaw 1856 is to set the sewer tax rate on property parcels for 2014, to help meet the costs of sewer system services and improvements.

3.5. Public Input and Questions

4. BYLAWS

4.1. Town of Ladysmith Property Tax Prepayment Plan Bylaw 2014, No. 1851

May be read a first, second and third time.

The purpose of Bylaw 1851 is to set up a program to permit the payment of property taxes for the following year in monthly installments, for the convenience of taxpayers.

Staff Report..... 12 - 13

Bylaw 14 - 15

**4.2. Town of Ladysmith 2013 Audited Financial Statements Bylaw 2014,
No. 1857**

16 - 52

May be read a first, second and third time.

The purpose of Bylaw 1857 is to formally adopt the audited Financial Statements for the year 2013 in accordance with the *Local Government Act*.

5. ADJOURNMENT



**MINUTES OF A SPECIAL MEETING OF
THE COUNCIL OF THE TOWN OF LADYSMITH
HELD IN COUNCIL CHAMBERS, CITY HALL ON
MONDAY, APRIL 28, 2014
CALL TO ORDER 5:00 P.M.**

COUNCIL MEMBERS PRESENT:

Mayor Rob Hutchins
Councillor Glenda Patterson

Councillor Bill Drysdale

Councillor Duck Paterson

COUNCIL MEMBERS ABSENT:

Councillor Steve Arnett

Councillor Jillian Dashwood

Councillor Gord Horth

STAFF PRESENT:

Ruth Malli
Erin Anderson
Joanna Winter

Sandy Bowden
John Manson

Felicity Adams
Clayton Postings

CALL TO ORDER

Mayor Hutchins called this Special Meeting of Council to order at 5:00 p.m.

AGENDA APPROVAL

CE 2014-149

Moved and seconded:

That the agenda for this Special Meeting of Council be approved as amended by the following:

1. Move agenda item 4.2 to follow the Audit Findings Report
2. Add new item "Hike for Hospice"

Motion carried.

MINUTES

CE 2014-150

Moved and seconded:

That the minutes of the Special Meeting of Council held April 14, 2014 be approved.

Motion carried.

**2013 AUDITED FINANCIAL
STATEMENTS**

2013 Audit Findings Report

Cory Vanderhorst, CPA, representing audit firm MNP, provided Council with an overview of the audit process and key findings for the audit of the Town's financial statements for the year 2013.

Council thanked Mr. Vanderhorst for his presentation.

Audited Financial Statements (Draft Form)

The Director of Financial Services provided an overview of the draft Audited Financial Statements for the Town of Ladysmith for fiscal year 2013, and responded to questions from Council and the public.

Moved and seconded:

That the Audited Financial Statements for fiscal year 2013 be

CE 2014-151

approved as presented.
Motion carried.

**2014 – 2018 FINANCIAL
PLAN DELIBERATIONS**

**S/Sgt. Dave Herman, Ladysmith RCMP Detachment
Closed Circuit Video Equipment for Ladysmith RCMP Detachment**

S/Sgt. Dave Herman, accompanied by a representative from E Division, provided Council with information concerning the mandated requirement to install closed circuit video equipment in the prisoner cells at the Ladysmith RCMP detachment. The equipment must be operational by January 30, 2015. The estimated cost of the equipment is \$90,000. Additional costs for storage are not yet known.

Council advised S/Sgt. Herman that all costs are required in order to finalize the 2014 budget, which must be completed by May 15, 2014.

Council expressed its ongoing concern about the lack of equity in the current population-based RCMP funding formula for municipalities.

Presentation by Director of Financial Services

The Director of Financial Services presented the proposed 2014 to 2018 Financial Plan, including updated capital expenditures and proposed property tax rates to Council.

Staff were directed to use funds from the Parking Reserve Fund for the 2014 Aggie Hall parking initiative.

Staff were directed to use funds originally budgeted in 2014 for a new generator at the RCMP detachment for the mandatory closed circuit video equipment.

A member of the audience enquired whether any service clubs had agreed to support the replacement of shelter roofs at the Town's ballfields, and was advised that the Kinsmen Club has already confirmed its donation in 2014. Council expressed appreciation at this news.

CE 2014-152

Moved and seconded:

That Council direct staff to prepare the Financial Plan Bylaw as well as the Water, Sewer and Tax Rates Bylaws for consideration at the next Council meeting.

Motion carried.

QUESTION PERIOD

R. Armour enquired about municipal contributions to Royal Canadian Mounted Police and was advised that communities with a population greater than 5,000 contribute 70 per cent of policing costs, while homes in unincorporated areas are assessed a flat rate of \$55 per household for the same level of service.

D. Cloke suggested that Council consider offering a memorial picnic table program in addition to the memorial bench program.

R. Johnson enquired whether Council has a policy that places a time limit on sponsorship of a memorial bench.

CLOSED MEETING

CE 2014-153

Moved and seconded at 6:22 p.m.

That Council retire into closed session after a two-minute recess.

Motion carried.

**RISE AND REPORT
ADJOURNMENT**

Council arose from Closed Meeting without report.

CE 2014-154

Moved and seconded:

That this Special Meeting of Council adjourn at 6:44 p.m.

Motion carried.

CERTIFIED CORRECT:

Mayor (R. Hutchins))

Corporate Officer (S. Bowden)

TOWN of LADYSMITH

BYLAW NO. 1853

A bylaw establishing the Financial Plan for the years 2014-2018.

WHEREAS the *Community Charter* requires Municipal Councils to prepare and adopt, by bylaw, a financial plan;

NOW THEREFORE the Council of the Town of Ladysmith in open meeting assembled enacts as follows:

- (1) Schedule "A" attached hereto and made part of the bylaw is hereby adopted and shall be the Financial Plan for the Town of Ladysmith for the five years ending the 31st of December, 2018.
- (2) Schedule "B" attached hereto and made part of the bylaw is hereby adopted and shall be the statement of objectives and policies for the Town of Ladysmith for the five years ending the 31st of December 2018.
- (3) This bylaw may be cited for all purposes as: "*Town of Ladysmith Financial Plan Bylaw 2014, No. 1853*".
- (4) "Town of Ladysmith Financial Plan Bylaw 2013, No. 1827" is hereby repealed.

READ A FIRST TIME on the

READ A SECOND TIME on the

READ A THIRD TIME on the

ADOPTED on the

Mayor (R. Hutchins)

Corporate Officer (S. Bowden)

Schedule 'A' of Bylaw 1853

Town of Ladysmith 2014-2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES:					
Revenue From Property Tax Values	\$7,022,170	\$7,437,599	\$7,757,704	\$8,045,744	\$8,354,270
Revenue From Grants In Lieu	165,163	168,465	171,836	175,272	178,777
Revenue From Parcel Taxes	1,427,384	1,509,243	1,588,543	1,706,553	1,784,753
Revenue From Fees & Charges	3,084,936	3,215,780	3,324,562	3,429,351	3,541,960
Revenue From Other Sources	5,804,199	2,110,627	1,680,627	1,885,627	8,585,627
	<u>17,503,852</u>	<u>14,441,714</u>	<u>14,523,272</u>	<u>15,242,547</u>	<u>22,445,387</u>
EXPENSES:					
General Operating Expense	8,852,806	9,027,116	9,226,832	9,418,382	9,691,983
Sanitary Sewer Operating Expenses	646,069	660,105	824,854	841,335	857,821
Water Operating Expenses	568,306	571,512	583,700	596,026	611,379
Interest Payments	568,514	809,972	724,494	1,029,895	1,035,416
Amortization	2,399,736	2,447,730	2,496,684	2,546,619	2,597,551
	<u>4,468,421</u>	<u>925,279</u>	<u>666,708</u>	<u>810,290</u>	<u>7,651,237</u>
Annual Surplus/Deficit					
Add back:					
Amortization	2,399,736	2,447,730	2,496,684	2,546,619	2,597,551
Capital Expenditures					
General Capital	2,102,550	1,567,350	1,042,500	5,104,500	3,191,505
Sanitary Sewer Capital	9,006,900	8,374,506	720,000	270,000	250,000
Water Capital	982,240	1,285,000	5,125,000	5,760,000	10,735,000
Proceeds from New Debt	(4,060,000)	(7,774,506)	(4,000,000)	(7,425,000)	(2,050,000)
Principal Payments	471,851	586,941	514,608	714,899	722,434
Transfers from DCC's & Reserves	(361,625)	(564,575)	(245,558)	(375,200)	(1,977,455)
Transfer to/from Own Funds	<u>(1,273,759)</u>	<u>(101,707)</u>	<u>6,842</u>	<u>(692,290)</u>	<u>(622,696)</u>
Financial Plan Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Schedule 'B' of Bylaw No. 1853

**Town of Ladysmith 2014 – 2018 Financial Plan
Statement of Objectives and Policies**

In accordance with Section 165(3.1) of the Community Charter, the Town of Ladysmith (Town) is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the Community Charter;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2014. Council currently has no specific policy surround the proportion of total revenue to come from each funding source. Property taxes form the greatest proportion of revenue. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and street lighting.

User fees and charges form a large portion of planned revenue. Many services can be measured and charged on a user-pay basis. Services where fees and charges can be easily administered include water and sewer usage, building permits, business licenses, and sale of services - these are charged on a user pay basis. User fees attempt to apportion the value of a service to those who use the service.

Objective

- The Town will increase the proportion of revenue that is received from user fees and charges by at least 3 percent over the current levels.

Policies

- The Town will review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service.
- Water and Sanitary Sewer Rates will be reviewed to ensure that appropriate user fees are charged, rather than taxation, to lessen the burden on its limited property tax base.

Table 1: Sources of Revenue

<u>Revenue Source</u>	<u>2014</u>	<u>% total</u>
Property Taxes	\$7,022,170	29.72%
Grants in Lieu	165,163	0.70%
Parcel Taxes	1,427,384	6.04%
User fees & Charges	3,084,936	13.05%
Other Sources	484,422	2.05%
Borrowing	4,060,000	17.18%
Government Grants	5,319,777	22.51%
DCC's & Reserves	361,625	1.53%
Own Funds	1,704,990	7.22%

Distribution of Property Tax Rates

Table 2 outlines the distribution of property taxes among the property classes. The residential property class provides the largest proportion of property tax revenue. This is appropriate as this class also forms the largest portion of the assessment base and consumes the majority of Town services.

Objectives

- In 2014, maintain the Major Industry (Class 4) tax dollar levy. Over 2015-2018, reduce the share of property tax paid by Class 4 by at least 2 percent.
- In 2014, Council directed the 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.
- Increase the reliance on Class 8 (Recreation/Non-profit) by the amount of the assessment increase.

Policies

- Supplement, where possible, revenues from user fees and charges to help to offset the burden on the entire property tax base as a result of the reduction in the tax share paid by major industry (Class 4).

- If a tax shift to other property classes is required as a result of the reduction in the tax rate to major industry (Class 4), Residential (Class 1) should be the first to absorb any such shifts.
- Continue to maintain and encourage economic development initiatives designed to attract more light industry, retail and commercial businesses to invest in the community. New investment from these areas will help offset the reduction to major industry (Class 4) while providing more revenue for the Town.
- Align the distribution of tax rates among the property classes with the social and economic goals of the community, particularly to encourage economic and environmental sustainability opportunities.
- Regularly review and compare the Town's distributions of tax burden relative to other municipalities in British Columbia.

Table 2: Distribution of 2014 Property Tax Rates

Property Class	% of Total Property Taxation
Residential (1)	70.76%
Utilities (2)	0.47
Supportive Housing (3)	0.00
Major Industry (4)	12.87
Light Industry (5)	0.83
Business and Other (6)	14.77
Managed Forest Land (7)	0.00
Recreation/Non-profit (8)	0.28
Farmland (9)	0.02
Total	100%

Permissive Tax Exemptions

The Town provides permissive tax exemptions. The Permissive Tax Exemption Bylaw 2013, No.1837, adopted on October 30, 2013, contains a list of property exempt from taxation for 2014. Some of the eligibility criteria for permissive tax exemptions include the following:

- The tax exemption must demonstrate benefit to the community and residents of the Town by enhancing the quality of life (economically, socially and culturally) within the community.
- The goals, policies and principles of the organization receiving the exemption must not be inconsistent or in conflict with those of the Town.
- The organization receiving the exemption must be a registered non-profit society, as the support of the municipality will not be used for commercial and private gain.
- Permissive tax exemptions will be considered in conjunction with: (a) other assistance being provided by the Town; (b) the potential demands for Town services or infrastructure arising from the property; and (c) the amount of revenue that the Town will lose if the exemption is granted.

Objective

- The Town will continue to provide permissive tax exemptions to some non-profit societies. The Town has also expanded its offering of permissive tax exemptions to include revitalization tax exemptions. It also intends to offer permissive tax exemptions targeted at green development for the purposes of encouraging development that will meet our *Climate Action Charter* commitments.

Policies

- Expand the permissive tax exemption policy to include eligibility requirements for green revitalization tax exemptions.
- Develop a revitalization tax exemption program which details the kinds of green activities that the exemption program will target.
- Integrate the green revitalization tax exemption program into the Town's existing economic initiatives as a means of attracting retail and commercial businesses to further invest in the community.
- Continue the use of the revitalization tax exemption for economic revitalization in order to encourage the commercial and industrial redevelopment of specific areas.

Table 3: Utilization of Reserves, Development Cost Charges and Surplus

Source	% of Total	Dollar Value
Parking Reserve	0%	\$3,550
Development Cost Charges	5%	108,075
Gas Tax Funds	12%	250,000
Surplus	83%	1,704,990
Total		\$2,066,615

TOWN OF LADYSMITH

BYLAW NO. 1854

A bylaw for the levying of rates for Municipal, Hospital and Regional District purposes for the year 2014.

WHEREAS the Council of the Town of Ladysmith shall, pursuant to Section 197 of the *Community Charter*, in each year, adopt a bylaw to impose rates on taxable land and improvements according to their assessed value to provide the money required for purposes specified in the Charter;

NOW THEREFORE the Municipal Council of the Town of Ladysmith in open meeting assembled enacts as follows:

The following rates are hereby imposed:

1.
 - (a) For all lawful general purposes of the municipality on the assessed value of the land and improvements taxable for general municipal purposes, rates appearing in column "A" of the Schedule "A" attached hereto and forming part of this bylaw.
 - (b) For the purposes of the Cowichan Valley Regional District on the assessed value of land and improvements taxable for regional hospital district purposes, rates appearing in column "B" of the Schedule "A" attached hereto and forming part of this bylaw.
 - (c) For hospital purposes on the assessed value of land and improvements taxable for regional hospital district purposes, rates appearing in column "C" of the Schedule "A" for the Cowichan Valley Regional Hospital District attached hereto and forming part of this bylaw.
2. This bylaw may be cited as the "Town of Ladysmith Tax Rates Bylaw 2014, No. 1854".

READ A FIRST TIME

READ A SECOND TIME

READ A THIRD TIME

ADOPTED

Mayor (R. Hutchins)

Corporate Officer (S. Bowden)

**Town of Ladysmith Tax Rates Bylaw 2014, No.1854
Schedule "A"**

Tax Rates (Dollars of Tax per \$1,000 Net Taxable Value)

PROPERTY CLASS		<u>A</u> Municipal	<u>B</u> Cowichan Valley Regional District	<u>C</u> Cowichan Valley Regional Hospital District
1	Residential	5.1197	0.8024	0.5066
2	Utilities	37.8129	2.8084	1.7731
3	Supportive Housing	5.1197	0.8024	0.5066
4	Major Industry	100.2588	2.7282	1.7223
5	Light Industry	21.7608	2.7282	1.7223
6	Business/Other	15.1244	1.9659	1.2412
7	Managed Forest	43.8462	2.4072	1.5198
8	Rec Non Profit	2.8383	0.8024	0.5066
9	Farm	29.2453	0.8024	0.5066

**TOWN OF LADYSMITH
BYLAW NO. 1855**

A bylaw to impose a water parcel tax on owners of land in the Town of Ladysmith pursuant to the provisions of the *Community Charter*.

WHEREAS the Council of the Town of Ladysmith is empowered by Section 200 of the *Community Charter* to impose and levy a water parcel tax to meet the cost of works and services that benefit land within the Municipality; and

WHEREAS certain costs have been or are to be incurred by the Town of Ladysmith in constructing and improving the water system of the Town; and

WHEREAS it is deemed essential and expedient to impose and levy a water parcel tax on land benefitting from such improvements to meet such costs;

NOW THEREFORE the Municipal Council of the Town of Ladysmith in open meeting assembled enacts as follows:

1. In this Bylaw, unless the context otherwise requires,

"**Parcel**" means any lot, block or other area of land in which real property is held, or into which it is subdivided, as identified in the 2014 Revised Assessment Roll and all amendments thereto.

"**Group of Parcels**" means where a building or improvement is constructed over more than one parcel of land, those parcels, if contiguous, may be dealt with by the Assessor as one parcel and be assessed accordingly.

2. A water parcel tax shall be levied annually against each parcel or group of parcels of land within the Town of Ladysmith which is capable of being connected to the water system of the Town, or which is deemed to abut on the said water system.
3. The annual water parcel tax shall be in the amount of One Hundred and Thirty Dollars (\$130.00) per parcel or group of parcels.
4. The water parcel tax imposed by this bylaw on each parcel of land shall be shown by the Collector on the real property tax roll, and the payment of the water parcel tax shall be made in the same manner, on or before the same dates, as other real property taxes. The water parcel tax shall have the same rights and remedies as other real property taxes.
5. Every water parcel tax assessment roll and every revision thereof shall be considered and dealt with by a Parcel Tax Roll Review Panel appointed pursuant to the provisions of the *Community Charter*.
6. The provisions of this Bylaw shall become effective and be in force as of the 1st day of January for the year 2014.
7. **Repeal**
"Water Parcel Tax Bylaw, 2013, No. 1823" is hereby repealed.
8. **Citation**
This bylaw may be cited as "Water Parcel Tax Bylaw 2014, No. 1855".

READ A FIRST TIME on the

READ A SECOND TIME on the

READ A THIRD TIME on the

ADOPTED on the

Mayor (R. Hutchins)

Corporate Officer (S. Bowden)

**TOWN OF LADYSMITH
BYLAW NO. 1856**

A bylaw to impose a sewer parcel tax on owners of land in the Town of Ladysmith, pursuant to the provisions of the *Community Charter*.

WHEREAS the Council of the Town of Ladysmith is empowered by Section 200 of the *Community Charter* to impose and levy a sewer parcel tax to meet the cost of works and services that benefit land within the Municipality; and

WHEREAS certain costs have or will be incurred by the Town of Ladysmith in constructing and improving the sewer system of the Town; and

WHEREAS it is deemed essential and expedient to impose and levy a sewer parcel tax on land benefitting from such improvements to meet such costs;

NOW THEREFORE the Municipal Council of the Town of Ladysmith in open meeting assembled enacts as follows:

1. In this bylaw, unless the context otherwise requires,

"**Parcel**" means any lot, block or other area of land in which real property is held, or into which it is subdivided, as identified in the 2014 Revised Assessment Roll and all amendments thereto.

"**Group of Parcels**" means where a building or improvement is constructed over more than one parcel of land, those parcels, if contiguous, may be dealt with by the Assessor as one parcel and be assessed accordingly;

2. A parcel tax shall be levied annually against each parcel or group of parcels of land within the Town of Ladysmith which is capable of being connected to the sewer system of the Town, or which is deemed to abut on the said sewer system.

3. The annual sewer parcel tax shall be in the amount of Two Hundred Sixty-nine Dollars (\$269.00) per parcel or group of parcels.

4. The sewer parcel tax imposed by this bylaw on each parcel of land shall be shown by the Collector on the real property tax roll, and the payment of the parcel tax shall be made in the same manner, on or before the same dates, as other real property taxes. The sewer parcel tax shall have the same rights and remedies as other real property taxes.

5. Every parcel tax assessment roll and every revision thereof shall be considered and dealt with by a Parcel Tax Roll Review Panel appointed pursuant to the provisions of the *Community Charter*.

6. **Repeal**
"Sewer Parcel Tax Bylaw 2013, No. 1824" is hereby repealed.

7. The provisions of this bylaw shall become effective and be in force as of the 1st day of January for the year 2014.

9. **Citation**
This bylaw may be cited as "Sewer Parcel Tax Bylaw 2014, No. 1856".

READ A FIRST TIME on the

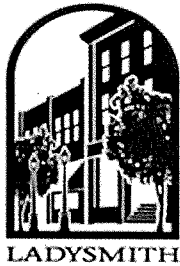
READ A SECOND TIME on the

READ A THIRD TIME on the

ADOPTED on the

Mayor (R. Hutchins)

Corporate Officer (S. Bowden)



Town of Ladysmith

STAFF REPORT

To: Ruth Malli, City Manager
From: Erin Anderson, Director of Financial Services
Date: May 5, 2014
File No:

Re: Property Tax Prepayment Plan

RECOMMENDATION:

That Council give first three readings to the Property Tax Prepayment Plan Bylaw, 2014 No.1851.

INTRODUCTION/BACKGROUND:

Council will recall that staff were directed to create a property tax prepayment plan bylaw. On tonight's agenda, the Property Tax Prepayment Bylaw 2014, No.1851 is presented for first three readings.

This bylaw establishes a plan whereby property owners wishing to prepay their taxes through automatic installments can do so. The plan is designed to withdraw a pre-determined amount each month from the property owner's bank account, to be applied against the future year's property tax levy.

Starting August 1st and continuing until May 1st, a monthly withdraw will occur from the property owner's bank account and be placed into the Town's bank account. Interest will be earned on the prepayments on December 31st and May 1st. Once the annual property tax levy is established, this accumulated amount will be applied against that owner's annual property tax bill. Any amounts remaining owing will still require the property owner to make payment and, if applicable, claim the Home Owner Grant prior to the annual property tax due date. Any credit will be automatically rolled forward to a future year or, upon written request, be refunded back to the property owner.

ALTERNATIVES:

Council can choose not to implement this plan for 2015.

Council can choose not to implement this Plan now and into the future.

FINANCIAL IMPLICATIONS:

There will be a small per-transaction fee charged by lead financial institution to provide this service. It has been the Town's experience with the Utility Plan automatic withdrawal program that the benefits of the program outweigh any increase in activity fees.

There will be an interest expense to the Town as property owners will earn interest on their property tax prepayments. The interest rate will be 3% below the leading bank's interest rate.

LEGAL IMPLICATIONS:

There are no legal implications as this plan will abide by the *Community Charter* as well as the Canadian Payments Association preauthorized debits.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

Property owners have requested such a plan be available.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

Not applicable.

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

The aligns with the strategic direction of Wise Financial Management.

SUMMARY:

It is recommended that Council give first three readings to the Property Tax Prepayment Plan Bylaw 2014, No.1851.

I concur with the recommendation.



10 Ruth Malli, City Manager

TOWN OF LADYSMITH

BYLAW NO. 1851

A bylaw to establish a Property Tax Prepayment Plan.

WHEREAS it is desirable to encourage the prepayment of property taxes and implement a monthly payment system for the convenience of taxpayers;

NOW THEREFORE the Council of the Town of Ladysmith, in open meeting assembled, enacts as follows:

1. This Bylaw may be cited for all purposes as the "Property Tax Prepayment Plan Bylaw 2014, No. 1851".
2. For the purpose of this or other bylaws pertaining to the Property Tax Prepayment Plan, unless the context otherwise requires, the following terms will have the meanings hereinafter assigned to them:
 - a) "Town" means the Town of Ladysmith, or the area contained within the boundaries of the said Town;
 - b) "Collector" means any person given authority by the Town to collect monies for property taxes on behalf of the Town.
 - c) "Tax Due Date" is the date that the assessed property taxes must be paid by each year in accordance with Section 234 of the *Community Charter*.
3. Property owners may prepay their property taxes for the following year by making monthly payments, in accordance with the provisions of this bylaw.
4. Property owners wishing to pay their property taxes under the Property Tax Prepayment Plan must, no later than fifteen (15) days before their 1st payment,
 - (a) pay all their outstanding property taxes, and
 - (b) give the Collector a void cheque and written authorization, in the manner the Collector requires, to automatically withdraw monthly tax payments from the property owner's bank account.
5. The amount of the equal payments that will be withdrawn on the 1st of each month (except June and July) from the property owner's bank account by the Town will be calculated by dividing the previous year's gross taxes, less the Provincial Homeowner grant, if claimed, by ten (10). The monthly payment will be recalculated every year. Minimum monthly withdrawals will be \$10.00.
6. If the amount of property taxes paid exceeds the amount of property taxes owed (on the parcel of real property for which the prepayment has been made), the Collector will apply the excess amount towards the property taxes for the following year, unless the property owners requests a refund in writing to the Collector.
7. A property owner may discontinue the property tax prepayment plan arrangement by providing the Collector with written notice no less than fifteen (15) days before the next payment is scheduled.
8. Interest will be paid on prepayment monies received by the Collector. Interest will be calculated at a rate of three percent (3%) below the prime rate of the Town's principal bank. For payments made from August 1st to Dec 31st, the rate established on December 31st will be used. For payments made from January 1st to May 1st, the rate established on April 30th will be used and will be calculated to June 30th. Interest will be credited to the owner's property tax account.
9. If in the property tax prepayment year a property owner's bank account does not contain sufficient funds to cover the amount of the two (2) monthly payments, the Collector may immediately disqualify the property owner from the property tax prepayment plan arrangement. All returned payments will be subject to a service charge as set out by the Town of Ladysmith's Fees and Charges Bylaw.
10. It is the property owner's responsibility to ensure the correct information is provided to the Town for the purposes of processing payments.
11. The Collector shall indicate on the annual Property Tax notice, to all participating taxpayers, the total of all payments received plus interest earned and show the property tax amount required to be

paid by the tax due date of that year. It is still the owner's responsibility to pay any remaining amounts and claim their homeowner grant, if eligible, before the due date to avoid the penalty levy.

12. Property owners are required to keep their property tax account balance up to date. Payments must be applied as set out in Section 244 of the *Community Charter*. In the event that there are property taxes in delinquent or arrears on the property in question, the Collector may immediately disqualify the property owner from the property tax prepayment plan arrangement.
13. In the event of a sale or transfer of the property, property tax prepayments are to stay on the property tax account and the responsibility for the adjustment shall be between the vendor and purchaser. It is the responsibility of the property owner to notify the Collector, in writing no less than fifteen (15) days, prior to the sale if they wish to withdraw from the property tax prepayment plan to ensure payments do not continue after the sale.
14. This bylaw maybe cited as "Property Tax Prepayment Plan Bylaw 2014, No. 1851".

READ A FIRST TIME	on the	day of
READ A SECOND TIME	on the	day of
READ A THIRD TIME	on the	day of
ADOPTED	on the	day of

Mayor (R. Hutchins)

Corporate Officer (S. Bowden)

TOWN OF LADYSMITH

BYLAW NO. 1857

A bylaw of the Town of Ladysmith to approve the 2013 Audited Financial Statements as authorized expenditures for 2013.

WHEREAS the Council of the Town of Ladysmith deems it appropriate to approve the 2013 Audited Financial Statements.

NOW THEREFORE the Council of the Town of Ladysmith in open meeting assembled enacts as follows:

- (1) The 2013 Audited Financial Statements for the Town of Ladysmith, attached hereto as Schedule A, are hereby considered to be authorized expenditures for 2013.
- (2) This bylaw may be cited for all purposes as *"Town of Ladysmith 2013 Audited Financial Statements Bylaw 2014, No. 1857."*

READ A FIRST TIME on the

READ A SECOND TIME on the

READ A THIRD TIME on the

ADOPTED on the

Mayor (R. Hutchins)

Director of Corporate Services (S. Bowden)

TOWN OF LADYSMITH
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013
Unaudited

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, City Manager

INDEX TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

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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 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, 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

April 28, 2014

MNP LLP
Chartered Accountants

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	2013	2012
Financial Assets		
Cash and short term deposits (Note 3)	\$ 12,591,022	\$ 11,439,569
Accounts receivable (Note 4)	<u>2,900,746</u>	<u>2,663,634</u>
	<u>15,491,768</u>	<u>14,103,203</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	1,562,524	1,239,606
Post-employment benefits (Note 6)	225,900	247,200
Deferred revenue (Note 7)	229,240	212,738
Refundable deposits and other (Note 8)	396,242	416,637
Restricted reserves - other (Note 9)	474,213	463,832
Development cost charge reserve (Note 9)	1,517,690	1,489,935
Federal gas tax reserve (Note 11)	854,988	675,377
Obligations under capital lease (Note 12 & Schedule I)	575,566	156,274
Debenture debt (Note 13 & Schedule II)	<u>3,476,347</u>	<u>3,711,148</u>
	<u>9,312,710</u>	<u>8,612,747</u>
Net Financial Assets	<u>6,179,058</u>	<u>5,490,456</u>
Non-Financial Assets		
Tangible Capital Assets (Schedule X & XI)	77,877,676	77,375,354
Prepays	118,649	98,834
Inventory	<u>84,075</u>	<u>83,642</u>
	<u>78,080,400</u>	<u>77,557,830</u>
Accumulated Surplus (Note 18)	<u>\$ 84,259,458</u>	<u>\$ 83,048,286</u>
Commitments and Contingencies (Note 14)		
Subsequent Events (Note 22)		


Director of Financial Services

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

	2013	Budget 2013 (Note 19)	2012
Revenue			
Taxes - (Schedule III)	\$ 8,286,919	\$ 8,290,099	\$ 7,837,932
Fees and charges			
General (Schedule IV)	1,735,914	1,698,455	1,684,808
Sewer (Schedule IV)	718,265	673,272	680,043
Water (Schedule IV)	676,576	687,600	694,452
Investment Income	121,411	75,000	112,183
Penalty and interest on tax	123,620	110,000	117,983
Grants (Schedule VII)	1,375,509	1,313,051	1,871,963
Donations and contributed property	24,636	261,000	168,506
Gain (loss) on disposal of tangible capital assets	(43,587)	-	14,309
Development fees	108,075	108,075	108,075
Local area improvements	8,922	8,921	8,922
Gas tax funds utilized	81,225	273,550	54,705
	<u>13,217,485</u>	<u>13,499,023</u>	<u>13,353,881</u>
Expenses			
General government services	2,103,832	2,297,005	2,234,109
Protective services	1,820,194	1,857,993	1,655,013
Transportation services	2,138,016	2,293,007	2,115,007
Garbage services	462,974	474,931	465,798
Cemetery services	23,953	42,073	38,073
Development services	557,198	1,094,544	522,925
Recreation and cultural services	2,218,835	2,281,987	2,274,371
Parks operation services	867,892	887,694	867,734
Sewer	983,611	1,426,309	909,460
Water	829,808	1,763,331	798,194
	<u>12,006,313</u>	<u>14,418,874</u>	<u>11,880,684</u>
Annual Surplus (Deficit)	1,211,172	(919,851)	1,473,197
Accumulated Surplus, beginning of year	<u>83,048,286</u>	<u>83,048,286</u>	<u>81,575,089</u>
Accumulated Surplus - end of year	<u>\$ 84,259,458</u>	<u>\$ 82,128,435</u>	<u>\$ 83,048,286</u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Operations		
Annual Surplus	\$ 1,211,172	\$ 1,473,197
Less non-cash items:		
Amortization	2,528,284	2,421,478
Loss (gain) on disposal of tangible capital assets	43,587	(14,309)
Actuarial adjustments on debt debenture	(68,475)	(59,783)
Contribution to land	-	(89,684)
Changes in non-cash items:		
Accounts receivable	(237,112)	(157,614)
Accounts payable, accrued liabilities and post-employment benefits	301,618	(239,771)
Inventory and prepaid expenses	(20,247)	(52,746)
Deferred revenues	16,502	(543,580)
Restricted reserves	10,381	23,603
Federal gas tax reserve	179,611	205,492
Development cost charge reserve	27,755	286,512
Refundable deposits and other	(20,395)	(17,802)
Net increase (decrease) in cash from operations	<u>3,972,681</u>	<u>3,234,993</u>
Capital Transactions		
Proceeds on sale of tangible capital assets	129,986	37,309
Cash used to acquire tangible capital assets	(2,735,453)	(2,601,214)
	<u>(2,605,467)</u>	<u>(2,563,905)</u>
Financing		
Proceeds from new debt	-	1,000,000
Repayment of long-term debt	(215,761)	(166,055)
Net (Decrease) Increase in cash from financing	<u>(215,761)</u>	<u>833,945</u>
Increase in Cash and Short Term Deposits	1,151,453	1,505,033
Cash and Short Term Deposits - Beginning of Year	11,439,569	9,934,536
Cash and Short Term Deposits - End of Year	<u>\$ 12,591,022</u>	<u>\$ 11,439,569</u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	Budget 2013 (Note 19)	2012
Annual Surplus (Deficit)	\$ 1,211,172	\$ (919,851)	\$ 1,473,197
Acquisition of tangible capital assets	(3,204,179)	(9,473,641)	(2,777,530)
Amortization of tangible capital assets	2,528,284	2,270,000	2,421,478
Loss (gain) on sale of tangible capital assets	43,587	-	(14,309)
Proceeds from sale of tangible capital assets	129,986	-	37,310
Decrease (Increase) in inventories	(433)	-	7,854
Decrease (Increase) in prepaids	(19,815)	-	(60,600)
Change in Net Financial Assets	<u>688,602</u>	<u>(8,123,492)</u>	<u>1,087,400</u>
Net Financial Assets (Net Debt), beginning of year	<u>5,490,456</u>		<u>4,403,056</u>
Net Financial Assets (Net Debt), end of year	<u><u>\$ 6,179,058</u></u>		<u><u>\$ 5,490,456</u></u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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>Reserve 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>

(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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

(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.

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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 does not expect the adoption of the new section to have a material impact on its consolidated financial statements.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

3. Cash and Short Term Deposits

Cash and short term deposits were comprised as follows:

	<u>2013</u>	<u>2012</u>
Cash	\$ 11,839,089	\$ 10,695,810
Short term deposits	751,933	743,759
	<u>\$ 12,591,022</u>	<u>\$ 11,439,569</u>

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>2013</u>	<u>2012</u>
Restricted reserves - other	\$ 474,213	\$ 463,831
Federal gas tax reserve	854,988	675,377
Development cost charges reserve	1,495,960	1,489,936
Total restricted cash	<u>\$ 2,825,161</u>	<u>\$ 2,629,144</u>

4. Accounts Receivable

	<u>2013</u>	<u>2012</u>
Property taxes	\$ 1,136,828	\$ 1,230,701
Other government	427,359	563,637
User fees and other	1,294,748	834,787
Development cost charges	21,730	-
Developer receivables	16,253	29,071
Employee receivables	3,828	5,438
	<u>\$ 2,900,746</u>	<u>\$ 2,663,634</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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

5. Accounts Payable and Accrued Liabilities

	<u>2013</u>	<u>2012</u>
General	\$ 1,241,444	\$ 933,929
Other governments	111	181
Salaries and wages	161,707	129,634
Contractor holdbacks	118,339	142,727
Accrued interest	40,923	33,135
	<u>\$ 1,562,524</u>	<u>\$ 1,239,606</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 October 31, 2012 and has been extrapolated to December 31, 2013. The change in the liability in the financial statements in respect of obligations under the plan amounts to (\$21,300). (2012 - \$5,800).

The accrued post-employment benefits are as follows:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 247,200	\$ 253,000
Current service costs	28,800	28,500
Benefits paid	(5,000)	(63,000)
Actuarial (gain)/loss	(45,100)	28,700
	<u>\$ 225,900</u>	<u>\$ 247,200</u>

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

	<u>2013</u>	<u>2012</u>
Discount Rate	3.90%	3.40%
Expected Inflation Rate and Wage & Salary Increases	2.50%	2.50%

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

7. Deferred Revenue

	<u>2013</u>	<u>2012</u>
Licence fees & charges	\$ 1,814	\$ 5,016
Rental payments	26,701	22,229
Prepaid property tax	101,590	89,838
Subdivision tree prepayment	35,105	38,808
Recreation prepayment	24,676	17,992
Utilities	31,857	33,711
Other	7,497	5,144
	<u>\$ 229,240</u>	<u>\$ 212,738</u>

8. Refundable Deposits and Other

	<u>2013</u>	<u>2012</u>
Developer performance deposits	\$ 198,932	\$ 215,467
Damage deposits	195,580	199,685
Other	1,730	1,485
	<u>\$ 396,242</u>	<u>\$ 416,637</u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2012	Interest	Contributions	Expenditures	Balance Dec. 31, 2013
DCC - Water	\$ 218,156	\$ 2,757	\$ 22,445	\$ -	\$ 243,358
DCC - Parks	238,605	2,889	17,230	-	258,724
DCC - Roads	577,748	6,409	44,191	(108,075)	520,273
DCC - Sewer	126,187	1,543	32,277	-	160,007
DCC - Storm	329,239	3,933	2,156	-	335,328
	<u>1,489,935</u>	<u>17,531</u>	<u>118,299</u>	<u>(108,075)</u>	<u>1,517,690</u>
Gas Tax	<u>675,377</u>	<u>8,216</u>	<u>252,620</u>	<u>(81,225)</u>	<u>854,988</u>
Parking	74,132	903	-	-	75,035
Green Streets	1,394	17	-	-	1,411
Amphitheatre	13,300	167	600	-	14,067
Trolley	-	4	4,773	(4,777)	-
LRC - Capital	363,027	114	11,314	(7,968)	366,487
B&G - Capital	11,979	170	5,064	-	17,213
	<u>463,832</u>	<u>1,375</u>	<u>21,751</u>	<u>(12,745)</u>	<u>474,213</u>
TOTAL	<u><u>\$ 2,629,144</u></u>	<u><u>\$ 27,122</u></u>	<u><u>\$ 392,670</u></u>	<u><u>\$ (202,045)</u></u>	<u><u>\$ 2,846,891</u></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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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.

	<u>2013</u>	<u>2012</u>
Opening balance of unspent funds	\$ 675,377	\$ 469,885
Add: Amounts received during the year	252,620	252,714
Interest earned	8,216	7,483
Less: Gas tax funds utilized	<u>(81,225)</u>	<u>(54,705)</u>
Closing balance of unspent funds	<u>\$ 854,988</u>	<u>\$ 675,377</u>

12. Obligations under Capital Lease

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

2014	\$ 58,838
2015	58,062
2016	94,923
2017	38,198
2018	30,206
Thereafter	295,339

Debt interest, less actuarial adjustments in the consolidated statement of financial activities, is calculated as \$9,058 (2012 - \$2,673).

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013, which is included in obligation under capital leases, is \$59,905. Lease to expire September 2015. (2012 - \$65,179)
- 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, 2013, which is included in obligation under capital leases, is \$10,611. Lease to expire July 2016. (2012 - \$13,867)
- 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, 2013, which is included in obligation under capital leases, is \$58,585. Lease to expire May 2017. (2012 - \$71,290)
- 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, 2013, which is included in obligation under capital leases, is \$4,928. Lease to expire July 2017. (2012 - \$5,938)
- 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, 2013, which is included in obligation under capital leases, is \$432,570. Lease to expire March 2018.
- 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, 2013, which is included in obligation under capital leases, is \$8,967. Lease to expire February 2019.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

13. Debenture Debt

In 2012, new long term debt was issued through the Municipal Finance Authority in the amount of one million dollars to fund waterworks projects. The total long term debt issued and outstanding as at December 31, 2013 was \$3,476,347 (\$3,711,148 as at December 31, 2012). The following principal amounts are payable over the next five years.

	2014	2015	2016	2017	2018	Thereafter
Sewer - Principal	\$ 8,117	\$ 8,483	\$ -	\$ -	\$ -	\$ -
Water - Principal	24,012	24,012	24,012	24,012	24,012	855,928
General - Principal	190,877	196,495	66,033	66,033	66,033	1,898,288
	<u>\$ 223,006</u>	<u>\$ 228,990</u>	<u>\$ 90,045</u>	<u>\$ 90,045</u>	<u>\$ 90,045</u>	<u>\$ 2,754,216</u>

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

	Interest	Actuarial Adjustment	2013 Net	2012 Net
Sewer - Interest	\$ 3,187	\$ 3,110	\$ 77	\$ (73)
Water - Interest	41,545	-	41,545	17,000
General - Interest	219,463	65,365	154,098	162,457
	<u>\$ 264,195</u>	<u>\$ 68,475</u>	<u>\$ 195,720</u>	<u>\$ 179,384</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.
- iii) Various claims have been made against the Town as at December 31, 2013 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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

14. Commitments and Contingencies (continued)

(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 179,000 active members and approximately 71,000 retired members. Active members include approximately 72 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 \$377,728 (\$347,369 - 2012) for employer contributions to the Plan in fiscal 2013.

(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 21.80% (2012 – 22.05%) of the total property tax revenue which includes Western Forest Products at approximately 13.59% (2012 – 14.45%) of the total property tax revenue.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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>2013</u>	<u>2012</u>
Assets		
Cash and short term investment	\$ 141,707	\$ 139,697
Equity		
Opening balance	\$ 139,697	\$ 137,592
Interest	1,668	1,725
Transfer interest to fund cemetery costs	(1,668)	(1,725)
Contributions	2,010	2,105
Balance, end of year	<u>\$ 141,707</u>	<u>\$ 139,697</u>

17. Comparative Figures

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

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

18. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	<u>2013</u>	<u>2012</u>
Unappropriated equity	\$ 2,461,781	\$ 2,293,139
Appropriated equity (Schedule V)	7,131,815	6,004,098
	<u>9,593,596</u>	<u>8,297,237</u>
Capital Funds		
General capital fund	112,067	4,653
Sewer capital fund	834	826
Water capital fund	607,883	1,130,618
	<u>720,784</u>	<u>1,136,097</u>
Reserve Funds		
Reserve funds (Schedule V)	<u>119,315</u>	<u>107,020</u>
Equity in Tangible Capital Assets	<u>73,825,763</u>	<u>73,507,932</u>
Total Accumulated Surplus	<u>\$ 84,259,458</u>	<u>\$ 83,048,286</u>

19. Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 13, 2013.

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	(2,270,000)
Proceeds from new debt	(4,729,000)
Transfers to/from Owns funds	(3,845,255)
Less:	
Principle payments on debt	450,762
Capital expenditures per budget	11,311,272
Capital Expenditures expensed in accordance with the Tangible Capital Asset Policy	<u>(1,837,630)</u>
Adjusted Annual Surplus	<u>\$ (919,851)</u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013

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.

Transportation (Public Works) operated the Ladysmith Trolley, a service that was discontinued on September 1, 2013.

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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 entered into a combination loan/grant agreement between the Federation of Canadian Municipalities and the Municipal Finance Authority for \$10,000,000 for the construction of the third phase of the waste-water treatment plant.

TOWN OF LADYSMITH
OBLIGATIONS UNDER CAPITAL LEASES
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE I

	Term	Original Amount	Balance Dec 31, 2012	PST Adjustment	Principal Payments	Balance Dec 31, 2013	Net Interest (1)	Interest Rate
Spartan Fire Truck	2010-15	\$ 312,258	\$ 65,178	\$ 3,258	\$ 8,531	\$ 59,905	\$ 1,208	4.02%
City Hall Copier	2011-16	19,780	13,868	667	3,924	10,611	239	2.00%
Fire Bush Truck	2012-17	83,652	71,290	3,479	16,184	58,585	1,261	2.00%
P.W. Copier	2012-17	6,748	5,938	290	1,300	4,928	105	2.00%
Spartan Fire Truck	2013-18	452,066	-	-	19,496	432,570	6,245	2.00%
Ricoh Copier - FJCC	2014-19	8,967	-	-	-	8,967	-	2.00%
		<u>\$ 883,471</u>	<u>\$ 156,274</u>	<u>\$ 7,694</u>	<u>\$ 49,435</u>	<u>\$ 575,566</u>	<u>\$ 9,058</u>	

(1) Interest, net of actuarial adjustments

TOWN OF LADYSMITH
DEBENTURE DEBT
FOR THE YEAR ENDED DECEMBER 31, 2013
SCHEDULE II

	Issue #	Term	Original Amount	Balance Dec 31, 2012	Principal Payments	Balance Dec 31, 2013	Net Interest (1)	Interest Rate
<u>Sewer Capital Fund</u>								
2000 Sewer Improvements	72	2000-15	\$ 93,500	\$ 24,369	\$ 7,768	\$ 16,601	\$ 76	6.45%
<u>Water Capital Fund</u>								
2012 Water Improvements	118	2012-37	\$ 1,000,000	\$ 1,000,000	\$ 24,012	\$ 975,988	\$ 41,545	3.40%
<u>General Capital Fund</u>								
2000 First Avenue	73	2000-15	\$ 1,438,000	\$ 374,774	\$ 119,468	\$ 255,306	\$ 43,468	6.35%
2006 RCMP Building	97	2006-31	2,750,000	2,312,005	83,553	2,228,452	110,631	4.66%
			<u>\$ 5,281,500</u>	<u>\$ 3,711,148</u>	<u>\$ 234,801</u>	<u>\$ 3,476,347</u>	<u>\$ 195,720</u>	

(1) Interest, net of actuarial adjustments

TOWN OF LADYSMITH
TAX REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE III

	Actual 2013	Budget 2013	Actual 2012
General Taxes			
General municipal purposes	\$ 6,773,970	\$ 6,781,999	\$ 6,381,921
Grants in lieu and 1% utility tax	158,857	158,250	153,150
Water and sewer parcel tax	1,354,154	1,349,850	1,301,280
	<u>\$ 8,286,981</u>	<u>\$ 8,290,099</u>	<u>\$ 7,836,351</u>
Collections for other governments:			
School district	\$ 3,032,020	\$ 3,031,765	\$ 2,975,207
Regional hospital district	570,051	569,895	451,270
Regional district	798,977	798,845	729,711
BCAA and MFA	85,446	85,442	84,122
Library	303,110	303,456	286,272
	<u>\$ 4,789,604</u>	<u>\$ 4,789,403</u>	<u>\$ 4,526,582</u>
Less:			
Transmission of taxes levied for other governments:			
School district	\$ 3,032,020	\$ 3,031,765	\$ 2,975,207
Regional hospital district	569,895	569,895	450,665
Regional district	798,845	798,845	728,771
BCAA and MFA	85,450	85,442	84,122
Library	303,456	303,456	286,236
	<u>\$ 4,789,666</u>	<u>\$ 4,789,403</u>	<u>\$ 4,525,001</u>
Net Taxation	<u>\$ 8,286,919</u>	<u>\$ 8,290,099</u>	<u>\$ 7,837,932</u>

TOWN OF LADYSMITH
SCHEDULE OF FEES AND CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE IV

	Actual 2013	Budget 2013	Actual 2012
General Revenue Fund			
Fines and Licence Revenue	\$ 76,826	\$ 80,800	\$ 77,996
Garbage Collection	516,384	510,000	505,292
General Revenue Fund	21,173	2,050	18,154
Trolley Revenue	7,862	2,000	14,239
Cemetery Revenue	30,020	31,000	31,015
Miscellaneous Revenue	145,088	92,186	94,326
Parks, Recreation & Culture Revenue	606,779	618,105	584,349
Permits and Fees (Subdivisions)	89,535	136,200	116,192
Protective Services Revenue	242,247	226,114	243,245
	<u>\$ 1,735,914</u>	<u>\$ 1,698,455</u>	<u>\$ 1,684,808</u>
 Sewer Utility Fund			
User Rates	<u>\$ 718,265</u>	<u>\$ 673,272</u>	<u>\$ 680,043</u>
 Waterworks Utility Fund			
User Rates	<u>\$ 676,576</u>	<u>\$ 687,600</u>	<u>\$ 694,452</u>
 Total Fees and Charges	 <u><u>\$ 3,130,755</u></u>	 <u><u>\$ 3,059,327</u></u>	 <u><u>\$ 3,059,303</u></u>

TOWN OF LADYSMITH
CONTINUITY SCHEDULE OF RESERVES AND APPROPRIATED EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE V

(Unaudited)

	Balance Dec. 31, 2012	Interest Allocated	Contributions	Funding	Balance Dec. 31, 2013
RESERVES					
Tax Sale	\$ 24,863	\$ 286	\$ -	\$ -	\$ 25,149
Perpetual Safety Fund	12,373	143	-	-	12,516
Sale Real Property	-	-	-	-	-
Amenity Funds	69,784	866	11,000	-	81,650
TOTAL RESERVES	\$ 107,020	\$ 1,295	\$ 11,000	\$ -	\$ 119,315
APPROPRIATED EQUITY - OPERATIONS					
General Operating Fund					
Future Projects	696,310	-	667,339	288,761	1,074,888
Equipment	630,252	-	157,682	89,591	698,343
Land & Building	136,318	-	86,500	-	222,818
Tax Contingency	161,266	-	46,720	50,000	157,986
Snow & Ice Removal	-	-	25,000	-	25,000
Infrastructure Deficit	-	-	70,000	-	70,000
Total General Fund Appropriated Equity	1,624,146	-	1,053,241	428,352	2,249,035
Water Operating Fund					
Capital Expenditures	694,766	-	455,492	57,287	1,092,971
MFA Surplus Refunds	524,076	-	-	-	524,076
Total Water Operating Fund	1,218,842	-	455,492	57,287	1,617,047
Sewer Operating Fund					
Capital Expenditures	2,554,757	-	197,072	92,449	2,659,380
MFA Surplus Refunds	606,353	-	-	-	606,353
Total Sewer Operating Fund	3,161,110	-	197,072	92,449	3,265,733
TOTAL APPROPRIATED EQUITY	\$ 6,004,098	\$ -	\$ 1,705,805	\$ 578,088	\$ 7,131,815
TOTAL RESERVES AND APPROPRIATED EQUITY	\$ 6,111,118	\$ 1,295	\$ 1,716,805	\$ 578,088	\$ 7,251,130

TOWN OF LADYSMITH

SCHEDULE OF RESTRICTED RESERVES, RESERVES AND EQUITY BY FUND

AS AT DECEMBER 31, 2013

SCHEDULE VI

(Unaudited)

	Restricted Reserves	Allocated Reserves	Appropriated Equity	Unappropriated Equity	Capital Funds Equity	Total
General operating fund	\$ -	\$ -	\$ 2,249,035	\$ 259,773	\$ -	\$ 2,508,808
Water operating fund	-	-	1,617,047	479,012	-	2,096,059
Sewer operating fund	-	-	3,265,733	1,722,996	-	4,988,729
Reserve fund	2,846,891	119,315	-	-	-	2,966,206
General capital fund	-	-	-	-	112,067	112,067
Water capital fund	-	-	-	-	607,883	607,883
Sewer capital fund	-	-	-	-	834	834
Total	\$ 2,846,891	119,315	\$ 7,131,815	\$ 2,461,781	\$ 720,784	\$ 13,280,586

TOWN OF LADYSMITH
GRANT REVENUE
AS AT DECEMBER 31, 2013
SCHEDULE VII

	2013	2012
Grants:		
Provincial conditional	\$ 7,958	\$ 918,782
Provincial unconditional	338,478	710,268
Federal conditional	184	102,473
Federal unconditional	-	134,205
Regional conditional	941,644	-
Other	87,245	6,235
	<u>\$ 1,375,509</u>	<u>\$ 1,871,963</u>

TOWN OF LADYSMITH

Statement of Operations by Segment
AS AT DECEMBER 31, 2013

Schedule VIII

	General Government		Protective		Transport Environment & Public Health		Development		Recreation & Culture		Parks		Water		Sewer		Total Actual	
	2013		2013		2013		2013		2013		2013		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 fund 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		1,096,890		2,479,998		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		2,218,835		867,892		829,808		983,611		12,006,313	
Surplus (Deficit)	\$ 5,454,679		\$ (1,450,467)		\$ (1,969,213)		\$ (394,196)		\$ (1,355,801)		\$ (837,298)		\$ 267,082		\$ 1,496,387		\$ 1,211,172	

TOWN OF LADYSMITH

Statement of Operations by Segment
AS AT DECEMBER 31, 2012

Schedule IX

	General Government			Transport			Recreation & Culture			Parks			Water			Sewer			Total Actual		
	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
REVENUE																					
Tax	\$ 6,536,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 354,400	\$ -	\$ -	\$ 946,880	\$ -	\$ -	\$ 7,837,932		
Fees & charges	84,326	353,538		582,021		59,631	600,221		5,071				694,452			680,043			3,059,303		
Investment income	99,533												12,639			11			112,183		
Penalty & Interest on tax	117,983																		117,983		
Grants	653,187	64,536		96,093		16,998	134,706									906,443			1,871,963		
Donations & contributed property																			168,506		
Gain (loss) on disposal				89,684			5,795		65,347							7,680			14,309		
Development fees				14,309															108,075		
Local area improvements				108,075															8,922		
Gas tax funds utilized	14,705			40,000															54,705		
Total revenue	7,506,386	418,074		930,182		76,629	740,722		70,418				1,061,491			2,549,979			13,353,881		
EXPENSES																					
Contracted Services	431,384	863,309		522,974		162,640	49,475		34,975				95,900			101,287			2,261,944		
Grants In Aid	103,100	11,000																	114,100		
Insurance	73,386	23,256		8,317			23,783						4,810			11,917			145,469		
Interest	313	116,159		48,658									17,000			(73)			182,057		
Materials & Supplies	29,539	73,148		81,206		5,269	111,432		127,452				48,333			38,763			515,142		
Utilities & Telephone	10,667	43,303		129,553		6,124	159,352		20,358				5,510			40,462			415,329		
Wages & Benefits	1,251,835	325,444		817,575		333,794	1,571,726		347,231				329,472			304,197			5,281,274		
Other	89,707	48,062		80,397		12,858	150,537		88,448				41,838			32,044			543,891		
Amortization	244,178	151,332		930,198		2,240	208,066		249,270				255,331			380,863			2,421,478		
Total expenses	2,234,109	1,655,013		2,618,878		522,925	2,274,371		867,734				788,194			909,460			11,880,684		
Surplus (Deficit)	\$ 5,272,277	\$ (1,236,939)		\$ (1,688,696)		\$ (446,296)	\$ (1,533,649)		\$ (797,316)				\$ 263,297			\$ 1,540,519			\$ 1,473,197		

Schedule X

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

	Land		Land Improvements		Buildings		Vehicles Furniture & Equipment		Linear Infrastructure				Assets Under Construction		2013 Total
	Land	Improvements	Land	Improvements	Buildings				Transportation	Sanitary Sewer	Storm Sewer	Water	Construction		
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	0	60,451	73,566	684,392	17,967	57,892	0	213,734	2,096,177	3,204,179					
Less: Disposals	0	0	0	483,131	0	0	0	8,700	0	491,831					
Less: Write-downs	0	0	0	0	0	0	0	0	0	0					
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	0	0	0	0	0	0	0	0
Less: Acc. Amortization on Disposals	0	0	311,821	0	0	0	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	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
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(1) Included in the tangible capital assets are leased assets with a total cost of \$883,471 - (2012 - \$479,714) and accumulated amortization of \$108,021 - (2012 - \$114,760)

Schedule XI

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Land		Buildings	Vehicles Furniture & Equipment	Linear Infrastructure				Assets Under Construction	2012 Total
	Land	Improvements			Transportation	Sanitary Sewer	Storm Sewer	Water		
COST										
Opening Balance	\$8,552,571	\$7,571,586	\$17,627,130	\$5,197,725	\$25,480,203	\$14,211,653	\$7,844,102	\$14,032,374	\$5,535,993	\$106,053,337
Add: Additions	13,512	144,529	18,325	299,304	44,898	5,727,251	94,624	1,671,315	106,600	8,120,358
Less: Disposals	-	-	-	155,605	-	-	-	-	5,342,828	5,498,433
Less: Write-downs	-	-	-	-	-	-	-	-	-	-
Closing 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

ACCUMULATED AMORTIZATION

Opening Balance	1,845,125	3,058,567	3,017,247	11,473,133	4,489,483	1,657,754	3,469,726	29,011,035
Add: Amortization	226,698	456,278	276,733	721,812	363,747	105,494	270,716	2,421,478
Less: Write-downs	-	-	-	-	-	-	-	-
Less: Acc. Amortization on Disposals	-	-	132,605	-	-	-	-	132,605
Closing 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

**Net Book Value, year ended
December 31, 2012**

\$8,566,083	\$5,644,292	\$14,130,610	\$2,180,049	\$13,330,156	\$15,085,674	\$6,175,478	\$11,963,247	\$299,765	\$77,375,354
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