

TOWN OF LADYSMITH

2021

ANNUAL REPORT

Fiscal year ending December 31, 2021





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ABOUT OUR COMMUNITY

Nestled on the eastern shores of spectacular Vancouver Island, Ladysmith features all the warmth and charm of a small town, yet offers its residents a full range of services, amenities and world class municipal infrastructure typically found in larger urban centres. Ladysmith is a growing community (population 8,990 in 2021) located just 88 km (55 miles) north of Victoria and 23 km (14 miles) south of Nanaimo.

Ladysmith residents place a very high value on preserving the storied chronicle of this community, actively celebrating the Town's intriguing heritage while respectfully acknowledging the more than 5,000 years of history of the first residents of this land, the Stz'uminus First Nation.

The Town's strong sense of pride for its past is also evident in its well-maintained architecture and colourful streetscapes. 1st Avenue, a major thoroughfare, was nationally recognized in 2017 as Canada's Great Street by the Canadian Institute of Planners.

As a progressive municipal leader, the Town of Ladysmith places a strong emphasis on the importance of bringing the past to life while simultaneously forging ahead on new initiatives. These values are reflected in the way the Ladysmith Heritage Walks link the vibrant history of its buildings and artifacts with the burgeoning waterfront area and Transfer Beach Park.

Whether the Town is focused on restoring an old building or planning a new development, Council and staff always do so in a thoughtful, balanced and sustainable manner.



THE MAYOR'S MESSAGE

On behalf of Council, it is my privilege to provide this message for the Town of Ladysmith's 2021 Annual Report as we reflect on our accomplishments from this past year.

The COVID-19 pandemic continued to test our strength and determination as Council focused its attention on opportunities for meaningful progress on our Strategic Priorities in these ever-changing times.

As a Council, we started the second half of our term having achieved much already before pivoting during the pandemic to a focus on economic recovery.

In 2021, there was a sense that a return to normal times could be on the horizon.

In this spirit of resurgence, an achievement during the year was the official launch of our Official Community Plan Review. As a growing community, a strong OCP that reflects our current challenges and opportunities will help guide Council's decision-making moving forward.

Hundreds of residents shared their vision for Ladysmith and their diverse and meaningful feedback will help shape the final plan.

We were all once again reminded in 2021 that nature is a powerful force that without notice can uproot communities and cause widespread destruction.

Inclement weather resulting increasingly from climate change is a significant cause for concern for all levels of government, especially municipalities as we manage our infrastructure deficit.

The completion of the Phase 2 of the Holland Creek supply main relocation last year is one step in helping to ensure the distribution of water from the Water Filtration Plan is safeguarded. The relocation of the pipe was prioritized following the 2018 windstorm.

Similarly, Ladysmith experienced a significant drought during the summer and Council thanks residents who followed the water restrictions that are intended to help responsibly manage this resource in the event of a major structure fire.

Increasing our lake storage capacity and the availability of water is an ongoing priority for Council as our community grows steadily.

Through a coordinated effort with our partners at the Cowichan Valley Regional District, we completed a preliminary design for replacement of the Stocking Lake Dam, which will allow us to increase our storage capacity.

We continue to explore grant funding opportunities through senior levels of government to help complete these and other infrastructure projects without passing the full tax burden onto property owners.

On this note, thank you Town staff for again presenting a revised budget that balances the need for fiscal responsibility with necessary investments to lay the foundation for a stable economic recovery.

Revenue from new developments as well as the use of Provincial COVID-19 relief funds that made up for the loss in revenue kept taxes as low as possible.

I also applaud the work of Ladysmith's volunteers and service clubs for your outstanding commitment to our community.

Specifically, thank you to the Kinsmen Club of

Ladysmith and the many volunteers who contributed to the opening of the Downtown Public Washroom building on 1st Avenue.

We also continue to make progress on implementing the Waterfront Area Plan as Council appointed Arts & Heritage Hub Steering Committee members tasked with helping formulate a design for the walkable public space and artist studio honouring Indigenous cultural history.

Just down the road at Transfer Beach Park, we received a \$701,552 Provincial grant to complete upgrades to the public washroom, picnic shelters and improve overall accessibility.

Through our work on the waterfront, we honour and work together with our neighbours the Stz'uminus First Nation. In 2021, our communities gathered at Transfer Beach to reflect as we marked the first National Day for Truth and Reconciliation.

Together, through our shared motivation and mutual respect, we are on the path to building a better future.

We celebrate all of these achievements and the progress highlighted within the 2021 Annual Report with our staff, partners, volunteers and residents.

Mayor Aaron Stone



THE CAO'S MESSAGE



Thank you for your interest in the Town of Ladysmith's 2021 Annual Report, a review of our accomplishments from the past year on Council's 2020-2023 Strategic Plan objectives.

The COVID-19 pandemic continued over this past year to require us all to act with kindness and unity for the health and safety of our community, and especially the first responders on the frontlines of this ongoing crisis.

Thank you to the entire Town staff team for your dedication and adaptability in fulfilling your duties. Despite the uncertainty before us, we were able to get back on track with fulfilling Council's priorities and deliver the high quality of service that residents expect of us.

I am also grateful to work on the unceded traditional territory of the Stz'uminus First Nation and amazed by the beauty of the natural landscape. We continue to learn from the past and walk together in this journey of shared prosperity.

In 2021, the Town's Infrastructure Services demonstrated flexibility in responding to emergency water service line leaks and other repairs to our infrastructure, while operators ensured the facilities that we depend on for water and waste water management were functioning 24/7, 365 days a year.

As a growing community, building and maintaining new infrastructure and responsibly managing the renewal of our aging assets is a top priority for Council and the Town.

We continue to apply for grant opportunities to lessen the financial burden on residents and in 2021 were grateful to receive Provincial funding for active transportation upgrades along Colonia and Delcourt Avenue as well as major tourism improvements to Transfer Beach Park.

Parks staff maintained our beautiful trails and recreational greenspaces to a high standard during a year when so many BC communities, including Ladysmith, were plagued by widespread flooding and drought. Efforts to mitigate these ongoing and mounting impacts of climate change will continue to touch upon so many of the projects municipalities tackle.

Furthermore, Council's strategic priorities recognize these influences, and staff are diligently managing our assets and bringing forward capital projects that reflect the ever-changing environmental landscape.

Over this past year, Development Services and our consultant team for the Official Community Plan Review facilitated public engagement opportunities that will inform the policies presented to Council for adoption in 2022.

Planning staff also processed a record number of building permits at an estimated construction value of over \$68,000,000 and brought forward several major development applications for Council's consideration.

Parks, Recreation & Culture staff adapted programming and classes several times over the course of

2021 in order to reflect the current guidelines issued by the Provincial Health Officer.

We appreciate the understanding of our patrons who stayed with us through these changes, as well as those who are returning or new to our recreation offerings.

Our administrative offices remained 'open for business' and I'd like to particularly recognize staff for providing exceptional customer service, answering phones, responding to inquiries, and improving the efficiency of our operations.

In closing, I would like to thank Ladysmith Mayor and Council for entrusting me to lead our hardworking staff team. I look forward to accomplishing great things together.

While Ladysmith has grown and changed over the years, the spirit of its residents and the everlasting charm that makes this community so unique on Vancouver Island hasn't wavered.

I invite you to explore the 2021 Annual Report and reflect on Council's accomplishments and the road ahead.

Allison McCarrick, CAO



LADYSMITH COUNCIL

The Mayor and Council of the Town of Ladysmith were each elected for a four-year term in the municipal election held in October 2018. Each member is appointed to standing portfolios, Town and regional committees.

In 2019, Council adopted the 2020-2023 Strategic Plan. The major projects undertaken over the coming years will all help to accomplish the larger plan. The Town's budgets and ongoing work plans are guided by these key priorities.

Council recognizes that a significant portion of the Town's resources must be allocated to the core services that keep our community running - roads, sidewalks, water supply, sewage treatment, solid waste, parks and trails, fire/rescue, policing, and recreation programs.

Ladysmith's Strategic Plan is Council's vision for how best to invest the remaining resources to build the kind of community we envision for our citizens and future generations.

» Vision:

Ladysmith is a diverse and well-managed municipality that reflects the quality of its people, where we work together as stewards of our assets, environment and economy.

» Mission:

A safe, caring and vibrant economy.



Tricia McKay
Councillor



Duck Paterson
Councillor



Marsh Stevens
Councillor



Jeff Virtanen
Councillor



Amanda Jacobson
Councillor



Rob Johnson
Councillor



LADYSMITH COMMITTEES

Council appoints citizens to serve on local advisory commissions and committees. Their role is to review matters referred by Council, and to make recommendations to help Council conduct its business.

Committee of the Whole

The Committee of the Whole is responsible for advising and making recommendations to Council on a broad spectrum of issues related to departmental matters.

Tricia McKay Chair
 Rob Johnson Vice Chair
 All members of Council

Community Planning Advisory Committee

Jason Harrison Chair
 Jason Robertson Member
 Brian Childs Member
 Steve Frankel Member
 Tamara Hutchinson Member
 Jennifer Sibbald Member
 Abbas Farahbakhsh Member
 Julie Thompson Staff Liaison
 Jake Belobaba Mgmt Liaison
 Tricia McKay Council Liaison
 Amanda Jacobson Alt. Council Liaison

Parks, Recreation & Culture Advisory Committee

Tim Richards Chair
 Lesley Lorenz Chair
 Emily Weeks Member
 Lynda Baker Member
 Geoff Dean Member
 Bruce Mason Member
 Jacqueline Huard Member
 Lucy Partington Youth Rep
 Kelly Daniels Area H Rep
 Vacant Area G Rep
 Vacant Stz'uminus First Nation
 Chris Barfoot Mgmt Liaison
 Pam Zwicker Staff Liaison
 Kim Cheang Staff Liaison
 Duck Paterson Council Liaison
 Rob Johnson Alt. Council Liaison

Board of Variance

Jan Christensen Member
 Tim Horner Member
 Terry Doherty Member

DL2016 Holdings Corporation

Jake Belobaba TOL Appointee
 Allison McCarrick TOL Appointee
 Alan Newell LMS Appointee
 Richard Wiefelspuett LMS Appointee
 Rob Hutchins Member

Protective Services Committee

Duck Paterson Chair
 April Diver CVRD
 Jason DeJong CVRD
 Jim Hall COPS
 Harold Cowie COPS
 Faye Hjort S & R
 Bill Drysdale S & R (alt)
 S/Sgt. Wes Olsen RCMP
 Steve VanderMinne Ambulance
 Vacant Youth Coordinator
 Krista Perrault Stz'uminus First Nation
 John Oakes (Primary) RCM SAR
 John Davis (Alt) RCM SAR
 Allison McCarrick Mgmt Liaison
 Geoff Goodall Mgmt Liaison
 Marsh Stevens Alt. Council Liaison
 Chris Geiger Fire Chief
 Andrea Hainrich Recording Secretary

Naut'sa Mawt Steering Committee

Aaron Stone Council Liaison
 Allison McCarrick Staff Liaison
 Jake Belobaba Staff Liaison
 Chief Roxanne Harris Stz'uminus First Nation
 Maureen Tommy Stz'uminus First Nation
 Ray Gauthier Stz'uminus First Nation
 Julie Tierney Recording Secretary

Stocking Lake Advisory Committee

Aaron Stone Chair, Council Liaison
 Rob Johnson Council Liaison

Waterfront Implementation Committee

Aaron Stone Council Liaison
 Marsh Stevens Council Liaison
 Tricia McKay Council Liaison
 Chief Roxanne Harris Stz'uminus First Nation
 Coun. Anne Jack Stz'uminus First Nation
 Coun. Peter Seymour Stz'uminus First Nation
 Allison McCarrick Staff Liaison
 Jake Belobaba Staff Liaison
 Julie Tierney Recording Secretary



LADYSMITH BY THE NUMBERS

Households

Ladysmith has
2,540 SINGLE DETACHED HOUSES,
945 ATTACHED DWELLINGS, and
225 MOBILE DWELLINGS



Ladysmith has an average of
2.3 people
 PER HOUSEHOLD



Sources: BC Stats (2019), Statistics Canada (2016)

Location

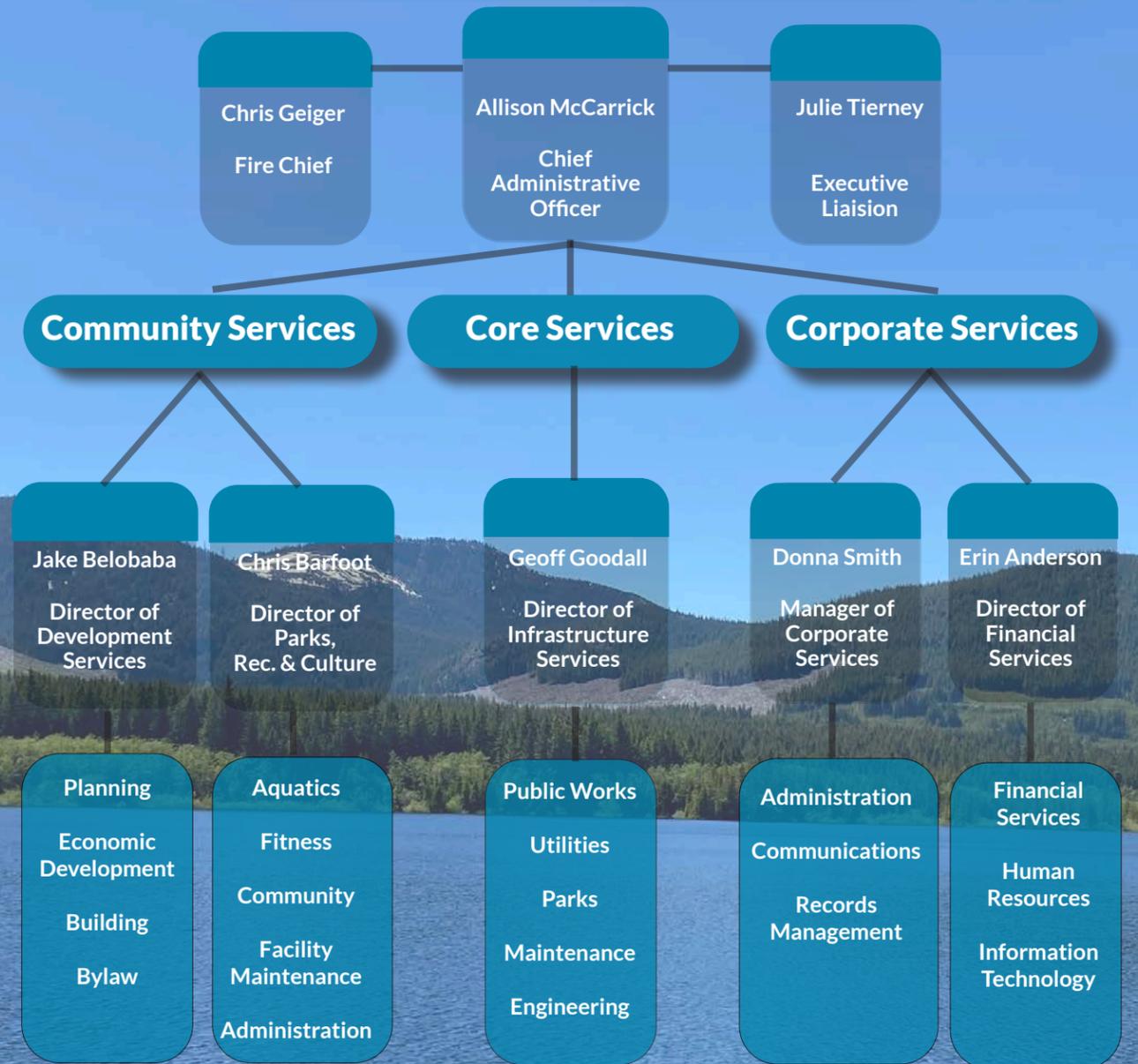
Ladysmith is
**CONVENIENTLY
 LOCATED**

88 km
 to Victoria and
23 km
 to Nanaimo



ORGANIZATIONAL STRUCTURE

Mayor and Council





LADYSMITH FIRE/RESCUE

Ladysmith Fire/Rescue (LFR) is a paid on-call volunteer fire department, providing fire protection to the Town of Ladysmith, parts of Saltair and the Diamond Improvement District.

In 2021, LFR recognized many of its members for their longtime service, including: Dan Cross - 30 years, Dwain King - 25 years, Dave Giles - 15 years, Mike Bodaly, Mike Smith, James McAdam - 10 Years.

Mike Smith received his Lieutenant's Badge. Mike Primrose was welcomed into honorary status on his retirement from the fire service. Taking over for Primrose is Matt Rickett who is LFR's new Chief Training Officer.

In September, members raised funds for Muscular Dystrophy Canada. In October, LFR supported Fire Prevention Week and provided important information to the community about learning the 'sounds of safety.'

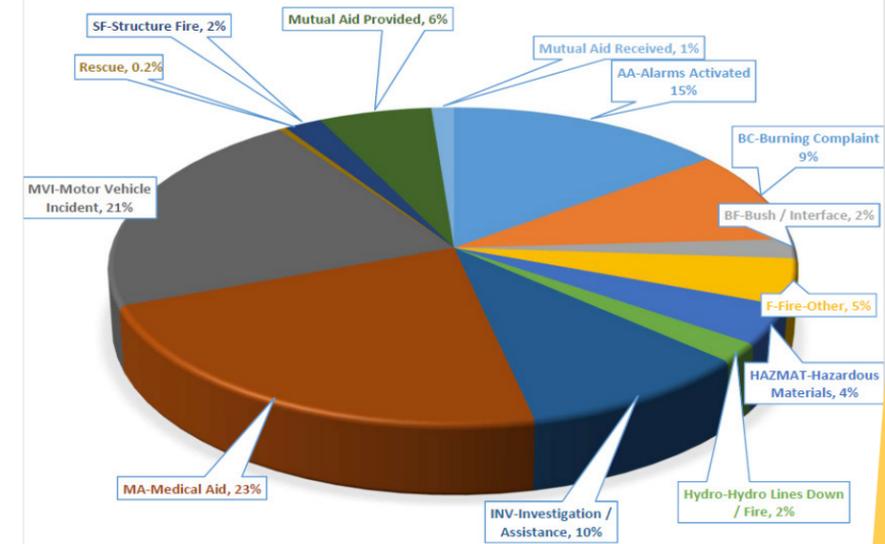
The community was also grateful for the return of the

LFR Santa Claus Parade and X-Mas Tree Chipping - both of which were put on hold in 2020.

Members also continued to keep their skills current, completing specialized training last year in conjunction with the Office of the Fire Commissioner and BC Wildfire Service on how to protect structures in case of an urban interface wildfire event.



Ladysmith Fire/Rescue Year to Date totals



Highlights of 2021:

- ▶ 25 Paid On-Call Members
- ▶ 6 Officers
- ▶ 243 Calls
- ▶ 52 Practices
- ▶ 15 Mutual Aid calls - Mutual aid provided by Ladysmith to outside areas
- ▶ 3 Mutual Aid requests - Requested by Ladysmith from outside areas



STRATEGIC PRIORITIES

Infrastructure

Community

Waterfront

Economy

In its 2020-2023 Strategic Plan, Ladysmith Council has set a vision and path to guide the organization and community over the coming years.

The four strategic priorities identified by Council include: Infrastructure, Community, Waterfront and Economy.

The Strategic Plan strikes a balanced approach to fiscal management, advancing projects that are sustainable and manage future growth, while also preserving our community's character and protecting our natural assets.

Mitigating the impacts of climate change is also an important theme represented in current and future projects.

We invite you to explore the progress Council has made in achieving its strategic priorities as part of the 2021 Annual Report.

Celebrate Our Present.
Embrace Our Future.
Honour Our Past.



INFRASTRUCTURE

\$296,343 Provincial grant for active transportation

In 2021, Ladysmith Council continued to prioritize capital projects that renew our aging infrastructure and accommodate the steady growth experienced by our community in recent years.

The Town completed Phase 2 of the Holland Creek supply main relocation early in the year. The significant waterworks project involved installing a new watermain along Mackie Road to the tie-in at Malone Road.

The project was on budget and finished ahead of schedule, ensuring this important part of our water distribution network is better protected.

The preliminary design for the Stocking Lake Dam was completed in coordination with our partners at the Cowichan Valley Regional District.

The dam replacement will allow for increased lake capacity and improved operations control during drawdown periods.

The design and road engineering, including utilities, streetlights and proposed new roundabout at

Belaire Street, was completed as part of the first phase of the 4th Avenue reconstruction.

The project is anticipated to be tendered in 2022 and will help to renew this well used transportation corridor.

The Town completed repairs to over 100 water service line leaks across various neighbourhoods, requiring both flexibility in staff time and project completion schedules.

The source of these leaks is potentially attributed to the commissioning of the Water Filtration Plant and, while unexpected at this scale, is similar to findings from other municipalities that have built new treatment facilities.

The Town received \$296,343 in Provincial grant funding to complete active transportation upgrades in the Colonia Drive and Delcourt Avenue area.

These improvements will focus on connectivity to Kinsmen Park from the surrounding neighbourhood - providing safe pedestrian and cycling-friendly

alternatives. The Town will tender this project in 2022 with construction anticipated over the summer.

The Ladysmith cemetery received several major updates to the grounds. New fencing was installed around the perimeter, a new gate was added as well as a refurbished sign installed.

A generator was installed at the Gill Road lift station, ensuring liquid waste from homes along Chemainus Road is still pumped to the Waste Water Treatment Plant in the event of a major power outage.

The Town's Sustainability Ambassadors provided valuable engagement and awareness during the late spring and summer months on recycling contamination and water conservation.

The program highlights included recycling audits, a native plant giveaway, pop-up community engagements and a survey to gauge the success and potential improvements to becoming a more environmentally friendly community.

Looking ahead to 2022, and beyond:

- ▶ Install new water meter at Stocking Lake Dam
- ▶ Ongoing renewal of infrastructure to mitigate the impacts of climate change
- ▶ Full replacement of the water main along French, Methuen, Kitchener Streets and Parkhill Terrace
- ▶ Construction of Ludlow Road roundabout, subject to future development in the area



COMMUNITY

Ladysmith’s community spirit and the strong bond of our residents continued to shine during another difficult year marked by the COVID-19 pandemic and the lasting tragedy of residential schools facing First Nations.

Ladysmith Council gathered with Stz’uminus First Nation Council to mark the first National Day for Truth and Reconciliation with a ceremony at Transfer Beach Park. The well attended event was an opportunity for reflection and cultural learning.

Earlier in the year, both Councils came together to raise awareness regarding the REDress Campaign - held annually to remember missing and murdered Indigenous women, girls and two spirit peoples. Red dresses were hung along the Trans-Canada Highway and in front of City Hall.

Aligned with its strategic priorities, Council supported projects, initiatives and strategies last year that fostered Ladysmith as a diverse, vibrant, inclusive place to live for all.

The Town launched its Official Community Plan

review - coined Ladysmith Unparalleled 2049 in reference to our commitment to climate change action. Council appointed 19 committee members representing the diversity of the town to assist with facilitating the ongoing process. The new OCP is expected to be adopted by Council in 2022.

The OCP is an important policy document that ensures growth and development proceeds in a way that meets our goals.

The Town, in partnership with the Cowichan Valley Regional District, completed a Housing Needs Assessment, now required by the Province in response to the housing crisis.

The report provides a snapshot of the types of housing that are most needed, including average cost, income levels of residents and other supporting data, all of which can support the Town’s OCP and Council’s decision-making around development.

The Town, in partnership with Social Planning Cowichan and key community partners, created



10 themes identified through the Poverty Reduction Strategy

the Ladysmith/Stz’uminus Poverty Reduction Strategy.

A \$25,000 grant from the Union of BC Municipalities funded the completion of the project, which involved public engagement to learn about the challenges experienced by those living in poverty.

Ten poverty themes were identified and the Town is exploring funding options for implementing the recommendations resulting from the project.

The Town completed the design phase for upgrades to the Town-owned building leased to the BGC Vancouver Island and proceeded to tendering the project. Just over \$875,000 in funding was previously received from UBCM to provide 12 infant/toddler spaces in our community.

The completion of the project will achieve one of the recommendations within the Cowichan Region Child Care Plan.

Looking ahead to 2022, and beyond:

- ▶ Break ground on the child care spaces project at the Town-owned building on High Street
- ▶ Explore grant funding for Poverty Reduction Strategy implementation
- ▶ Adopt the new Official Community Plan to set the vision and roadmap for thoughtfully managed growth
- ▶ Complete Forrest Field/Lot 108 Phase 1 design
- ▶ Continue ongoing collaboration and reconciliation initiatives with Stz’uminus First Nation



WATERFRONT

During the COVID-19 pandemic, Ladysmith’s open green spaces, and particularly the waterfront, were busy throughout the year as people explored the outdoors and found ways to gather safely.

Council supported several key projects that will rejuvenate our waterfront amenities and lay the foundation for future opportunities.

Most notably, the Town received \$701,552 in Provincial funding to complete tourism upgrades at Transfer Beach Park - further supporting our waterfront as a key mid-Island destination.

Included among these upgrades are an accessible walkway and paved food truck area, upgraded park shelters, the reconstruction of the public washroom and new park features promoting active transportation.

Additionally, the Town awarded the tender in 2021 for an accessibility audit to identify gaps and potential barriers faced by those with mobility challenges.

The scope includes the entirety of Transfer Beach Park as well as the Frank Jameson Community Centre. The completion of the accessibility audit will assist in applying for future grant opportunities.

The new Rotary Public Boat Ramp was installed in two phases during the year. The new structure replaces the narrow aging docks with wider and more stable ones.

The public ramp is a popular location for launching boats to explore Ladysmith Harbour and beyond.

The Town’s contractor for the waterfront remediation, Golder Associates, continued its site investigation process in the uplands and vicinity around the Machine Shop.

Early in the year, the Town received a Federation of Canadian Municipalities grant for \$168,400 to partially cover site investigation costs for the uplands.

The remediation work involves ongoing drilling, monitoring and testing to determine the extent

of contamination resulting from the site’s use for heavy industry.

Once completed, the Town can determine next steps and apply to the Province for a Certificate of Compliance, demonstrating we have met the requirements set by the Ministry of the Environment.

Council appointed local partners to form the Arts & Heritage Hub Steering Committee who are working with an architectural consultant during this first phase to guide the overall design process for the space.

Centred around the historic Machine Shop, the Hub is identified as a key priority by both the Town and Stz’uminus First Nation in our shared vision for the waterfront.

The Town previously received a \$3.3-million grant and once the design is finalized will look to build a 4,500 sq. ft. studio for local artists, honouring Indigenous cultural history in the area, in addition to other public amenities.

Looking ahead to 2022, and beyond

- ▶ Improve public amenities at Transfer Beach Park
- ▶ Continue exploring funding opportunities to complete Machine Shop upgrades
- ▶ Obtain approval from the Province for waterfront uplands remediation
- ▶ Upgrade Ludlow Sanitary Pump Station
- ▶ Work with Stz’uminus First Nation on our shared interests as identified through the Waterfront Area Plan



ECONOMY

10 Resident Alien episodes showcasing downtown Ladysmith

In 2021, Ladysmith Council helped facilitate local economic development to support our vibrant small business community as the backbone of the local economy.

Business revenues are continuing to recover from the COVID-19 pandemic, which significantly affected tourism and overall supply chain issues.

At the same time, housing affordability and housing stock supply is framing the ongoing conversation as we look to attract new residents and ensure seniors are able to age in place.

Last year, Development Services processed a record number of planning applications for Council approval, surpassing the previous all-time high reached in 2020. By year's end, applicant-initiated applications reached 50, up from 43 in 2020.

Building permits similarly reached 15-year highs as the Town issued 152 permits representing 251 dwelling units.

Major residential development projects approved

by Council included the Ladysmith Resources Centre Association affordable housing project on Buller Street as well as the Westmark apartment building within the Holland Creek Area. Both projects, once completed, will provide alternative housing types as we strive to create an inclusive and diverse Ladysmith.

Similarly, the Town saw an emerging trend in the rental market as the large majority of new single-family dwellings included a suite in the building design.

Council adopted the zoning amendments for the Town-owned property at 1260 Churchill Place to allow for multi-family units, including an affordable housing unit, and parkland.

Council also continued to advocate for a regional bus transit service to connect Ladysmith and the greater Cowichan Region to the Nanaimo Airport and onwards to city centre.

A new film bylaw was adopted, which modernizes

the Town's former policy based on feedback from local partners such as the Ladysmith Downtown Business Association and Chamber of Commerce, as well as interactions with film crews from Sonic the Hedgehog Movie, Resident Alien and Pup Academy.

Ladysmith's idyllic downtown has become a focal point for film productions and scouting crews.

Resident Alien returned to Ladysmith last year to begin filming for Season 2. The downtown and our many businesses were transformed into Patience, Co., for the show.

The Town continues to identify funding opportunities for completing the Machine Shop project, which alongside the Arts & Heritage Hub Plan will market Ladysmith's waterfront as a cultural destination.

Looking ahead to 2022, and beyond

- ▶ Continue developing and implementing a strategy to enhance and promote Ladysmith's trails for hiking and cycling
- ▶ Prepare the Town's Churchill Place for future sale
- ▶ Implement recommendations from the Ladysmith Economic Development Strategy
- ▶ Refresh Town assets in the downtown core
- ▶ Add more gathering places downtown

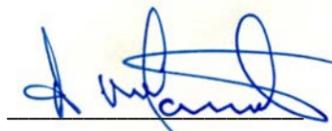
FINANCIAL STATEMENTS
for
FISCAL YEAR ENDING
December 31, 2021

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.

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.



Allison McCarrick
Chief Administration Officer

To Mayor and Council of the Town of Ladysmith:

Opinion

We have audited the Consolidated financial statements of the Town of Ladysmith (the "Town"), which comprise the Consolidated statement of financial position as at December 31, 2021, and the Consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Consolidated financial statements present fairly, in all material respects, the Consolidated financial position of the Town as at December 31, 2021, and the results of its Consolidated operations, changes in its net financial assets and its Consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the Consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the Consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nanaimo, British Columbia

April 19, 2022

MNP LLP

Chartered Professional Accountants

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and short-term deposits (Note 2)	\$ 40,312,838	\$ 32,457,247
Accounts receivable (Note 4)	2,344,274	2,584,490
	<u>42,657,112</u>	<u>35,041,737</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	3,372,150	4,461,984
Post-employment benefits (Note 6)	314,600	319,100
Deferred revenue (Note 7)	3,481,042	1,494,902
Refundable deposits and other (Note 8)	2,359,068	1,366,204
Restricted reserves (Note 9)	495,736	485,631
Development cost charge reserve (Note 10)	6,886,134	4,472,558
Federal gas tax reserve (Note 11)	2,120,128	1,607,008
Equipment financing (Note 12)	791,629	857,420
Short-term financing (Note 13)	952,700	952,700
Debenture debt (Note 14)	15,339,599	16,156,313
	<u>36,112,786</u>	<u>32,173,820</u>
Net Financial Assets	<u>6,544,326</u>	<u>2,867,917</u>
Non-Financial Assets		
Tangible Capital Assets (Schedule II)	113,619,315	113,991,578
Prepays	103,139	103,210
Inventory	86,363	62,792
	<u>113,808,817</u>	<u>114,157,580</u>
Accumulated Surplus (Note 19)	<u>\$ 120,353,143</u>	<u>\$ 117,025,497</u>

Commitments and Contingencies (Note 15)
Subsequent Events (Note 28)



Director of Financial Services

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>Budget 2021 (Note 20)</u>	<u>2020</u>
Revenue			
Taxation (Note 22)	\$ 12,213,646	\$ 12,161,186	\$ 11,962,782
Sale of Services (Note 23)	4,392,239	4,141,270	4,014,713
Investment Income	284,829	235,883	279,681
Licence, Permits, Rentals & Penalties (Note 24)	1,538,025	788,442	910,582
Grants (Note 25)	1,151,138	28,286,120	4,401,211
Donations & contributed tangible capital assets	2,552,570	2,111,696	2,588,706
Loss on foreign exchange	(682)	-	(2,531)
Loss on disposal of tangible capital assets	(297,456)	-	(38,647)
Development fees	10,395	1,182,620	78,447
Gas tax funds utilized (Note 11)	354,302	1,486,019	303,100
	<u>22,199,006</u>	<u>50,393,236</u>	<u>24,498,044</u>
Expenses			
General government services	2,464,818	3,033,176	2,439,412
Protective services	1,740,430	2,181,796	1,935,494
Transportation services	2,423,148	3,076,743	2,383,547
Garbage services	495,217	582,247	429,609
Cemetery services	41,051	29,624	25,910
Development services	808,511	1,235,400	614,932
Recreation and cultural services	3,083,722	3,390,074	2,903,436
Parks operation services	1,095,001	1,601,210	958,428
Sewer	3,014,472	3,362,308	4,042,452
Water	3,704,990	4,727,923	3,063,352
	<u>18,871,360</u>	<u>23,220,501</u>	<u>18,796,572</u>
Annual Surplus	3,327,646	27,172,735	5,701,472
Accumulated Surplus, beginning of year	<u>117,025,497</u>	<u>117,025,497</u>	<u>111,324,025</u>
Accumulated Surplus - end of year	<u>\$ 120,353,143</u>	<u>\$ 144,198,232</u>	<u>\$ 117,025,497</u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Operating Transactions		
Annual Surplus	\$ 3,327,646	\$ 5,701,472
Less non-cash items included in surplus:		
Amortization	4,180,476	3,872,923
Loss on disposal of tangible capital assets	297,456	38,647
Actuarial adjustments on debenture debt	(62,102)	(51,502)
Contributed tangible capital assets	(2,518,811)	(2,328,281)
	<u>5,224,666</u>	<u>7,233,260</u>
Change in		
Accounts receivable	240,216	3,068,530
Prepaid expenses	71	(7,725)
Inventory	(23,571)	1,758
Accounts payable and accrued liabilities	(1,089,834)	901,433
Post employment benefits	(4,500)	56,700
Deferred revenues	1,986,140	883,424
Refundable deposits and other	992,864	546,437
Restricted reserves	10,105	11,151
Development cost charge reserve	2,413,576	758,170
Gas tax reserve	513,120	132,973
Cash provided by operating transactions	<u>10,262,852</u>	<u>13,586,110</u>
Capital Transactions		
Proceeds on sale of tangible capital assets	181,745	16,845
Cash used to acquire tangible capital assets	(1,768,603)	(4,985,924)
Cash used by capital transactions	<u>(1,586,858)</u>	<u>(4,969,079)</u>
Repayment of long-term debt and equipment financing		
Repayment of debt	(820,403)	(812,838)
Net Decrease in cash from financing	<u>(820,403)</u>	<u>(812,838)</u>
Increase in Cash and Short-Term Deposits	7,855,591	7,804,193
Cash and Short-Term Deposits - Beginning of Year	32,457,247	24,653,055
Cash and Short-Term Deposits - End of Year	<u>\$ 40,312,838</u>	<u>\$ 32,457,248</u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>Budget 2021 (Note 20)</u>	<u>2020</u>
Annual Surplus	\$ 3,327,646	\$ 27,172,735	\$ 5,701,472
Acquisition of tangible capital assets	(4,287,414)	(41,647,859)	(7,314,206)
Amortization of tangible capital assets	4,180,476	3,872,923	3,872,923
Loss (gain) on sale of tangible capital assets	297,456	-	38,647
Proceeds from sale of tangible capital assets	181,745	-	16,845
Decrease (Increase) in inventories	(23,571)	-	1,758
Increase (Decrease) in prepaids	71	-	(7,725)
Change in Net Financial Assets	<u>3,676,409</u>	<u>(10,602,201)</u>	<u>2,309,714</u>
Net Financial Assets, beginning of year	<u>2,867,917</u>		<u>558,203</u>
Net Financial Assets, end of year	<u>\$ 6,544,326</u>		<u>\$ 2,867,917</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

The Town of Ladysmith (the Town) was incorporated in 1904 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*.

Note 1 - Significant Accounting Policies

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.

(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:

General Revenue Fund	General Capital Fund
Water Revenue Fund	Water Capital Fund
Sewer Revenue Fund	Sewer Capital Fund
Reserve Fund	

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Significant Accounting Policies - (b) Reporting Entity (continued)

benefits of 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.

(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 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

Note 1 - Significant Accounting Policies – (c) Tangible Capital Assets (continued)

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 Short-Term Deposits

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

(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 1(g). These revenues are comprised of the amounts shown in Note 9, 10, and 11.

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, accrued liabilities, post-employment benefits, provisions for contingencies and amortization rates, useful lives and salvage values for determining tangible capital asset values. Actual results could differ from those estimates. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Town is responsible for. Adjustments, if any, will be reflected in operations in the period of settlement.

Note 1 - Significant Accounting Policies (continued)**(g) Revenue Recognition**

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Fees and charges revenue are recognized when the services are rendered. Investment income is accrued as earned. Gain (loss) on foreign exchange has been recognized in the Statement of Operations using the exchange rate in effect on December 31, 2021.

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.

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.

(h) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of 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.

(i) Inventory

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

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Significant Accounting Policies (continued)**(j) Liability for contaminated sites**

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town of Ladysmith is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2021.

Included in tangible capital assets are specific properties that have been determined to be contaminated in excess of Provincial environmental standards and that require remediation activities. As the Town has not accepted responsibility for the contamination, no liability has been recorded for the estimated remediation costs. Future events may confirm the Town's responsibility, at which point a liability would be recorded. Any remediation activities that occur prior to the determination of responsibility will be expensed as incurred.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 2 - Cash and Short-Term Deposits

Cash and short-term deposits were comprised as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 39,496,882	\$ 31,642,537
Short-term deposits	815,956	814,710
	<u>\$ 40,312,838</u>	<u>\$ 32,457,247</u>

Included in Cash is a deposit of \$181,272 (the equivalent of \$143,329 US Funds based on the exchange rate at the Ladysmith and District Credit Union on December 31, 2021). 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 are expended in accordance with the terms of the restricted reserves.

	<u>2021</u>	<u>2020</u>
Restricted reserves	\$ 495,736	\$ 485,631
Federal gas tax reserve	2,120,128	1,607,008
Development cost charges reserve	6,886,134	4,472,558
	<u>\$ 9,501,997</u>	<u>\$ 6,565,197</u>

Note 3 - 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. The Town is exposed to currency risk on its US dollar bank account. Unless otherwise noted in Note 2, 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, 2021

Note 4 - Accounts Receivable

	2021	2020
Property taxes	\$ 838,969	\$ 926,947
Other government	538,722	611,261
User fees and other	958,790	1,033,536
Developer receivables	5,139	5,139
Employee receivables	2,654	7,606
	<u>\$ 2,344,274</u>	<u>\$ 2,584,490</u>

Note 5 - Accounts Payable and Accrued Liabilities

	2021	2020
General	\$ 1,106,367	\$ 1,784,974
Other governments	440,387	469,554
Salaries and wages	206,976	147,687
Contractor holdbacks	1,515,317	1,952,085
Accrued interest	103,103	107,684
	<u>\$ 3,372,150</u>	<u>\$ 4,461,984</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 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 September 5, 2020 and has been extrapolated to December 31, 2021. The change in the liability in the financial statements in respect of obligations under the plan amounts to -\$4,500 (\$56,100 - 2020).

The accrued post-employment benefits are as follows:

	2021	2020
Balance, beginning of year	\$ 319,100	\$ 262,400
Current service costs	38,100	31,300
Benefits paid	(38,500)	(48,700)
Actuarial gain	(4,100)	74,100
Past service credit	-	-
	<u>\$ 314,600</u>	<u>\$ 319,100</u>

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

	2021	2020
Discount Rate	2.50%	2.00%
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, 2021

Note 7 - Deferred Revenue

	2021	2020
Licence fees & charges	\$ 20,857	\$ 20,053
Rental payments	-	12,441
Property tax prepayments	679,439	570,269
Subdivisions prepayments	153,715	107,215
Recreation prepayments	27,361	30,070
Utilities prepayments	18,701	22,175
Government grant prepayments	2,566,820	731,332
Other	14,149	1,346
	<u>\$ 3,481,042</u>	<u>\$ 1,494,902</u>

Note 8 - Refundable Deposits and Other

	2021	2020
Developer performance deposits	\$ 1,186,590	\$ 841,422
Damage deposits	395,950	299,500
Other	776,528	225,282
	<u>\$ 2,359,068</u>	<u>\$ 1,366,204</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 9 - Restricted Reserves

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. The Town renewed the operating leases with the Ladysmith Seniors Society and the Ladysmith Resources Community Association (LRCA) in 2021.

Description	Balance				Balance Dec. 31, 2021
	Dec. 31, 2020	Interest	Contributions	Expenditures	
Parking	\$ 108,648	\$ 1,092	\$ -	\$ -	\$ 109,740
Green Streets	1,538	15	-	-	1,554
Amphitheatre	10,494	106	-	-	10,599
B&G - Capital	55,929	588	5,064	-	61,582
LRCA Seniors	309,022	712	2,527	-	312,261
TOTAL	<u>\$ 485,631</u>	<u>\$ 2,514</u>	<u>\$ 7,591</u>	<u>\$ -</u>	<u>\$ 495,736</u>

Note 10 - Development Cost Charges Reserve

Restricted reserves include Development Cost Charges (DCC's) which are charged to developers and utilized for infrastructure development.

Description	Balance				Balance Dec. 31, 2021
	Dec. 31, 2020	Interest	Contributions	Expenditures	
DCC - Water	\$ 913,954	\$ 16,329	\$ 1,107,544	\$ -	\$ 2,037,827
DCC - Parks	1,022,740	11,855	270,651	-	1,305,246
DCC - Roads	1,067,270	13,301	406,592	(10,395)	1,476,768
DCC - Sewer	1,041,983	13,863	521,645	-	1,577,490
DCC - Storm	426,611	4,647	57,545	-	488,803
TOTAL	<u>\$ 4,472,558</u>	<u>\$ 59,995</u>	<u>\$ 2,363,977</u>	<u>\$ (10,395)</u>	<u>\$ 6,886,134</u>

Developers may be entitled to DCC credits in certain circumstances. There was \$31,563 provided in DCC-Water credits (\$62,091 for all DCC programs - 2020).

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 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. A one-time payment of \$414,804 was received in 2021 (\$0 - 2020). The funds are recorded on the consolidated financial statements as a restricted reserve.

	<u>2021</u>	<u>2020</u>
Opening balance of unspent funds	\$ 1,607,008	\$ 1,474,035
Add: Amounts received during the year	848,590	414,804
Interest earned	18,832	21,269
Less: Gas tax funds utilized	(354,302)	(303,100)
Closing balance of unspent funds	<u>\$ 2,120,128</u>	<u>\$ 1,607,008</u>

Note 12 - Obligations under Equipment Financing

The total equipment financing outstanding with the Municipal Finance Authority of British Columbia as at December 31, 2021 was \$791,629 (\$857,420 - 2020).

The Town has entered into equipment loans for the following purchases:

1) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced May 2017 for the purchase of a 2012 Spartan fire truck. This was formerly a capital lease. The remaining obligation will be repaid with monthly loan payments in the amount of \$3,291 including interest at a monthly varying rate (December, 2021 was .97%). The balance of the loan at December 31, 2021, which is included in equipment financing, is \$181,987 (\$219,594 - 2020). Loan to expire May 2022.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 12 - Obligations under Equipment Financing (continued)

2) A five year equipment loan agreement with the Municipal Finance Authority of British Columbia which commenced September 2018 for the purchase of a 2018 Spartan fire truck. The remaining obligation will be repaid with monthly loan payments in the amount of \$2,835 including interest at a monthly varying rate (December, 2021 was .97%). The balance of the loan at December 31, 2021, which is included in equipment financing, is \$609,642 (\$637,825 - 2020). Loan to expire September 2023.

There are two equipment loans payable to the Municipal Finance Authority. The future minimum loan payments under the equipment loan obligation are as follows:

2022	\$ 43,555
2023	187,340
2024	560,733

Interest in the consolidated statement of operations is calculated as \$7,720 (\$15,285 - 2020).

The total equipment financing issued and outstanding with the MFA as at December 31, 2021 was \$791,629 (\$857,420 as at December 31, 2020). This balance is made up of:

	<u>Balance Dec 31, 2020</u>	<u>Principal Payments</u>	<u>Balance Dec 31, 2021</u>	<u>Interest</u>
Spartan Fire Truck	\$ 219,594	\$ 37,608	\$ 181,986	\$ 1,888
Pumper Truck	637,826	28,183	609,643	5,832
	<u>\$ 857,420</u>	<u>\$ 65,791</u>	<u>\$ 791,629</u>	<u>\$ 7,720</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 13 – Short-term Financing

The total short-term financing outstanding with the Municipal Finance Authority of British Columbia as at December 31, 2021 was \$952,700 (\$952,700 – 2020). The Town entered into a short-term financing agreement which commenced September 2018 to borrow up to \$1,000,000 to purchase 1260 Churchill Place. As of December 31, 2021 \$952,700 in short-term financing was executed. Interest is charged at a daily varying rate (December 31, 2021 was 0.97). The full amount borrowed must be repaid by 2023.

Short-term interest in the consolidated statement of operations is calculated at \$8,123 (\$15,627 – 2020).

Note 14 - Debenture Debt

The Town of Ladysmith secures its long-term borrowing through the Municipal Finance Authority of BC (MFA). As a condition of each borrowing, a portion of the debenture proceeds is retained by the MFA as a debt reserve fund. As at December 31, 2021, the cash balance of the Town's debt reserve funds was \$231,994 (\$228,114 – 2020). Debt reserve funds are not recorded elsewhere in the financial statements.

The total long-term debt issued and outstanding with the MFA as at December 31, 2021 was \$15,339,599 (\$16,156,313 as at December 31, 2020). This balance is made up of:

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 14 - Debenture Debt (continued)

	Original Amount	Balance Dec 31, 2020	Principal Payments	Balance Dec 31, 2021	Interest	Actuarial Adjustment	Interest Rate
General Capital Fund							
RCMP Building Issue #97 Term 2006-2031	\$ 2,750,000	\$ 1,542,132	\$ 114,348	\$ 1,427,784	\$ 48,125	\$ (48,315)	1.75%
Water Capital Fund							
Water Improvements Issue #118 Term 2012-2037	1,000,000	778,748	32,862	745,886	34,000	(8,850)	3.40%
Water Filtration Plant Issue #147 Term 2019-2044	6,000,000	5,835,433	169,504	5,665,929	159,600	(4,937)	2.66%
Sewer Capital Fund							
Sewer Treatment Plant Issue #138 Term 2016-2036	10,000,000	8,000,000	500,000	7,500,000	154,139	-	1.54%
	<u>\$ 19,750,000</u>	<u>\$ 16,156,313</u>	<u>\$ 816,714</u>	<u>\$ 15,339,599</u>	<u>\$ 395,864</u>	<u>\$ (62,102)</u>	

The following principal payments are payable over the next five years:

	General		Water		Sewer		Total
	Principal Repayment	Actuarial Sinking Fund Earnings	Principal Repayment	Actuarial Sinking Fund Earnings	Principal Repayment	Actuarial Sinking Fund Earnings	Net
2022	66,033	52,889	188,579	20,187	500,000	-	827,687
2023	66,033	57,645	188,579	26,791	500,000	-	839,049
2024	66,033	62,593	188,579	33,608	500,000	-	850,813
2025	66,033	67,738	188,579	40,643	500,000	-	862,993
2026	66,033	73,088	188,579	47,904	500,000	-	875,605
Thereafter	330,165	453,503	3,226,342	2,073,443	5,000,000	-	11,083,452

Debt interest, net of actuarial adjustment included in the consolidated statement of operations, is calculated at \$333,762 (\$354,678 – 2020).

On February 18, 2020, the electors approved an additional \$6.2 million dollars in long-term debt to increase the Town's water supply. This new debt has not been executed.

Note 15 - 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) There were various claims made against the Town as at December 31, 2021 for incidents that arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcomes of the lawsuits, now pending, are not determinable. As the outcomes are not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

(b) Pension Liability

The Town and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

Note 15 - Commitments and Contingencies - (b) Pension Liability (continued)

The most recent valuation for the Municipal Pension Plan as of December 31, 2018, indicated a \$2.866 billion funding surplus for basic pension benefits on a going concern basis.

The Town of Ladysmith paid \$527,953 (2020 - \$499,569) for employer contributions to the Plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

(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.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 15 - Commitments and Contingencies (continued)

(d) Service Agreements & Rental Payments

Service Agreements

	2021	2020
Ladysmith & District Historical Society	\$ 28,537	\$ 28,038
Ladysmith Resources Centre Association	43,838	42,978
Ladysmith Chamber of Commerce & Visitor Centre	43,400	60,400
	<u>\$ 115,775</u>	<u>\$ 131,416</u>

In 2017, the Town entered into a 5-year Service Agreement with the Ladysmith & District Historical Society (LDHS) for the occupancy, operation and management of the museum and archives. Also in 2017, the Town entered into a 5-year Service Agreement with the Ladysmith Resources Centre Association (LRCA). Both agreements may be renegotiated in 2022.

The Town provides the Ladysmith Chamber of Commerce & Visitor Centre annual funding to operate the visitor centre and provide support services for local businesses. The agreement is year-to-year. In July of 2020, the Town entered into 2-year pilot project with the Ladysmith Chamber of Commerce to promote economic development and tourism services. The initial payment of \$17,000 was made in 2020; the second payment of \$17,000 was postponed to 2022.

Rental payments under operating leases are expensed as incurred.

	2021	2020
132c Roberts Street - office space	\$ 28,653	\$ 28,598
17 & 25 Roberts Street - parking lot	9,300	8,700
	<u>\$ 37,953</u>	<u>\$ 37,298</u>

The Town entered into a 3-year lease with Ivory Tower Investments Ltd for the use of office space at 132c Roberts Street. The future monthly payments are \$2,824 for 2022 and 2023.

In 2017, the Town entered into a 3-year lease agreement with Paul Jorjorian for the rental of the 17 & 25 Roberts Street Parking Lot. The future monthly payment is \$800 for 2022, and \$825 for 2023.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 16 - Significant Taxpayers

The Town is reliant upon 10 taxpayers for approximately 12.09% (11.91% - 2020) of the total property tax revenue which includes Western Forest Products at approximately 6.51% (6.50% - 2020) of the total property tax revenue.

Note 17 - 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:

	2021	2020
Assets		
Cash and short term investment	<u>\$ 169,227</u>	<u>\$ 164,942</u>
Equity		
Opening balance	\$ 164,942	\$ 161,557
Interest	1,684	2,153
Transfer interest to fund cemetery costs	(1,684)	(2,153)
Contributions	4,285	3,385
Refunds	-	-
Balance, end of year	<u>\$ 169,227</u>	<u>\$ 164,942</u>

Note 18 - Comparative Figures

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

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 19 - Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	2021	2020
Appropriated Equity (Note 26)		
Continuing projects	\$ 4,899,793	\$ 3,482,640
General fund	6,456,011	5,545,769
Water fund	2,586,283	2,665,835
Sewer fund	1,210,180	943,580
	<u>15,152,267</u>	<u>12,637,824</u>
Unappropriated Equity		
General fund	2,295,424	1,753,516
Water fund	603,028	616,151
Sewer fund	1,412,450	1,412,450
General capital fund	283,233	254,812
Sewer capital fund	32,529	14,943
Water capital fund	446,073	446,073
	<u>5,072,739</u>	<u>4,497,945</u>
Reserve Funds		
Reserve funds (Note 26)	<u>3,592,745</u>	<u>3,864,577</u>
Equity in Tangible Capital Assets	<u>96,535,392</u>	<u>96,025,150</u>
Total Accumulated Surplus	<u>\$ 120,353,143</u>	<u>\$ 117,025,497</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 20 - Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 4th, 2021.

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	(3,872,923)
Proceeds from new debt	(6,200,000)
Transfers to/from own funds	(5,391,308)
Less:	
Principal payments on debt	989,107
Capital expenditures per budget	44,567,785
Capital Expenditures expensed according to Tangible Capital Asset Policy	<u>(2,919,926)</u>
Adjusted Annual Surplus	<u>\$ 27,172,735</u>

Note 21 - 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. A portion of the moorage revenues from LMS are owed to DL 2016.

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

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 22 - Taxation

Taxation revenue comprises the following amounts less transfer to other governments:

	Actuals 2021	Actuals 2020
Taxes Collected:		
General municipal purposes	\$ 8,918,112	\$ 8,720,390
Grants in lieu and 1% utility tax	163,500	173,002
Water and sewer parcel tax	3,132,034	3,069,391
School district	3,542,809	3,070,875
Regional hospital district	1,048,123	1,056,358
Regional district	1,655,183	1,583,873
BCAA and MFA	96,820	93,350
Library	425,760	429,596
	<u>\$ 18,982,342</u>	<u>\$ 18,196,835</u>
Less transfer to other governments		
Province of BC (school taxes)	3,542,809	3,070,875
Cowichan Valley Regional Hospital District	1,048,123	1,056,358
Cowichan Valley Regional District	1,655,183	1,583,873
BC Assessment & Municipal Finance Authority	96,820	93,350
Vancouver Island Regional Library	425,760	429,596
	<u>6,768,696</u>	<u>6,234,052</u>
Net taxation for municipal purposes	<u>\$ 12,213,646</u>	<u>\$ 11,962,782</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 23 - Sale of Services

	Actuals 2021	Budget 2021	Actuals 2020
Administration recoveries	\$ 48,424	\$ 26,855	\$ 42,616
Cemetery services	34,763	21,580	22,705
Fire service agreements	98,459	85,475	85,475
Public Works recoveries	82,420	-	5,969
Recreation services	325,723	328,406	200,245
Sewer utility fees	1,645,828	1,610,390	1,615,628
Solid waste fees	687,119	665,618	674,628
Water utility fees	1,469,502	1,402,946	1,367,447
	<u>\$ 4,392,239</u>	<u>\$ 4,141,270</u>	<u>\$ 4,014,713</u>

Note 24 - Licences, Permits, Rentals & Penalties

	Actuals 2021	Budget 2021	Actuals 2020
Facility Rentals & Leases	\$ 320,902	\$ 307,029	\$ 280,352
Fines	3,780	3,950	2,440
Licences	87,988	86,000	86,825
Penalties and interest	112,842	138,705	129,142
Permits, Licences & Fees	1,012,513	252,758	411,823
	<u>\$ 1,538,025</u>	<u>\$ 788,442</u>	<u>\$ 910,582</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 25 – Grants

	Actuals 2021	Budget 2021	Actuals 2020
Operating Grants			
Traffic Fines Revenue	\$ 37,933	\$ 60,081	\$ 60,081
Small Communities	451,000	459,947	459,947
CVRD Recreation	175,281	178,297	165,361
COVID Restart Plan	-	-	2,343,000
Other	45,877	16,900	48,857
	<u>710,091</u>	<u>715,225</u>	<u>3,077,246</u>
Capital Grants			
Arts & Heritage Hub (Phase I)	\$ 147,916	\$ 3,606,500	\$ -
Brown Drive Railing	-	5,500	-
Buller Street Sidewalk	-	5,000	-
Childcare Space Creation	17,451	875,110	-
Downtown Patio	-	-	13,490
Emergency Support Service Program	5,974	7,563	17,437
Golf Course Trail & Net	-	-	3,516
ICBC Sign Reflectors	-	-	18,350
Lot 108 Park Plan	-	1,963,125	-
Ludlow/Rocky Creek Rd Roundabout	9,750	9,750	-
Machine Shop	-	-	974,534
Machine Shop Rehabilitation Phase 2	-	3,114,611	-
Poverty Reduction	7,925	7,925	17,075
Pre-Emption Highway Light	10,000	-	-
Stocking Lake Dam Repair	114,159	150,000	-
Tourism - Transfer Beach	39,831	701,552	-
Tree Replacements	2,860	6,000	2,700
UV Pilot Study	45,877	108,274	147,766
Water Supply Infrastructure	-	16,910,000	-
Waterfront Stage 1 Remediation	39,303	99,985	129,097
	<u>441,047</u>	<u>27,570,895</u>	<u>1,323,965</u>
Total Grants	<u>\$ 1,151,138</u>	<u>\$ 28,286,120</u>	<u>\$ 4,401,211</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 26 – Reserves & Appropriated Equity

	Balance Dec. 31, 2020	Interest Allocated	Contributions	Funding	Balance Dec. 31, 2021
RESERVES					
Amenity Funds	\$ 116,852	\$ 1,177	\$ -	\$ -	\$ 118,028
Covid Safe Restart	2,226,476	-	-	456,752	1,769,724
Municipal Office reserve	475,000	-	60,000	-	535,000
Filing reserve	-	-	562	-	562
Perpetual Safety Fund	13,733	138	-	-	13,871
Sale Real Property	1,004,919	10,690	160,000	47,924	1,127,685
Tax Sale	27,598	278	-	-	27,876
TOTAL RESERVES	<u>\$ 3,864,577</u>	<u>\$ 12,283</u>	<u>\$ 220,562</u>	<u>\$ 504,676</u>	<u>\$ 3,592,745</u>
APPROPRIATED EQUITY					
General Operating Fund					
Continuing Projects	2,081,879	-	1,840,870	1,025,420	2,897,328
Future Projects	3,184,923	-	345,819	371,739	3,159,003
Equipment	835,382	-	454,172	8,111	1,281,443
Land & Building	430,487	-	128,875	69,695	489,667
Tax Contingency	7,986	-	-	-	7,986
Snow & Ice Removal	50,000	-	-	-	50,000
Infrastructure Deficit	412,150	-	250,921	-	663,071
Solid Waste	624,841	-	180,000	-	804,841
	<u>7,627,647</u>	<u>-</u>	<u>3,200,657</u>	<u>1,474,964</u>	<u>9,353,340</u>
Water Operating Fund					
Continuing Projects	1,058,070	-	710,206	561,518	1,206,758
Future Projects	2,141,760	-	311,938	391,490	2,062,208
MFA Surplus Refunds	524,076	-	-	-	524,076
Water Operating Fund Total	<u>3,723,906</u>	<u>-</u>	<u>1,022,144</u>	<u>953,008</u>	<u>3,793,042</u>
Sewer Operating Fund					
Continuing Projects	342,691	-	575,375	122,360	795,706
Future Projects	943,581	-	266,599	-	1,210,180
Sewer Operating Fund	<u>1,286,272</u>	<u>-</u>	<u>841,974</u>	<u>122,360</u>	<u>2,005,886</u>
TOTAL APPROPRIATED EQUITY	<u>\$ 12,637,825</u>	<u>\$ -</u>	<u>\$ 5,064,775</u>	<u>\$ 2,550,332</u>	<u>\$ 15,152,268</u>
TOTAL RESERVES & APPROPRIATED EQUITY	<u>\$ 16,502,402</u>	<u>\$ 12,283</u>	<u>\$ 5,285,337</u>	<u>\$ 3,055,008</u>	<u>\$ 18,745,013</u>

Note 27 - 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, Human Resources, and Waterfront Area Plan Implementation.

Protective Services

Protection is comprised of fire protection, policing, and bylaw enforcement:

- 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.
- Policing is provided under contract with the RCMP operating from a detachment building located in and owned by the Town of Ladysmith.

Note 27 - Segmented Information (continued)**Transportation, Solid Waste and Cemetery**

The Transportation (Public Works) Department is responsible for the infrastructure of the Town. Public works provides and maintains Town's roads, sidewalks, street lights, signage and line markings, storm drainage and hydrants.

Solid Waste (Public Works) is responsible for the garbage collection, kitchen organics and recycling programs operating in the Town of Ladysmith. Solid waste collection is performed by a contractor.

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

Development

The Development Services Department provides short-term and long-term land use planning services. Long-term Planning includes work with the community on reviewing the Town's Official Community Plan, developing new Neighbourhood Plans, the Trail Plan and the review of relevant bylaws. Short term Planning includes the processing of development applications.

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.

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.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Note 27 - Segmented Information (continued)

Water

Water includes all of the operating activities related to the treatment and distribution of water throughout the Town as well as ensuring clean and safe water to the Town, supplied through underground pipes and reservoirs,

Sewer

Sewer includes all of the operating activities related to the collection and treatment of waste water (sewage) and bio-solids composting throughout the Town as well as maintaining a separate system of underground pipes to collect sewer or waste water for proper treatment prior to discharging it.

Note 28 - Significant events

- (a) In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on municipalities through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, municipal operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town of Ladysmith as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, office closures and disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE I

	General Government		Protective Services		Transportation, Garbage & Cemetery Services		Development Services	
	2021	2020	2021	2020	2021	2020	2021	2020
REVENUE								
Tax	\$ 9,081,612	\$ 8,893,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services	49,753	42,617	98,459	86,150	786,862	699,326	12,528	-
Investment income & MFA Refunds	284,829	279,681	-	-	-	-	-	-
Licence, Permits, Rentals & Penalties	71,948	89,199	186,625	163,206	202,267	159,479	863,126	312,732
Grants	451,000	2,802,947	37,933	60,081	23,737	31,840	39,303	129,097
Donations & contributed property	10,459	16,000	-	7,035	2,133,343	1,576,383	-	-
Loss on foreign exchange	(682)	(2,531)	-	-	-	-	-	-
Gain (loss) on disposal	34,025	(27,727)	-	-	21,745	16,845	-	-
Development fees	-	-	-	-	10,395	-	-	-
Gas tax fund utilized	-	-	-	-	61,661	46,035	65,203	-
Total revenue	9,982,944	12,093,578	323,017	316,472	3,240,010	2,529,909	980,160	441,829
EXPENSES								
Contracted Services	344,387	368,567	1,103,059	1,264,658	719,265	644,247	145,444	67,035
Service Agreements/Grants In Aid	172,475	172,972	-	-	-	-	-	-
Insurance	72,207	62,286	16,883	19,487	-	-	-	-
Interest	8,907	15,627	3,285	19,547	-	-	-	-
Materials & Supplies	46,613	60,876	98,001	99,255	157,462	137,107	19,951	11,671
Utilities & Telephone	13,463	15,180	4,886	6,173	155,650	148,947	5,531	4,846
Wages & Benefits	1,829,067	1,705,469	307,571	304,106	1,063,113	930,328	625,565	515,810
Other	(286,938)	(205,483)	21,486	41,384	(101,107)	56,762	9,674	11,442
Amortization	264,636	243,919	185,258	180,884	965,033	921,674	2,345	4,128
Total expenses	2,464,818	2,439,412	1,740,430	1,935,494	2,959,416	2,839,066	808,511	614,932
Surplus (Deficit)	\$ 7,518,126	\$ 9,654,166	\$ (1,417,413)	\$ (1,619,021)	\$ 280,594	\$ (309,157)	\$ 171,649	\$ (173,103)

**TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2021**

SCHEDULE I - CONTINUED

Recreation & Culture Services		Parks Operations Services		Sewer Operations Services		Water Operations Services		Total Actual	Total Actual
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
\$ -	\$ -	\$ -	\$ -	\$ 1,318,800	\$ -	\$ 1,813,234	\$ -	\$ 12,213,646	\$ 11,962,782
325,723	200,245	-	3,300	1,648,894	362	1,470,020	1,367,447	4,392,239	4,014,713
-	-	-	-	-	-	-	-	284,829	279,681
168,552	145,963	-	-	23,243	5,384	22,263	4,247	1,538,025	910,582
416,073	1,215,088	23,055	14,392	45,877	147,766	114,159	-	1,151,138	4,401,211
21,800	12,400	1,500	2,336	176,833	331,892	208,635	642,660	2,552,570	2,588,706
-	-	-	-	-	-	-	-	(682)	(2,531)
-	-	-	-	(4,292)	(2,276)	(348,934)	(25,489)	(297,456)	(38,647)
-	-	-	-	-	-	-	78,447	10,395	78,447
-	-	98,732	-	128,706	257,065	-	-	354,302	303,100
<u>932,148</u>	<u>1,573,696</u>	<u>123,287</u>	<u>20,028</u>	<u>3,338,061</u>	<u>740,192</u>	<u>3,279,377</u>	<u>2,067,311</u>	<u>22,199,006</u>	<u>24,498,044</u>
384,973	512,660	73,033	33,627	276,554	1,187,875	699,288	702,925	3,746,005	4,781,593
-	-	-	-	-	-	-	-	172,475	172,972
41,815	55,811	4,717	4,580	41,009	40,911	33,112	16,902	209,743	199,977
-	-	-	-	154,139	164,455	179,813	186,257	346,143	385,884
162,650	136,299	104,688	108,225	235,799	325,106	406,336	294,131	1,231,501	1,172,671
209,232	186,034	8,354	10,323	162,393	167,284	68,845	72,965	628,355	611,751
2,008,493	1,734,056	484,388	444,552	632,275	620,944	996,801	862,922	7,947,274	7,118,186
37,674	39,788	171,391	106,515	211,820	189,709	345,388	240,497	409,388	480,614
238,884	238,788	248,430	250,607	1,300,484	1,346,169	975,406	686,754	4,180,476	3,872,923
<u>3,083,722</u>	<u>2,903,436</u>	<u>1,095,001</u>	<u>958,428</u>	<u>3,014,472</u>	<u>4,042,452</u>	<u>3,704,990</u>	<u>3,063,352</u>	<u>18,871,360</u>	<u>18,796,572</u>
<u>\$ (2,151,574)</u>	<u>\$ (1,329,740)</u>	<u>\$ (971,714)</u>	<u>\$ (938,400)</u>	<u>\$ 323,589</u>	<u>\$ (3,302,260)</u>	<u>\$ (425,613)</u>	<u>\$ (996,041)</u>	<u>\$ 3,327,646</u>	<u>\$ 5,701,472</u>

**TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SCHEDULE II

	Land		Land Improvements		Buildings		Vehicle Furniture & Equipment		Transportation
	2021	2020	2021	2020	2021	2020	2021	2020	2021
COST									
Opening Balance	\$ 10,518,581	\$ 10,492,216	\$ 9,533,068	\$ 9,259,385	\$ 25,741,080	\$ 23,714,208	\$ 9,337,652	\$ 8,931,746	\$ 30,313,284
Add: Additions	579,191	26,365	176,324	299,683	122,591	2,054,162	336,507	791,818	1,070,471
Less: Disposals	73,711	-	12,124	26,000	239,320	27,290	623,230	385,912	21,385
Less: Write-downs	-	-	-	-	-	-	-	-	-
Closing Balance	<u>11,024,061</u>	<u>10,518,581</u>	<u>9,697,268</u>	<u>9,533,068</u>	<u>25,624,351</u>	<u>25,741,080</u>	<u>9,050,929</u>	<u>9,337,652</u>	<u>31,362,370</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	-	3,967,989	3,708,963	8,070,840	7,387,229	4,848,498	4,679,079	17,244,612
Add: Amortization	-	-	273,256	263,537	722,876	695,912	463,581	538,593	682,319
Less: Write-downs	-	-	-	-	-	-	-	-	-
Less: Disposals	-	-	12,124	4,511	92,038	12,301	606,821	369,174	20,480
Closing Balance	<u>-</u>	<u>-</u>	<u>4,229,121</u>	<u>3,967,989</u>	<u>8,701,678</u>	<u>8,070,840</u>	<u>4,705,258</u>	<u>4,848,498</u>	<u>17,906,451</u>
Net Book Value	<u>\$ 11,024,061</u>	<u>\$ 10,518,581</u>	<u>\$ 5,468,147</u>	<u>\$ 5,565,079</u>	<u>\$ 16,922,673</u>	<u>\$ 17,670,240</u>	<u>\$ 4,345,671</u>	<u>\$ 4,489,154</u>	<u>\$ 13,455,919</u>



STATISTICAL INFORMATION
for
FISCAL YEAR ENDING
December 31, 2021

unaudited

STATISTICAL INFORMATION

FIVE - YEAR STATISTICAL REVIEW 2017-2021
DEBENTURE DEBT & LEASES

	2017	2018	2019	2020	2021
PROTECTIVE SERVICES	\$ 1,859,457	\$ 1,757,803	\$ 1,652,082	\$ 1,542,132	\$ 1,427,784
WATER	869,943	840,729	6,810,346	6,614,181	6,411,815
SEWER	9,500,000	9,000,000	8,500,000	8,000,000	7,500,000
SHORT TERM DEBT	-	952,700	952,700	952,700	952,700
CAPITAL LEASES	359,437	986,306	915,465	857,420	791,629
	<u>\$ 12,588,838</u>	<u>\$ 13,537,538</u>	<u>\$ 18,830,593</u>	<u>\$ 17,966,433</u>	<u>\$ 17,083,928</u>

LIABILITY SERVICING

	2017	2018	2019	2020	2021
Liability Servicing Limit	3,588,988	3,865,936	4,218,062	4,221,605	4,532,646
Total Liability Servicing Cost	2,148,940	1,472,136	1,074,034	1,717,239	1,700,987
Liability Servicing Capacity Available	<u>1,440,048</u>	<u>2,393,800</u>	<u>3,144,028</u>	<u>2,504,366</u>	<u>2,831,659</u>

Source: Ladysmith Financial Services

STATISTICAL INFORMATION

FIVE - YEAR STATISTICAL REVIEW 2017-2021
GENERAL TAXABLE ASSESSMENTS

	2017	2018	2019	2020	2021
Residential	\$ 1,190,734,401	\$ 1,414,078,301	\$ 1,604,732,001	\$ 1,683,946,701	\$ 1,805,729,101
Utilities	891,700	893,500	1,557,500	1,653,100	1,685,200
Supportive Housing	-	-	-	-	-
Major Industry	9,379,800	9,491,500	10,161,500	10,727,800	11,679,700
Light Industry	3,490,700	3,151,600	3,264,500	4,456,200	6,831,100
Business and Other	82,062,700	88,476,550	93,104,100	106,926,600	105,142,650
Managed Forest Land	5,500	6,300	6,700	7,100	7,600
Recreation/Non-profit	7,687,400	7,747,000	9,249,000	10,036,000	10,528,000
Farmland	27,778	27,778	24,480	24,480	30,048
Total	<u>\$ 1,294,279,979</u>	<u>\$ 1,523,872,529</u>	<u>\$ 1,722,099,781</u>	<u>\$ 1,817,777,981</u>	<u>\$ 1,941,633,399</u>

Source: Ladysmith Financial Services & BC Assessment - Revised Roll

STATISTICAL INFORMATION

FIVE - YEAR STATISTICAL REVIEW 2017-2021
PROPERTY TAX LEVIED AND COLLECTED

	2017	2018	2019	2020	2021
Municipal Taxes	\$ 6,549,961	\$ 6,718,989	\$ 7,129,762	\$ 7,404,636	\$ 7,563,140
Police Taxes	1,171,288	1,234,742	1,320,581	1,315,754	1,354,972
Library Taxes	364,616	386,677	414,149	429,596	425,760
Parcel Taxes	2,260,367	2,570,196	2,977,916	3,069,391	3,132,033
Grants in Lieu	26,540	25,581	26,776	30,174	30,580
1% Utility Tax	138,753	142,336	145,321	142,827	132,920
School Taxes	2,880,030	2,999,577	3,130,367	3,070,875	3,542,809
CVRD Hospital Taxes	788,355	891,070	971,645	1,056,358	1,048,123
CVRD Taxes	1,237,926	1,332,669	1,480,883	1,583,873	1,655,183
BC Assessment Taxes	72,043	77,142	81,433	92,941	96,385
MFA Taxes	296	344	384	408	435
	<u>\$ 15,490,175</u>	<u>\$ 16,379,323</u>	<u>\$ 17,679,217</u>	<u>\$ 18,196,833</u>	<u>\$ 18,982,340</u>
Total Current Taxes Levied	\$ 15,490,175	\$ 16,379,323	\$ 17,679,217	\$ 18,196,833	\$ 18,982,340
Total Current Taxes Collected	14,894,288	15,830,430	17,159,440	17,662,073	18,472,582
Outstanding	<u>\$ 595,887</u>	<u>\$ 548,893</u>	<u>\$ 514,017</u>	<u>\$ 534,760</u>	<u>\$ 509,758</u>
Percentage Collected	96.2%	96.6%	97.1%	97.1%	97.3%

Source: Ladysmith Financial Services

STATISTICAL INFORMATION

FIVE - YEAR STATISTICAL REVIEW 2017-2021
ASSESSMENT BASED PROPERTY TAXATION BY CLASS (at time of Levy)

	2017	2018	2019	2020	2021
Residential	\$ 9,819,701	\$ 10,405,299	\$ 11,158,680	\$ 11,705,850	\$ 12,058,153
Utilities	217,395	213,891	234,588	237,740	240,746
Supportive Housing	-	-	-	-	-
Major Industry	1,033,948	1,050,874	1,128,756	1,135,867	1,178,352
Light Industry	96,668	95,265	86,137	90,100	136,494
Business and Other	1,856,441	1,826,769	1,855,786	1,733,912	2,002,143
Managed Forest Land	230	242	235	238	270
Recreation/Non-profit	53,547	52,750	57,311	44,083	60,983
Farmland	992	1,010	912	931	1,146
Total	<u>13,078,922</u>	<u>13,646,100</u>	<u>14,522,405</u>	<u>14,948,721</u>	<u>15,678,287</u>

Source: Ladysmith Financial Services

STATISTICAL INFORMATION

FIVE - YEAR STATISTICAL REVIEW 2017-2021
EXPENSES BY FUNCTION

	2017	2018	2019	2020	2021
General government services	\$ 2,329,962	\$ 2,698,993	\$ 2,780,011	\$ 2,439,412	\$ 2,464,818
Protective services	1,802,436	1,742,911	1,443,022	1,935,494	1,740,430
Transportation services	2,145,021	2,338,580	2,250,325	2,383,547	2,423,148
Garbage services	488,715	511,805	527,606	429,609	495,217
Cemetery services	36,876	28,609	29,068	25,910	41,051
Development services	771,490	578,671	573,622	614,932	808,511
Recreation and cultural services	2,743,912	2,887,980	2,897,536	2,903,436	3,083,722
Parks operation services	912,806	930,872	1,093,968	958,428	1,095,001
Sewer	2,890,663	2,787,753	2,854,002	4,042,452	3,014,472
Water	1,289,564	1,360,108	1,778,406	3,063,352	3,704,990
	<u>\$ 15,411,445</u>	<u>\$ 15,866,282</u>	<u>\$ 16,227,566</u>	<u>\$ 18,796,572</u>	<u>\$ 18,871,360</u>

Source: Ladysmith Financial Services

STATISTICAL INFORMATION

FIVE - YEAR STATISTICAL REVIEW 2017-2021
CAPITAL EXPENDITURE BY SOURCES OF FINANCING

	2017	2018	2019	2020	2021
Operating Funds	\$ 676,703	\$ 508,927	\$ 1,043,321	\$ 1,081,087	\$ 501,036
Reserve Funds	3,563,633	1,582,774	2,190,064	3,500,883	1,188,725
Development Cost Charges			6,700	78,447	10,395
Debt	-	2,222,748	4,671,213	-	-
Grants	1,246,391	2,982,094	6,138,063	1,323,965	441,047
Gas Tax	230,053	398,071	893,244	303,100	354,302
Other	3,009,988	327,419	2,204,555	2,560,334	21,800
	<u>\$ 8,726,768</u>	<u>\$ 8,022,033</u>	<u>\$ 17,147,160</u>	<u>\$ 8,847,816</u>	<u>\$ 2,517,304</u>

Source: Ladysmith Financial Services

PERMISSIVE TAX EXEMPTIONS

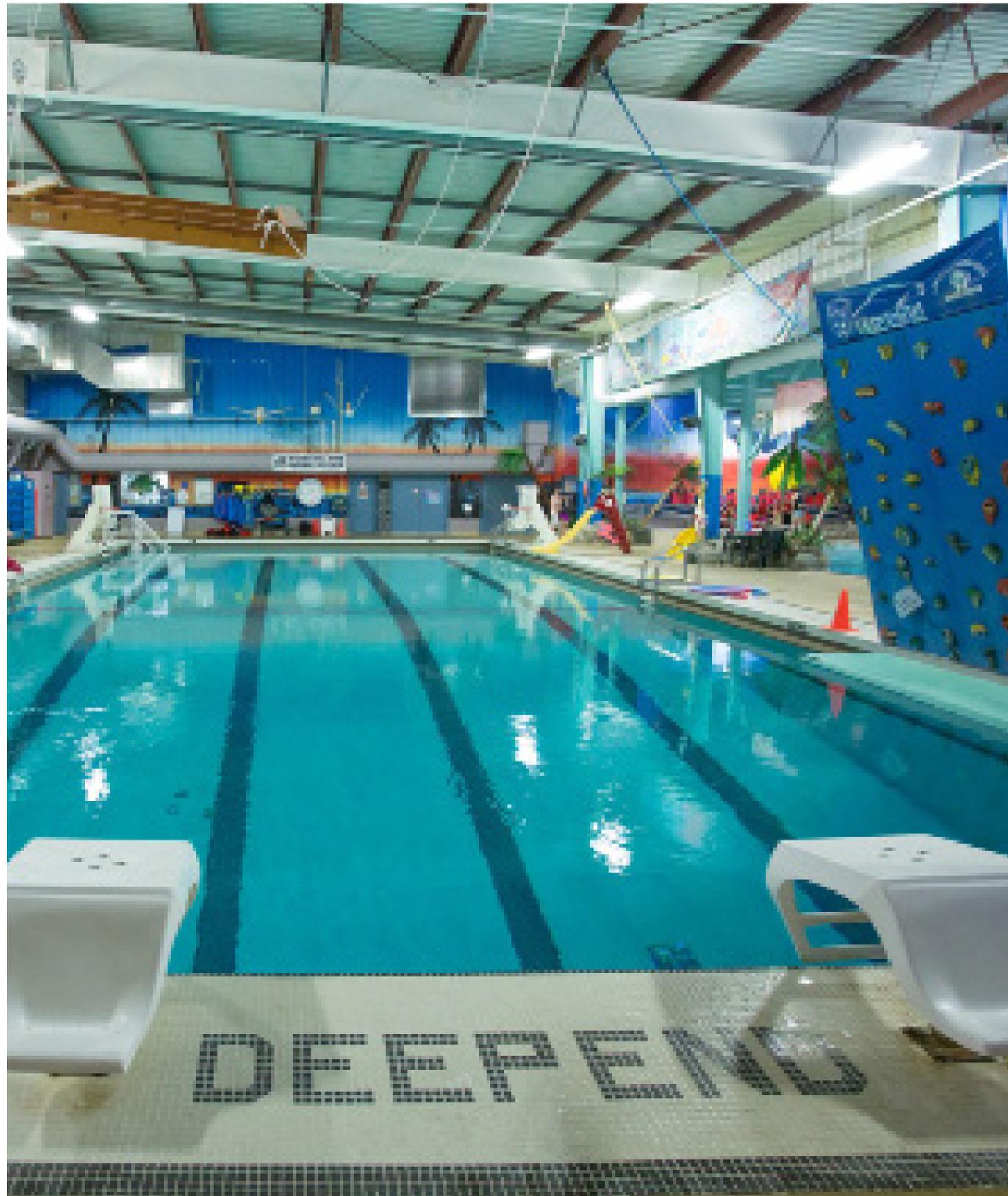
2021 Permissive Property Tax Exemptions

<u>Organization/ Property Owner</u>	<u>Address</u>	<u>2021 Municipal Tax Exemption</u>
Arts Council of Ladysmith	Units J, K & L - 610 Oyster Bay Rd	\$ 2,770
Boys & Girls Club	220 High St	\$ 7,842
Canadian Legion Branch #171	621 1st Ave	\$ 227
Eco-Tourism Building	Transfer Beach	\$ 262
Island Corridor Foundation		\$ 19,395
Ladysmith & District Historical Society	1115A - 1st Ave	\$ 3,712
Ladysmith & District Historical Society - Roundhouse	612 & 614 Oyster Bay Dr	\$ 36,782
Ladysmith & District Historical Society - Museum	721 1st Ave	\$ 5,239
Ladysmith Fellowship Baptist Church	381 Davis Rd	\$ 1,335
Ladysmith Festival of Lights	1163 4th Ave	\$ 8,445
Ladysmith Golf Club Society	380 Davis Rd	\$ 3,052
Ladysmith Health Care Auxiliary	910 1st Ave	\$ 11,062
Ladysmith Maritime Society	616 Oyster Bay Dr	\$ 2,907
Ladysmith Maritime Society	Unit C, I & M - 610 Oyster Bay Dr	\$ 2,600
Ladysmith Maritime Society	Visitors Information Centre	\$ 8,096
Ladysmith Resources Centre Association	630 2nd Ave	\$ 12,638
Ladysmith Resources Centre Association	314 Buller	\$ 6,488
Ladysmith Seniors Centre Society	630 2nd Ave	\$ 12,638
Ladysmith Senior Citizens Housing Society	207 Jamison Rd	\$ 6,122
Ladysmith Senior Citizens Housing Society	101 1st Ave	\$ 4,924
Municipal Parking lot	17 Roberts St	\$ 2,610
Municipal Parking lot	25 Roberts St	\$ 1,938
Pentecostal Assemblies	1149 4th Ave	\$ 2,737
St John's Masonic Temple	26 Gatacre St	\$ 2,359
St. Mary's Catholic Church	1135 4th Ave	\$ 8,732
United Church of Canada	232 High Street	\$ 1,409
Total		\$ 176,322
Revitalization Exemptions		
Mees, Adine and Van Seters, David	341 1st Ave	3,378
Antique Addict - Joy/Goldie	12 Roberts St	383
Total		\$ 3,760
Total Exemptions		\$ 180,082

2021 GRANTS-IN-AID AWARDED

2021 Grants-in-Aid

Ladysmith Celebrations Society	\$ 10,000
Ladysmith Festival of Lights Society	15,000
Ladysmith Maritime Society	1,500
Stz'uminus First Nation	2,000
Ladysmith Show & Shine	2,000
Total Celebrations	30,500
Ladysmith & District Marine Rescue Society	2,500
Total Harbour Functions	2,500
Ladysmith & District Historical Society	7,500
Ladysmith Community Gardens Society	1,600
Ladysmith Downtown Business Association	5,000
Ladysmith Little Theatre	2,500
Total Other	16,600
Cowichan Family Caregivers Support Society	1,000
Ladysmith Family and Friends (LaFF)	4,000
Total Social Services	5,000
Ladysmith Sec School - Frank Jameson Bursary	1,500
Ladysmith Sec School - Parent Advisory Council	500
Total Youth, Education & Sport	2,000
Graffiti Removal Program	100
TOTAL	\$ 56,700



We Value Your Feedback

Successful civic engagement ensures that our citizens' and stakeholders' views, values, needs and concerns are identified before and during decision making.

Being part of this two-way process gives residents the opportunity to contribute and connect with the Town. We encourage our citizens to engage their family, friends and colleagues in discussions and actions that improve our community.

We want to hear what you have to say. Connect with us in the following ways:

-  Send an E-mail to info@ladysmith.ca
-  Send a letter to Town of Ladysmith City Hall, Box 220, Ladysmith, B.C. V9G 1A2
-  Follow us on Facebook www.facebook.com/LadysmithBC
-  Follow us on Twitter [@TownOfLadysmith](https://twitter.com/TownOfLadysmith)
-  Call us 250.245.6400

