



**Town of Ladysmith**

**2022**

**AUDITED**

**FINANCIAL STATEMENTS**



**INDEX TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

Management Report

Independent Auditor's Report

Consolidated Financial Statements

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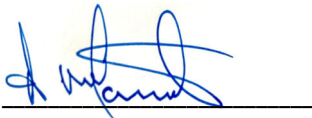
## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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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 the 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, 2022, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes and schedules 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, 2022, 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 18, 2023

*MNP LLP*

Chartered Professional Accountants

**MNP**  
LLP

**TOWN OF LADYSMITH**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

		<u>2022</u>	<u>2021</u>
Financial Assets			
Cash and short-term deposits	(Note 2)	\$ 40,683,632	\$ 40,312,838
Accounts receivable	(Note 4)	<u>2,704,470</u>	<u>2,344,274</u>
		<u>43,388,102</u>	<u>42,657,112</u>
Liabilities			
Accounts payable and accrued liabilities	(Note 5)	2,862,982	3,372,150
Post-employment benefits	(Note 6)	288,800	314,600
Deferred revenue	(Note 7)	2,327,152	3,481,042
Refundable deposits and other	(Note 8)	2,683,721	2,359,068
Restricted reserves	(Note 9)	510,976	495,736
Development cost charge reserve	(Note 10)	7,966,939	6,886,134
Canada Community-Building reserve	(Note 11)	1,972,401	2,120,128
Equipment financing	(Note 12)	2,834,578	791,629
Short-term financing	(Note 13)	-	952,700
Debenture debt	(Note 14)	<u>14,511,912</u>	<u>15,339,599</u>
		<u>35,959,461</u>	<u>36,112,786</u>
Net Financial Assets		<u>7,428,641</u>	<u>6,544,326</u>
Non-Financial Assets			
Tangible Capital Assets	(Schedule II)	116,279,171	113,619,315
Prepays		114,569	103,139
Inventory		<u>84,600</u>	<u>86,363</u>
		<u>116,478,339</u>	<u>113,808,817</u>
Accumulated Surplus	(Note 19)	<u>\$ 123,906,981</u>	<u>\$ 120,353,143</u>

*Commitments and Contingencies (Note 15)*



Director of Financial Services

*See accompanying notes to the consolidated financial statements*

**TOWN OF LADYSMITH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**AS AT DECEMBER 31, 2022**

	<u>2022</u>	<u>Budget 2022</u> (Note 20)	<u>2021</u>
Revenue			
Taxation (Note 22)	\$ 12,810,369	\$ 12,795,906	\$ 12,213,646
Sale of Services (Note 23)	4,724,280	4,647,311	4,392,239
Investment Income	899,100	242,883	284,829
Licence, Permits, Rentals & Penalties (Note 24)	1,161,641	872,007	1,538,025
Grants (Note 25)	2,401,280	25,302,100	1,151,138
Donations and contributed tangible capital assets	954,078	3,600,830	2,552,570
Gain (loss) on foreign exchange	12,300	-	(682)
Gain (loss) on disposal of tangible capital assets	57,755	-	(297,456)
Development fees	-	2,879,480	10,395
Canada Community-Building funds utilized (Note 11)	639,367	1,429,647	354,302
	<u>23,660,170</u>	<u>51,770,164</u>	<u>22,199,006</u>
Expenses			
General government services	2,697,917	3,213,305	2,464,818
Protective services	2,130,266	2,382,233	1,740,430
Transportation services	2,669,338	3,345,873	2,423,148
Garbage services	501,989	597,657	495,217
Cemetery services	40,640	27,221	41,051
Development services	910,441	1,152,185	808,511
Recreation and cultural services	3,233,520	3,385,570	3,083,722
Parks operation services	1,035,279	1,077,246	1,095,001
Sewer	3,207,547	3,299,071	3,014,472
Water	3,679,395	4,530,454	3,704,990
	<u>20,106,332</u>	<u>23,010,815</u>	<u>18,871,360</u>
Annual Surplus	3,553,838	28,759,349	3,327,646
Accumulated Surplus, beginning of year	<u>120,353,143</u>	<u>120,353,143</u>	<u>117,025,497</u>
Accumulated Surplus - end of year	<u>\$ 123,906,981</u>	<u>\$ 149,112,492</u>	<u>\$ 120,353,143</u>

*See accompanying notes to the consolidated financial statements*



**TOWN OF LADYSMITH**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS AT DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
Operating Transactions		
Annual Surplus	\$ 3,553,838	\$ 3,327,646
Less non-cash items included in surplus:		
Amortization	4,210,984	4,180,476
Loss on disposal of tangible capital assets	(57,755)	297,456
Actuarial adjustments on debenture debt	(73,075)	(62,102)
Contributed tangible capital assets	<u>(899,546)</u>	<u>(2,518,811)</u>
	6,734,448	5,224,666
Change in		
Accounts receivable	(360,196)	240,216
Prepays	(11,430)	71
Inventory	1,763	(23,571)
Accounts payable and accrued liabilities	(509,168)	(1,089,834)
Post-employment benefits	(25,800)	(4,500)
Deferred revenues	(1,153,890)	1,986,140
Refundable deposits and other	324,653	992,864
Restricted reserves	15,240	10,105
Development cost charge reserve	1,080,805	2,413,576
Canada Community-Building reserve	<u>(147,727)</u>	<u>513,120</u>
Cash provided by operating transactions	<u>5,948,696</u>	<u>10,262,852</u>
Capital Transactions		
Proceeds on sale of tangible capital assets	184,050	181,745
Cash used to acquire tangible capital assets	<u>(6,097,589)</u>	<u>(1,768,603)</u>
Cash used by capital transactions	<u>(5,913,539)</u>	<u>(1,586,858)</u>
Repayment of long-term debt and equipment financing		
Proceeds of equipment financing	2,100,000	-
Repayment of debenture debt	<u>(1,764,363)</u>	<u>(820,403)</u>
Net Increase (decrease) in cash from financing	<u>335,637</u>	<u>(820,403)</u>
Increase in Cash and Short-Term Deposits	370,794	7,855,591
Cash and Short-Term Deposits - Beginning of Year	40,312,838	32,457,247
Cash and Short-Term Deposits - End of Year	<u><u>\$ 40,683,632</u></u>	<u><u>\$ 40,312,838</u></u>

*See accompanying notes to the consolidated financial statements*

**TOWN OF LADYSMITH**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**AS AT DECEMBER 31, 2022**

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	<u>2022</u>	<u>Budget 2022 (Note 20)</u>	<u>2021</u>
Annual Surplus	\$ 3,553,838	\$ 28,759,349	\$ 3,327,646
Acquisition of tangible capital assets	(6,997,135)	(49,793,780)	(4,287,414)
Amortization of tangible capital assets	4,210,984	4,180,476	4,180,476
Loss (gain) on sale of tangible capital assets	(57,755)	-	297,456
Proceeds from sale of tangible capital assets	184,050	-	181,745
Decrease (Increase) in inventories	1,763	-	(23,571)
Increase (Decrease) in prepaids	<u>(11,430)</u>	<u>-</u>	<u>71</u>
Change in Net Financial Assets	<u>884,315</u>	<u>(16,853,955)</u>	<u>3,676,409</u>
Net Financial Assets, beginning of year	<u>6,544,326</u>		<u>2,867,917</u>
Net Financial Assets, end of year	<u><u>\$ 7,428,641</u></u>		<u><u>\$ 6,544,326</u></u>

*See accompanying notes to the consolidated financial statements*

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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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

TOWN OF LADYSMITH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

expected 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

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**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.



**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**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. Sales of services revenue are recognized when the services are rendered. Investment income is accrued as earned. Licences, permits, rentals and penalty revenues are recognized when the service has been provide or the amount is earned and when collection is reasonably assured.

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, 2022**

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**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, 2022.

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.

**(k) Recent accounting pronouncements**

PS 3280 Asset Retirement Obligations, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the Town as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefits will be given up; and
- d) A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the Town's financial results.

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 2 - Cash and Short-Term Deposits**

Cash and short-term deposits were comprised as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 39,851,882	\$ 39,496,882
Short-term deposits	<u>831,750</u>	<u>815,956</u>
	<u>\$ 40,683,632</u>	<u>\$ 40,312,838</u>

Included in Cash is a deposit of \$199,031 (the equivalent of \$145,149 US Funds based on the exchange rate at the Ladysmith and District Credit Union on December 31, 2022) (\$181,272, equivalent of \$143,329 US Funds – 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>2022</u>	<u>2021</u>
Restricted reserves	\$ 510,976	\$ 495,736
Canada Community-Building Fund reserve	1,972,401	2,120,128
Development cost charges reserve	<u>7,951,271</u>	<u>6,886,134</u>
Total restricted cash	<u>\$ 10,434,649</u>	<u>\$ 9,501,997</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, 2022**

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**Note 4 - Accounts Receivable**

	<u>2022</u>	<u>2021</u>
Developer receivables	\$ -	\$ 5,139
Employee receivables	1,989	2,654
Other government	698,877	538,722
Property taxes	972,621	838,969
User fees and other	<u>1,030,983</u>	<u>958,790</u>
	<u>\$ 2,704,470</u>	<u>\$ 2,344,274</u>

**Note 5 - Accounts Payable and Accrued Liabilities**

	<u>2022</u>	<u>2021</u>
General	\$ 1,803,410	\$ 1,106,367
Other governments	555,118	440,387
Salaries and wages	203,457	206,976
Contractor holdbacks	202,355	1,515,317
Accrued interest	<u>98,642</u>	<u>103,103</u>
	<u>\$ 2,862,982</u>	<u>\$ 3,372,150</u>

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**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, 2022. The change in the liability in the financial statements in respect of obligations under the plan amounts to -\$25,800 (-\$4,500 - 2021).

The accrued post-employment benefits are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 314,600	\$ 319,100
Current service costs	38,900	38,100
Benefits paid	(14,200)	(38,500)
Actuarial gain	(50,500)	(4,100)
Past service credit	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>\$ 288,800</u></u>	<u><u>\$ 314,600</u></u>

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

	<u>2022</u>	<u>2021</u>
Discount Rate	4.40%	2.50%
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, 2022**

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**Note 7 - Deferred Revenue**

	<u>2022</u>	<u>2021</u>
Licence fees & charges	\$ 21,239	\$ 20,857
Rental payments	13,330	-
Property tax prepayments	676,873	679,439
Subdivisions prepayments	170,950	153,715
Recreation prepayments	28,628	27,361
Utilities prepayments	27,086	18,701
Government grant prepayments	1,385,546	2,566,820
Other	3,500	14,149
	<u>\$ 2,327,152</u>	<u>\$ 3,481,042</u>

**Note 8 - Refundable Deposits and Other**

	<u>2022</u>	<u>2021</u>
Developer performance deposits	\$ 1,205,416	\$ 1,186,590
Damage deposits	422,990	395,950
Other	1,055,315	776,528
	<u>\$ 2,683,721</u>	<u>\$ 2,359,068</u>

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**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 Dec. 31, 2021	Interest	Contributions	Expenditures	Balance Dec. 31, 2022
Parking	\$ 109,740	\$ 2,937	\$ -	\$ -	\$ 112,678
Green Streets	1,554	42	-	-	1,595
Amphitheatre	10,599	287	300	-	11,186
B&G - Capital	61,582	1,776	5,064	-	68,422
LRCA/Seniors - Capital	312,261	2,239	8,345	(5,751)	317,094
TOTAL	<u>\$ 495,736</u>	<u>\$ 7,282</u>	<u>\$ 13,709</u>	<u>\$ (5,751)</u>	<u>\$ 510,976</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 Dec. 31, 2021	Interest	Contributions	Expenditures	Balance Dec. 31, 2022
DCC - Water	\$ 2,037,827	\$ 64,064	\$ 472,162	\$ -	\$ 2,574,053
DCC - Parks	1,305,246	37,052	73,329	-	1,415,628
DCC - Roads	1,476,768	42,453	114,581	-	1,633,802
DCC - Sewer	1,577,490	46,555	192,946	-	1,816,991
DCC - Storm	488,803	13,840	23,822	-	526,465
TOTAL	<u>\$ 6,886,134</u>	<u>\$ 203,965</u>	<u>\$ 876,840</u>	<u>\$ -</u>	<u>\$ 7,966,939</u>

Developers may be entitled to DCC credits in certain circumstances. There was \$9,347 provided in DCC-Water credits, \$2,319 provided in DCC-Roads credits, and \$1,358 provided in DCC-Parks credits (\$31,563 for all DCC programs – 2021).

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Note 11 – Canada Community-Building Fund Reserve**

The Canada Community-Building (CCB) funding (formally known as 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. Canada Community-Building 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 additional payment of \$414,804 was received in 2021. The funds are recorded on the consolidated financial statements as a restricted reserve.

	<u>2022</u>	<u>2021</u>
Opening balance of unspent funds	\$ 2,120,128	\$ 1,607,008
Add: Amounts received during the year	433,786	848,590
Interest earned	57,854	18,832
Less: Canada Community-Building funds utilized	(639,367)	(354,302)
Closing balance of unspent funds	<u>\$ 1,972,401</u>	<u>\$ 2,120,128</u>

**Note 12 - Obligations under Equipment Financing**

The total equipment financing outstanding with the Municipal Finance Authority of BC (MFABC) as at December 31, 2022 was \$2,834,578 (\$791,629 - 2021). This balance is made up of:

	<u>Balance December 2021</u>	<u>Principal Payments</u>	<u>Balance December 2022</u>	<u>Interest</u>
Spartan Fire Truck	\$ 181,986	\$ 36,577	\$ 145,409	\$ 3,597
Pumper Truck	609,643	20,217	589,425	13,798
Aerial Truck	-	256	2,099,744	11,855
	<u>\$ 791,629</u>	<u>\$ 57,050</u>	<u>\$ 2,834,578</u>	<u>\$29,250</u>

Interest in the consolidated statement of operations is calculated as \$29,250 (\$7,720 - 2021).

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 12 - Obligations under Equipment Financing (continued)**

- 1) A five-year equipment loan agreement with the MFABC renewed June of 2022 in the amount of \$166,214 for the purchase of a 2012 Spartan fire truck. The balance of the loan at December 31, 2022 was \$145,410 (\$181,987 - 2021). The remaining obligation will be repaid with monthly loan payments in the amount of \$3,388 including interest at a monthly varying rate (December, 2022 was 4.51%) (0.97% - 2021). Loan to expire July 2026.
- 2) A five-year equipment loan agreement with the MFABC commenced September of 2018 in the amount of \$682,000 for the purchase of a 2018 Spartan fire truck. The balance of the loan at December 31, 2022 was \$589,425 (\$609,642 - 2021). The remaining obligation will be repaid with monthly loan payments in the amount of \$2,835 including interest at a monthly varying rate (December, 2022 was 4.51%) (0.97% - 2021). The loan is set to expire September 2023.
- 3) A new five-year equipment loan agreement with the MFABC commenced November of 2022 in the amount of \$2,100,000 for the purchase of an Aerial fire truck. The balance of the loan at December 31, 2022 was \$2,099,744 (\$0 - 2021). The remaining obligation will be repaid with monthly loan payments in the amount of \$8,300 including interest at a monthly varying rate (December, 2022 was 4.51%). The loan is set to expire November 2027.

The future minimum loan payments payable to MFABC for all three equipment loan obligations are as follows:

2023	\$ 624,039
2024	36,026
2025	38,143
2026	37,722
2027	2,098,649

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 13 – Short-term Financing**

In 2022, the Town repaid the short-term financing to the Municipal Finance Authority of BC in the amount of \$952,700 in November. Interest was charged at a daily varying rate, ranging from 0.90% to 4.51% when the loan was repaid.

Short-term interest in the consolidated statement of operations is calculated at \$19,834 (\$8,123 – 2021).

**Note 14 - Debenture Debt**

The Town of Ladysmith secures its long-term borrowing through the Municipal Finance Authority of BC (MFABC). As a condition of each borrowing, a portion of the debenture proceeds is retained by the MFABC as a debt reserve fund. As at December 31, 2022, the cash balance of the Town's debt reserve funds was \$237,176 (\$231,994 – 2021). Debt reserve funds are not recorded elsewhere in the financial statements.

The total long-term debt issued and outstanding with MFABC as at December 31, 2022 was \$14,511,912 (\$15,339,599 as at December 31, 2021). This balance is made up of:

	Original Amount	Balance Dec 31, 2021	Principal Payments	Balance Dec 31, 2022	Interest	Actuarial Adjustment	Interest Rate
<b><u>General Capital Fund</u></b>							
RCMP Building Issue #97 Term 2006-2031	\$ 2,750,000	\$ 1,427,784	\$ 118,922	\$ 1,308,863	\$ 50,490	\$ (52,889)	1.75%
<b><u>Water Capital Fund</u></b>							
Water Improvements Issue #118 Term 2012-2037	1,000,000	745,886	34,177	711,710	41,473	(10,165)	3.40%
Water Filtration Plant Issue #147 Term 2019-2044	6,000,000	5,665,929	174,589	5,491,339	195,893	(10,022)	2.66%
<b><u>Sewer Capital Fund</u></b>							
Sewer Treatment Plant Issue #138 Term 2016-2036	10,000,000	7,500,000	500,000	7,000,000	193,911	-	1.54%
	<u>\$ 19,750,000</u>	<u>\$ 15,339,599</u>	<u>\$ 827,687</u>	<u>\$ 14,511,912</u>	<u>\$ 481,767</u>	<u>\$ (73,075)</u>	

*These notes form an integral part of these consolidated financial statements.*



**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 14 - Debenture Debt (continued)**

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
2023	66,033	57,645	194,185	23,909	500,000	-	841,772
2024	66,033	62,593	194,185	30,451	500,000	-	853,262
2025	66,033	67,738	194,185	37,190	500,000	-	865,146
2026	66,033	73,088	194,185	44,132	500,000	-	877,438
2027	66,033	78,653	194,185	51,281	500,000	-	890,152
Thereafter	264,132	374,850	3,093,818	1,951,344	4,500,000	-	10,184,144

Debt interest, net of actuarial adjustment included in the consolidated statement of operations, is calculated at \$408,692 (\$333,762 – 2021).

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.

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**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, 2022 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 227,000 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.

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

The most recent actuarial valuation for the Municipal Pension Plan as of December 31, 2021, indicated a \$3.761 billion funding surplus for basic pension benefits on a going concern basis.

The Town of Ladysmith paid \$506,763 (2021 - \$527,953) for employer contributions to the plan in fiscal 2022.

The next valuation will be as at December 31, 2024, with results available in 2025.

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, 2022**

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**Note 15 - Commitments and Contingencies (continued)**

**(d) Service Agreements & Rental Payments**

Service Agreements

	<u>2022</u>	<u>2021</u>
Ladysmith & District Historical Society	\$ 29,046	\$ 28,537
Ladysmith Resources Centre Association	44,713	43,838
Ladysmith Chamber of Commerce & Visitor Centre	<u>60,400</u>	<u>43,400</u>
	<u>\$ 134,159</u>	<u>\$ 115,775</u>

In 2022, the Town renewed a 2-year Service Agreement with the Ladysmith & District Historical Society (LDHS) for the occupancy, operation and management of the museum and archives and with the Ladysmith Resources Centre Association (LRCA). Both agreements may be renegotiated in 2024.

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 2022, the Town provided an additional \$17,000 to the Ladysmith Chamber of Commerce to promote economic development and tourism services.

Rental payments under operating leases are expensed as incurred.

	<u>2022</u>	<u>2021</u>
132c Roberts Street - office space	\$ 31,975	\$ 28,653
17 & 25 Roberts Street - parking lot	<u>9,600</u>	<u>9,300</u>
	<u>\$ 41,575</u>	<u>\$ 37,953</u>

The Town continued with a 3-year lease with Ivory Tower Investments Ltd for the use of office space at 132c Roberts Street which expires December 2023. The future monthly payments are \$2,690 for 2023.

The Town continued with a 3-year lease agreement with Paul Jorjorian for the rental of the 17 & 25 Roberts Street Parking Lot which expires December 2023. The future monthly payments are \$825 for 2023.

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 16 - Significant Taxpayers**

The Town is reliant upon 10 taxpayers for approximately 11.31% (12.09% - 2021) of the total property tax revenue which includes Western Forest Products at approximately 6.25% (6.51% - 2021) 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:

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and short term investment	<u>\$ 174,827</u>	<u>\$ 169,227</u>
<b>Equity</b>		
Opening balance	\$ 169,227	\$ 164,942
Interest	4,717	1,684
Transfer interest to fund cemetery costs	(4,717)	(1,684)
Contributions	5,600	4,285
Refunds	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 174,827</u>	<u>\$ 169,227</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, 2022**

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**Note 19 - Accumulated Surplus**

The Town segregates its accumulated surplus in the following categories:

	<u>2022</u>	<u>2021</u>
<b>Appropriated Equity</b> <i>(Note 26)</i>		
Continuing projects	\$ 6,887,947	\$ 4,899,793
General fund	6,983,188	6,456,011
Water fund	2,153,202	2,586,283
Sewer fund	<u>737,965</u>	<u>1,210,180</u>
	<u>16,762,303</u>	<u>15,152,267</u>
<b>Unappropriated Equity</b>		
General fund	2,771,233	2,295,424
Water fund	593,612	603,028
Sewer fund	1,411,885	1,412,450
General capital fund	304,084	283,233
Sewer capital fund	32,529	32,529
Water capital fund	<u>446,073</u>	<u>446,073</u>
	<u>5,559,414</u>	<u>5,072,739</u>
<b>Reserve Funds</b>		
Reserve funds <i>(Note 26)</i>	<u>2,652,577</u>	<u>3,592,745</u>
Equity in Tangible Capital Assets	<u>98,932,686</u>	<u>96,535,392</u>
Total Accumulated Surplus	<u><u>\$ 123,906,981</u></u>	<u><u>\$ 120,353,143</u></u>

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 20 - Annual Budget**

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 3<sup>rd</sup>, 2022.

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	(4,180,476)
Proceeds from new debt	(8,300,000)
Transfers to/from own funds	(10,520,527)
Less:	
Principal payments on debt	1,966,572
Capital expenditures per budget	52,382,902
Capital Expenditures expensed according to Tangible Capital Asset Policy	<u>(2,589,122)</u>
Adjusted Annual Surplus	<u>\$ 28,759,349</u>

**Note 21 - DL 2016 Holdings Corporation**

The Town of Ladysmith has an investment in DL 2016 Holdings Corporation (DL 2016), 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.

The Town of Ladysmith is in the process of severing contracts with DL2016 Holding Corporation and the Ladysmith Maritime Society.

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 22 – Taxation**

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

	<b>Actuals 2022</b>	<b>Actuals 2021</b>
<b>Taxes Collected:</b>		
General municipal purposes	\$ 9,459,445	\$ 8,918,112
Grants in lieu and 1% utility tax	180,092	163,500
Water and sewer parcel tax	3,170,831	3,132,034
School district	3,934,148	3,542,809
Regional hospital district	1,101,390	1,048,123
Regional district	1,782,845	1,655,183
BCAA and MFA	111,385	96,820
Library	444,033	425,760
	<u>\$ 20,184,171</u>	<u>\$ 18,982,342</u>
 <b>Less transfer to other governments</b>		
Province of BC (school taxes)	3,934,148	3,542,809
Cowichan Valley Regional Hospital District	1,101,390	1,048,123
Cowichan Valley Regional District	1,782,845	1,655,183
BC Assessment & Municipal Finance Authority	111,385	96,820
Vancouver Island Regional Library	444,033	425,760
	<u>7,373,802</u>	<u>6,768,696</u>
 <b>Net taxation for municipal purposes</b>	 <u><u>\$ 12,810,369</u></u>	 <u><u>\$ 12,213,646</u></u>

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 23 - Sale of Services**

	<u>Actuals 2022</u>	<u>Budget 2022</u>	<u>Actuals 2021</u>
Administration recoveries	\$ 44,180	\$ 29,930	\$ 48,424
Cemetery services	40,135	22,000	34,763
Fire service agreements	129,159	85,475	98,459
Public Works recoveries	35,935	-	82,420
Recreation services	503,183	610,674	325,723
Sewer utility fees	1,701,741	1,640,096	1,645,828
Solid waste fees	710,377	681,255	687,119
Water utility fees	<u>1,559,570</u>	<u>1,577,881</u>	<u>1,469,502</u>
	<u><u>\$ 4,724,280</u></u>	<u><u>\$ 4,647,311</u></u>	<u><u>\$ 4,392,239</u></u>

**Note 24 - Licences, Permits, Rentals & Penalties**

	<u>Actuals 2022</u>	<u>Budget 2022</u>	<u>Actuals 2021</u>
Facility Rentals & Leases	\$ 365,417	\$ 356,443	\$ 320,902
Fines	3,745	2,550	3,780
Licences	111,726	91,500	87,988
Penalties and interest	128,718	116,528	112,842
Permits, Licences & Fees	<u>552,035</u>	<u>304,986</u>	<u>1,012,513</u>
	<u><u>\$ 1,161,641</u></u>	<u><u>\$ 872,007</u></u>	<u><u>\$ 1,538,025</u></u>

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Note 25 – Grants**

	<u>Actuals 2022</u>	<u>Budget 2022</u>	<u>Actuals 2021</u>
<b>Operating Grants</b>			
Traffic Fines Revenue	\$ 53,393	\$ 37,933	\$ 37,933
Small Communities	567,000	451,000	451,000
CVRD Recreation	174,990	175,281	175,281
Other	<u>30,238</u>	<u>19,880</u>	<u>45,877</u>
	<u>825,621</u>	<u>684,094</u>	<u>710,091</u>
<b>Capital Grants</b>			
Arts & Heritage Hub - Phase 1	\$ 270,748	\$ 3,458,584	\$ 147,916
Childcare Space Creation	508,793	857,658	17,451
Climate Action Program	99,082	-	-
Colonia/Delcourt Active Transportation	25,550	296,343	-
Community to Community	-	5,000	-
Dogwood Bike Lanes Design	11,248	35,000	-
Downtown Refresh	16,833	407,455	-
Emergency Support Service Program	-	-	5,974
Ludlow/Rocky Creek Rd Roundabout	-	-	9,750
OCP Review - Phase 1	18,351	20,000	-
Poverty Reduction	-	-	7,925
Poverty Reduction - Stream 2	25,000	50,000	-
Pre-Emption Highway Light	-	-	10,000
Stocking Lake Dam Repair	21,544	35,841	114,159
Tourism - Transfer Beach	547,807	661,720	39,831
Transfer Beach Railing	10,000	10,000	-
Transfer Beach Spray Park Resurfacing	20,704	21,000	-
Tree Replacements	-	-	2,860
UV Pilot Study	-	-	45,877
Water Supply Infrastructure	-	18,759,405	-
Waterfront Stage 1 Remediation	<u>-</u>	<u>-</u>	<u>39,303</u>
	<u>1,575,659</u>	<u>24,618,006</u>	<u>441,047</u>
<b>Total Grants</b>	<u><u>\$ 2,401,280</u></u>	<u><u>\$ 25,302,100</u></u>	<u><u>\$ 1,151,138</u></u>

*These notes form an integral part of these consolidated financial statements.*

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Note 26 – Reserves & Appropriated Equity**

	Balance Dec. 31, 2021	Interest Allocated	Contributions	Funding	Balance Dec. 31, 2022
<b>RESERVES</b>					
Amenity Funds	\$ 118,028	\$ 3,367	\$ 5,000	\$ -	\$ 126,395
Covid Safe Restart	1,769,724	-	-	347,413	1,422,311
Climate Action Program	-	-	99,082	-	99,082
Municipal Office reserve	535,000	-	60,000	-	595,000
Filming reserve	562	-	18	-	580
Perpetual Safety Fund	13,871	383	-	-	14,254
Sale Real Property	1,127,685	32,224	170,000	963,598	366,311
Tax Sale	27,876	769	-	-	28,645
<b>TOTAL RESERVES</b>	<b>\$ 3,592,745</b>	<b>\$ 36,743</b>	<b>\$ 334,100</b>	<b>\$ 1,311,011</b>	<b>\$ 2,652,577</b>
<b>APPROPRIATED EQUITY</b>					
<b>General Operating Fund</b>					
Continuing Projects	2,897,328	-	1,911,719	913,300	3,895,748
Future Projects	3,159,004	-	297,968	338,694	3,118,278
Equipment	1,281,443	-	614,904	201,615	1,694,732
Land & Building	489,667	-	101,470	142,500	448,637
Tax Contingency	7,986	-	-	-	7,986
Snow & Ice Removal	50,000	-	-	-	50,000
Infrastructure Deficit	663,071	-	258,957	238,111	683,917
Solid Waste	804,841	-	174,797	-	979,638
	<u>9,353,340</u>	<u>-</u>	<u>3,359,816</u>	<u>1,834,220</u>	<u>10,878,936</u>
<b>Water Operating Fund</b>					
Continuing Projects	1,206,758	-	1,037,402	1,043,521	1,200,639
Future Projects	2,062,208	-	192,376	625,457	1,629,127
MFA Surplus Refunds	524,076	-	-	-	524,076
Water Operating Fund Total	<u>3,793,042</u>	<u>-</u>	<u>1,229,778</u>	<u>1,668,978</u>	<u>3,353,841</u>
<b>Sewer Operating Fund</b>					
Continuing Projects	795,706	-	1,314,585	318,731	1,791,560
Future Projects	1,210,180	-	240,285	712,500	737,965
Sewer Operating Fund	<u>2,005,886</u>	<u>-</u>	<u>1,554,870</u>	<u>1,031,231</u>	<u>2,529,526</u>
<b>TOTAL APPROPRIATED EQUITY</b>	<b>\$ 15,152,268</b>	<b>\$ -</b>	<b>\$ 6,144,464</b>	<b>\$ 4,534,429</b>	<b>\$ 16,762,303</b>
<b>TOTAL RESERVES &amp; APPROPRIATED EQUITY</b>	<b>\$ 18,745,013</b>	<b>\$ 36,743</b>	<b>\$ 6,478,564</b>	<b>\$ 5,845,440</b>	<b>\$ 19,414,881</b>

*These notes form an integral part of these consolidated financial statements.*

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**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**

Protective Services is comprised of fire protection, policing, and bylaw enforcement.

Fire protection, includes a full-time Fire Chief starting in October of 2022. The fire department consists of paid on-call fire fighters who volunteer their service and receive compensating for each callout in which they take part. The fire department oversees a fleet of fire vehicles necessary to respond to calls.

Policing services is provided under contract with the RCMP. The Town is responsible for funding eight of the members within the detachment. The detachment occupies a building located in and owned by the Town of Ladysmith.

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.

**TOWN OF LADYSMITH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Note 27 - Segmented Information (continued)**

**Transportation, Solid Waste and Cemetery Services**

The Transportation (Public Works) Department is responsible for the infrastructure of the Town. Public works provides and maintains Town's roads, sidewalks, streetlights, 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) provides cemetery services including the maintenance of the cemetery grounds.

**Development Services**

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 Neighborhood 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 Cultural Services**

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 Operation Services**

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, 2022**

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**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 wastewater (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.

**TOWN OF LADYSMITH**  
**STATEMENT OF OPERATIONS BY SEGMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE I**

	<b>General Government</b>		<b>Protective Services</b>		<b>Transportation, Garbage &amp; Cemetery Services</b>		<b>Development Services</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>								
Tax	\$ 9,639,537	\$ 9,081,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services	31,423	49,753	129,159	98,459	791,662	786,862	2,146	12,528
Investment income & MFA Refunds	899,100	284,829	-	-	-	-	-	-
Licence, Permits, Rentals & Penalties	84,855	71,948	191,340	186,625	188,238	202,267	428,613	863,126
Grants	666,082	451,000	53,393	37,933	58,803	23,737	18,351	39,303
Donations & contributed property	5,000	10,459	-	-	699,771	2,133,343	-	-
Loss on foreign exchange	12,300	(682)	-	-	-	-	-	-
Gain (loss) on disposal	47,390	34,025	-	-	14,050	21,745	-	-
Development fees	-	-	-	-	-	10,395	-	-
CCB funds utilized	-	-	-	-	369,316	61,661	180,933	65,203
Total revenue	<u>11,385,688</u>	<u>9,982,944</u>	<u>373,892</u>	<u>323,017</u>	<u>2,121,839</u>	<u>3,240,010</u>	<u>630,042</u>	<u>980,160</u>
<b>EXPENSES</b>								
Contracted Services	319,045	344,387	1,422,875	1,103,059	792,636	719,265	226,237	145,444
Service Agreements/Grants In Aid	197,277	172,475	-	-	-	-	-	-
Insurance	77,772	72,207	16,294	16,883	-	-	-	-
Interest	19,834	8,907	18,367	3,285	-	-	-	-
Materials & Supplies	48,017	46,613	80,688	98,001	145,580	157,462	22,849	19,951
Utilities & Telephone	12,092	13,463	4,680	4,886	135,625	155,650	4,944	5,531
Wages & Benefits	1,964,709	1,829,067	325,702	307,571	1,095,282	1,063,113	644,351	625,565
Other	(223,934)	(286,938)	31,256	21,486	74,359	(101,107)	9,714	9,674
Amortization	283,106	264,636	230,405	185,258	968,486	965,033	2,345	2,345
Total expenses	<u>2,697,917</u>	<u>2,464,818</u>	<u>2,130,266</u>	<u>1,740,430</u>	<u>3,211,967</u>	<u>2,959,416</u>	<u>910,441</u>	<u>808,511</u>
Surplus (Deficit)	<u>\$ 8,687,770</u>	<u>\$ 7,518,126</u>	<u>\$ (1,756,374)</u>	<u>\$ (1,417,413)</u>	<u>\$ (1,090,129)</u>	<u>\$ 280,594</u>	<u>\$ (280,398)</u>	<u>\$ 171,649</u>

**TOWN OF LADYSMITH**  
**STATEMENT OF OPERATIONS BY SEGMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE I – CONTINUED**

<b>Recreation &amp; Culture Services</b>		<b>Parks Operations Services</b>		<b>Sewer Operations Services</b>		<b>Water Operations Services</b>		<b>Total Actual</b>	<b>Total Actual</b>
<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,336,300	\$ 1,318,800	\$ 1,834,531	\$ 1,813,234	\$ 12,810,369	\$ 12,213,646
503,183	325,723	-	-	1,702,104	1,648,894	1,564,602	1,470,020	4,724,280	4,392,239
-	-	-	-	-	-	-	-	899,100	284,829
225,226	168,552	-	-	22,982	23,243	20,387	22,263	1,161,641	1,538,025
1,509,912	416,073	73,196	23,055	-	45,877	21,544	114,159	2,401,280	1,151,138
15,800	21,800	33,732	1,500	86,445	176,833	113,330	208,635	954,078	2,552,570
-	-	-	-	-	-	-	-	12,300	(682)
-	-	-	-	-	(4,292)	(3,685)	(348,934)	57,755	(297,456)
-	-	-	-	-	-	-	-	-	10,395
-	-	89,118	98,732	-	128,706	-	-	639,367	354,302
<u>2,254,121</u>	<u>932,148</u>	<u>196,046</u>	<u>123,287</u>	<u>3,147,832</u>	<u>3,338,061</u>	<u>3,550,709</u>	<u>3,279,377</u>	<u>23,660,170</u>	<u>22,199,006</u>
388,691	384,973	78,692	73,033	383,225	276,554	946,903	699,288	4,558,304	3,746,005
-	-	-	-	-	-	-	-	197,277	172,475
49,747	41,815	4,704	4,717	40,053	41,009	29,525	33,112	218,095	209,743
-	-	-	-	143,494	154,139	172,978	179,813	354,673	346,143
182,388	162,650	82,458	104,688	282,975	235,799	334,421	406,336	1,179,377	1,231,501
222,694	209,232	6,952	8,354	147,930	162,393	56,100	68,845	591,017	628,355
2,102,991	2,008,493	489,339	484,388	730,308	632,275	857,667	996,801	8,210,348	7,947,274
37,279	37,674	117,926	171,391	227,830	211,820	311,828	345,388	586,257	409,388
249,730	238,884	255,207	248,430	1,251,732	1,300,484	969,973	975,406	4,210,984	4,180,476
<u>3,233,520</u>	<u>3,083,722</u>	<u>1,035,279</u>	<u>1,095,001</u>	<u>3,207,547</u>	<u>3,014,472</u>	<u>3,679,395</u>	<u>3,704,990</u>	<u>20,106,332</u>	<u>18,871,360</u>
<u>\$ (979,400)</u>	<u>\$ (2,151,574)</u>	<u>\$ (839,233)</u>	<u>\$ (971,714)</u>	<u>\$ (59,716)</u>	<u>\$ 323,589</u>	<u>\$ (128,685)</u>	<u>\$ (425,613)</u>	<u>\$ 3,553,838</u>	<u>\$ 3,327,646</u>

**TOWN OF LADYSMITH**  
**CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE II**

	<u>Land</u>		<u>Land Improvements</u>		<u>Buildings</u>		<u>Vehicle Furniture &amp; Equipment</u>		<u>Transportation</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>COST</b>									
Opening Balance	\$ 11,024,061	\$ 10,518,581	\$ 9,697,268	\$ 9,533,068	\$ 25,624,351	\$ 25,741,080	\$ 9,050,929	\$ 9,337,652	\$ 31,362,370
Add: Additions	277,576	579,191	126,409	176,324	641,111	122,591	2,585,773	336,507	346,781
Less: Disposals	-	73,711	157,621	12,124	100,622	239,320	85,665	623,230	-
Less: Write-downs	-	-	-	-	-	-	-	-	-
Closing Balance	<u>11,301,638</u>	<u>11,024,061</u>	<u>9,666,056</u>	<u>9,697,268</u>	<u>26,164,840</u>	<u>25,624,351</u>	<u>11,551,035</u>	<u>9,050,929</u>	<u>31,709,150</u>
 <b>ACCUMULATED AMORTIZATION</b>									
Opening Balance	-	-	4,229,121	3,967,989	8,701,678	8,070,840	4,705,258	4,848,498	17,906,451
Add: Amortization	-	-	281,657	273,256	730,632	722,876	517,015	463,581	663,203
Less: Write-downs	-	-	-	-	-	-	-	-	-
Less: Disposals	-	-	75,463	12,124	72,170	92,038	73,665	606,821	-
Closing Balance	<u>-</u>	<u>-</u>	<u>4,435,315</u>	<u>4,229,121</u>	<u>9,360,140</u>	<u>8,701,678</u>	<u>5,148,608</u>	<u>4,705,258</u>	<u>18,569,654</u>
 <b>Net Book Value</b>	<u><u>\$ 11,301,638</u></u>	<u><u>\$ 11,024,061</u></u>	<u><u>\$ 5,230,741</u></u>	<u><u>\$ 5,468,147</u></u>	<u><u>\$ 16,804,700</u></u>	<u><u>\$ 16,922,673</u></u>	<u><u>\$ 6,402,427</u></u>	<u><u>\$ 4,345,671</u></u>	<u><u>\$ 13,139,496</u></u>

**TOWN OF LADYSMITH**  
**CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE II (CONTINUED)**

<b>Linear Infrastructure</b>										
<b>Transportation</b>	<b>Sanitary Sewer</b>		<b>Storm</b>		<b>Water</b>		<b>Assets Under Construction</b>		<b>Total</b>	
<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
\$ 30,313,284	\$ 38,013,008	\$ 37,423,106	\$ 10,693,928	\$ 10,005,404	\$ 34,270,128	\$ 33,753,543	\$ 961,579	\$ 1,044,267	\$ 170,697,621	\$ 167,669,984
1,070,471	138,658	609,411	120,990	688,524	1,068,560	755,794	1,822,695	704,905	7,128,553	5,043,718
21,385	-	19,509	-	-	19,281	239,209	131,415	787,593	494,604	2,016,081
-	-	-	-	-	-	-	-	-	-	-
<u>31,362,370</u>	<u>38,151,666</u>	<u>38,013,008</u>	<u>10,814,922</u>	<u>10,693,928</u>	<u>35,319,407</u>	<u>34,270,128</u>	<u>2,652,856</u>	<u>961,579</u>	<u>177,331,569</u>	<u>170,697,621</u>
17,244,612	11,604,971	10,590,869	2,835,174	2,687,915	7,095,653	6,267,683	-	-	57,078,306	53,678,406
682,319	1,001,034	1,029,319	155,464	147,259	861,979	861,866	-	-	4,210,984	4,180,476
-	-	-	-	-	-	-	-	-	-	-
<u>20,480</u>	<u>-</u>	<u>15,217</u>	<u>-</u>	<u>-</u>	<u>15,596</u>	<u>33,896</u>	<u>-</u>	<u>-</u>	<u>236,894</u>	<u>780,576</u>
<u>17,906,451</u>	<u>12,606,005</u>	<u>11,604,971</u>	<u>2,990,638</u>	<u>2,835,174</u>	<u>7,942,036</u>	<u>7,095,653</u>	<u>-</u>	<u>-</u>	<u>61,052,396</u>	<u>57,078,306</u>
<u>\$ 13,455,919</u>	<u>\$ 25,545,661</u>	<u>\$ 26,408,037</u>	<u>\$ 7,824,284</u>	<u>\$ 7,858,754</u>	<u>\$ 27,377,371</u>	<u>\$ 27,174,475</u>	<u>\$ 2,652,856</u>	<u>\$ 961,579</u>	<u>\$ 116,279,171</u>	<u>\$ 113,619,315</u>