



TOWN OF LADYSMITH 2024 Audited Financial Statements



INDEX TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Management Report

Independent Auditor's Report

Consolidated Financial Statements

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

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

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, 2024, and the consolidated statements of operations, 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, 2024, and the results of its consolidated operations 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.

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 15, 2025

MNP LLP

Chartered Professional Accountants

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		<u>2024</u>	<u>2023</u>
Financial Assets			
Cash and short-term deposits	(Note 3)	\$ 54,167,730	\$ 45,156,809
Accounts receivable	(Note 5)	<u>2,464,695</u>	<u>2,423,885</u>
		<u>56,632,425</u>	<u>47,580,694</u>
Liabilities			
Accounts payable and accrued liabilities	(Note 6)	2,663,079	2,544,282
Post-employment benefits	(Note 7)	357,400	334,200
Deferred revenue	(Note 8)	3,430,831	2,016,048
Refundable deposits and other	(Note 9)	2,091,477	2,102,252
Restricted reserves	(Note 10)	560,984	535,460
Development cost charge reserve	(Note 11)	9,736,879	8,944,041
Canada Community-Building reserve	(Note 12)	2,067,700	1,690,208
Equipment financing	(Note 13)	2,659,293	2,763,478
Debenture debt	(Note 14)	12,816,879	13,670,140
Asset Retirement obligation	(Note 15)	<u>3,100,092</u>	<u>3,086,870</u>
		<u>39,484,614</u>	<u>37,686,979</u>
Net Financial Assets		<u>17,147,811</u>	<u>9,893,715</u>
Non-Financial Assets			
Tangible Capital Assets	(Schedule II)	119,097,968	121,941,879
Prepays		99,720	90,502
Inventory		<u>84,586</u>	<u>87,215</u>
		<u>119,282,274</u>	<u>122,119,596</u>
Accumulated Surplus	(Note 20)	<u>\$ 136,430,085</u>	<u>\$ 132,013,311</u>

Commitments and Contingencies (Note 16)
Subsequent Events (Note 30)



Director of Financial Services

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2024

		2024	Budget 2024	2023
			(Note 21)	
Revenue				
Taxation	(Note 23)	\$ 13,695,892	\$ 13,642,684	\$ 12,896,686
Sale of Services	(Note 24)	5,333,278	4,927,229	5,103,849
Investment Income		2,011,086	1,342,567	1,792,143
Licence, Permits, Rentals & Penalties	(Note 25)	1,104,172	915,655	1,306,204
Grants	(Note 26)	3,364,275	19,428,288	6,104,747
Donations and contributed tangible capital assets		400,392	3,899,605	4,681,127
Gain (loss) on foreign exchange		25,423	-	(2,752)
Loss on disposal of tangible capital assets		(344,180)	-	(670,565)
Development fees		59,131	3,089,065	307,100
Canada Community-Building funds utilized	(Note 12)	189,169	374,371	830,201
		<u>25,838,638</u>	<u>47,619,464</u>	<u>32,348,740</u>
Expenses				
General government services		2,859,760	3,966,031	3,294,048
Protective services		2,705,702	2,997,680	2,812,208
Transportation services		3,086,495	3,582,796	2,880,132
Solid Waste services		582,994	912,236	552,275
Cemetery services		32,328	38,392	44,236
Development services		891,760	1,010,366	827,332
Recreation and cultural services		3,820,761	4,197,240	3,936,935
Parks operation services		1,190,714	1,148,568	1,086,114
Sewer		3,271,303	4,701,567	2,981,962
Water		2,980,047	5,134,445	5,827,168
		<u>21,421,864</u>	<u>27,689,321</u>	<u>24,242,410</u>
Annual Surplus		4,416,774	19,930,143	8,106,330
Accumulated Surplus, beginning of year		<u>132,013,311</u>	<u>132,013,311</u>	<u>123,906,981</u>
Accumulated Surplus - end of year		<u>\$ 136,430,085</u>	<u>\$ 151,943,454</u>	<u>\$ 132,013,311</u>

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Operating Transactions		
Annual Surplus	\$ 4,416,774	\$ 8,106,330
Less non-cash items included in surplus:		
Amortization	4,557,908	4,419,318
Loss on disposal of tangible capital assets	344,180	670,565
Actuarial adjustments on debenture debt	(93,044)	(81,554)
Asset Retirement Obligations	13,222	3,086,870
Contributed tangible capital assets	(378,548)	(4,515,891)
	<u>8,860,492</u>	<u>11,685,638</u>
Change in		
Accounts receivable	(40,810)	280,585
Prepaid expenses	(9,218)	24,067
Inventory	2,629	(2,615)
Accounts payable and accrued liabilities	118,797	(318,700)
Post employment benefits	23,200	45,400
Deferred revenues	1,414,783	(311,104)
Refundable deposits and other	(10,775)	(581,469)
Restricted reserves	25,524	24,484
Development cost charge reserve	792,838	977,102
Canada Community-Building reserve	377,492	(282,193)
Cash provided by operating transactions	<u>11,554,952</u>	<u>11,541,195</u>
Capital Transactions		
Proceeds on sale of tangible capital assets	893,877	35,315
Cash used to acquire tangible capital assets	(2,573,506)	(6,272,015)
Cash used by capital transactions	<u>(1,679,629)</u>	<u>(6,236,700)</u>
Repayment of long-term debt		
Repayment of debt	(864,402)	(831,318)
Net Decrease in cash from financing	<u>(864,402)</u>	<u>(831,318)</u>
Increase in Cash and Short-Term Deposits	9,010,921	4,473,177
Cash and Short-Term Deposits - Beginning of Year	45,156,809	40,683,632
Cash and Short-Term Deposits - End of Year	<u>\$ 54,167,730</u>	<u>\$ 45,156,809</u>

See accompanying notes to the consolidated financial statements

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>Budget 2024 (Note 21)</u>	<u>2023</u>
Annual Surplus	\$ 4,416,774	\$ 19,930,143	\$ 8,106,330
Acquisition of tangible capital assets	(2,952,054)	(47,321,863)	(10,787,906)
Amortization of tangible capital assets	4,557,908	4,419,318	4,419,318
Loss (gain) on sale of tangible capital assets	344,180	-	670,565
Proceeds from sale of tangible capital assets	893,877	-	35,315
Decrease (Increase) in inventories	2,629	-	(2,615)
Increase (Decrease) in prepaids	<u>(9,218)</u>	<u>-</u>	<u>24,067</u>
Change in Net Financial Assets	<u>7,254,096</u>	<u>(22,972,402)</u>	<u>2,465,074</u>
Net Financial Assets, beginning of year	<u>9,893,715</u>		<u>7,428,641</u>
Net Financial Assets, end of year	<u><u>\$ 17,147,811</u></u>		<u><u>\$ 9,893,715</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, 2024

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 – Change in Accounting Policies

Revenue

Effective January 1, 2024, the Town adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations.

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

Note 2 - 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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 - Significant Accounting Policies - (a) Basis of Presentation (continued)

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 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 Ladysmith Harbour Economic Development Corporation (formally 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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 - Significant Accounting Policies – (c) Tangible Capital Assets (continued)

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 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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 - Significant Accounting Policies (continued)

(e) Restricted Reserves and Deferred Revenues

Receipts which are restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as restricted reserves. When qualifying expenses are incurred, restricted reserves are brought into revenue at equal amounts, in accordance with Revenue Recognition Note 2 (g). These revenues are comprised of the amounts shown in Note 10, 11 and 12.

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, asset retirement obligations, 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, 2024

Note 2 - 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 performance obligation to the customer is satisfied. Investment income is accrued as earned. Licences, permits, rentals and penalty revenues are recognized when the service has been provided, 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, 2024

Note 2 - 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 on December 31, 2024.

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) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Town to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available on December 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 - Significant Accounting Policies - (I) Asset Retirement Obligations (continued)

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(m) Financial Instruments

The Town recognizes its financial instruments when the Town becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Town may irrevocably elect to subsequently measure any financial instrument at fair value. The Town has not made such an election during the year.

The Town subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Town has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating annual surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 3 - Cash and Short-Term Deposits

Cash and short-term deposits were comprised as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 53,251,892	\$ 44,283,004
Short-term deposits	<u>915,838</u>	<u>873,806</u>
	<u>\$ 54,167,730</u>	<u>\$ 45,156,809</u>

Included in Cash is a deposit of \$230,673 (the equivalent of \$159,589 US Funds based on the exchange rate at the Ladysmith and District Credit Union on December 31, 2024) (\$197,038 equivalent of \$151,377 US Funds - 2023). 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>2024</u>	<u>2023</u>
Restricted reserves	\$ 560,984	\$ 535,460
Canada Community-Building Fund reserve	2,067,700	1,690,208
Development cost charges reserve	<u>9,736,879</u>	<u>8,944,041</u>
Total restricted cash	<u>\$ 12,365,563</u>	<u>\$ 11,169,709</u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 4 – 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 3, the fair value of these financial instruments approximates their carrying values.

Note 5 - Accounts Receivable

	<u>2024</u>	<u>2023</u>
Employee receivables	\$ 2,364	\$ 6,563
Other government	383,364	464,627
Property taxes	964,169	850,529
User fees and other	<u>1,114,798</u>	<u>1,102,166</u>
	<u>\$ 2,464,695</u>	<u>\$ 2,423,885</u>

Note 6 - Accounts Payable and Accrued Liabilities

	<u>2024</u>	<u>2023</u>
General	\$ 1,601,981	\$ 1,439,952
Other governments	722,839	814,885
Salaries and wages	225,657	173,903
Contractor holdbacks	20,591	20,215
Accrued interest	<u>92,011</u>	<u>95,327</u>
	<u>\$ 2,663,079</u>	<u>\$ 2,544,282</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, 2024

Note 7 - 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 November 1, 2024 and has been extrapolated to December 31, 2024. The change in the liability in the financial statements in respect of obligations under the plan amounts to \$23,200 (\$45,400 - 2023).

The accrued post-employment benefits are as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 334,200	\$ 288,800
Current service costs	50,600	38,600
Benefits paid	(26,800)	(91,700)
Actuarial gain	(600)	98,500
Balance, end of year	<u>\$ 357,400</u>	<u>\$ 334,200</u>

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

	<u>2024</u>	<u>2023</u>
Discount Rate	4.20%	4.10%
Expected Inflation Rate and Wage & Salary Increases	3.00%	2.50%

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 8 - Deferred Revenue

	<u>2024</u>	<u>2023</u>
Licence fees & charges	\$ 78,262	\$ 14,912
Rental payments	15,183	14,165
Property tax prepayments	823,522	742,298
Subdivisions prepayments	166,450	189,700
Recreation prepayments	82,049	38,536
Utilities prepayments	26,876	34,131
Government grant prepayments	2,232,870	970,086
Other	5,619	12,220
	<u>\$ 3,430,831</u>	<u>\$ 2,016,048</u>

Note 9 - Refundable Deposits and Other

	<u>2024</u>	<u>2023</u>
Developer performance deposits	\$ 1,301,386	\$ 1,048,182
Damage deposits	338,630	359,265
Other	451,461	694,805
	<u>\$ 2,091,477</u>	<u>\$ 2,102,252</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, 2024

Note 10 - 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, 2023	Interest	Contributions	Expenditures	Balance Dec. 31, 2024
Parking	\$ 120,412	\$ 6,533	\$ -	\$ -	\$ 126,945
Amphitheatre	12,682	697	600	-	13,979
B&G - Capital	77,494	4,349	5,064	-	86,907
LRCA/Seniors - Capital	324,872	5,687	2,594	-	333,153
TOTAL	\$ 535,460	\$ 17,266	\$ 8,258	\$ -	\$ 560,984

Note 11 - 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, 2023	Interest	Contributions	Expenditures	Balance Dec. 31, 2024
DCC - Water	\$ 3,156,605	\$ 176,614	\$ 203,409	\$ -	\$ 3,536,628
DCC - Parks	988,152	54,049	17,925	-	1,060,126
DCC - Parks Dedication	519,556	28,949	22,750	-	571,255
DCC - Roads	1,591,584	87,010	24,519	-	1,703,113
DCC - Sewer	2,101,885	116,235	84,821	(59,131)	2,243,810
DCC - Storm	586,259	31,938	3,750	-	621,947
TOTAL	\$ 8,944,041	\$ 494,794	\$ 357,174	\$ (59,131)	\$ 9,736,879

Developers may be entitled to DCC credits in certain circumstances. There were no DCC credits provided in 2024 or 2023.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 12 – 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. The funds are recorded on the consolidated financial statements as a restricted reserve.

	<u>2024</u>	<u>2023</u>
Opening balance of unspent funds	\$ 1,690,208	\$ 1,972,401
Add: Amounts received during the year	472,761	452,892
Interest earned	93,900	95,116
Less: Canada Community-Building funds utilized	(189,169)	(830,201)
Closing balance of unspent funds	<u>\$ 2,067,700</u>	<u>\$ 1,690,208</u>

Note 13 - Equipment Financing

The total equipment financing outstanding with the Municipal Finance Authority of BC (MFABC) as at December 31, 2024 was \$2,659,293 (\$2,763,478 - 2023). This balance is made up of:

	<u>Balance Dec 31, 2023</u>	<u>Principal Payments</u>	<u>Balance Dec 31, 2024</u>
Spartan Fire Truck	\$ 111,548	\$ 35,622	\$ 75,926
Pumper Truck	582,550	18,494	564,056
Aerial Truck	<u>2,069,380</u>	<u>50,069</u>	<u>2,019,311</u>
	<u>\$ 2,763,478</u>	<u>\$ 104,185</u>	<u>\$ 2,659,293</u>

Interest in the consolidated statement of operations is calculated as \$142,466 (\$146,568 - 2023).

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 13 - 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, 2024 was \$75,926 (\$111,548 - 2023). The remaining obligation will be repaid with monthly loan payments in the amount of \$3,388 including interest at a monthly varying rate (December 2024 was 4.25%) (5.63% - 2023). Loan to is set to expire July 2026.
- 2) A five-year equipment loan agreement with the MFABC renewed October of 2023 in the amount of \$586,408 for the purchase of a 2018 Spartan fire truck. The balance of the loan at December 31, 2024 was \$564,056 (\$582,550 - 2023). The remaining obligation will be repaid with monthly loan payments in the amount of \$4,050 including interest at a monthly varying rate (December 2024 was 4.25%) (5.63% - 2023). The loan is set to expire September 2028.
- 3) A new five-year equipment loan agreement with the MFABC renewed December of 2023 in the amount of \$2,069,380 for the purchase of an Aerial fire truck. The balance of the loan at December 31, 2024 was \$2,019,311 (\$2,069,380 - 2023). The remaining obligation will be repaid with monthly loan payments in the amount of \$13,116 including interest at a monthly varying rate (December 2024 was 4.25%) (5.63% - 2023). The loan is set to expire December 2028.

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

2025	\$	148,318
2026		152,211
2027		119,128
2028		2,239,636

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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, 2024, the cash balance of the Town's debt reserve funds was \$253,063 (\$244,548 – 2023). 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, 2024 was \$12,816,879 (\$13,670,140 as at December 31, 2023). This balance is made up of:

	Original Amount	Balance Dec 31, 2023	Principal Payments	Balance Dec 31, 2024	Interest Rate
<u>General Capital Fund</u>					
RCMP Building Issue #97 Term 2006-2031	\$ 2,750,000	\$ 1,185,185	\$ 128,626	\$ 1,056,559	1.75%
<u>Water Capital Fund</u>					
Water Improvements Issue #118 Term 2012-2037	1,000,000	673,443	\$ 39,413	634,030	3.39%
Water Filtration Plant Issue #147 Term 2019-2044	6,000,000	5,311,512	\$ 185,222	5,126,290	2.66%
<u>Sewer Capital Fund</u>					
Sewer Treatment Plant Issue #138 Term 2016-2036	10,000,000	6,500,000	\$ 500,000	6,000,000	1.38%
	<u>\$ 19,750,000</u>	<u>\$ 13,670,140</u>	<u>\$ 853,261</u>	<u>\$ 12,816,879</u>	

Debt interest, net of actuarial adjustment included in the consolidated statement of operations, is calculated at \$266,716 (\$293,803 – 2023).

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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
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
2028	66,033	84,441	194,185	58,645	500,000	-	903,304
2029	66,033	90,460	194,185	66,230	500,000	-	916,908
Thereafter	132,066	199,949	2,705,448	1,826,469	3,500,000	-	8,363,932

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 - Asset Retirement Obligations

The Town has buildings containing asbestos, lead paint, and other hazardous materials and is legally required to remove the noted items when it becomes necessary to repair or replace the buildings. The Town recognized a liability of \$350,092 (\$336,870 - 2023) for the asset retirement obligation and a corresponding amount has been expensed as the effective buildings have been fully amortized.

The Town has a water course with several weirs and is legally required to decommission the weirs as they have reached the end of their useful life. The Town recognized a liability of \$2,750,000 (\$2,750,000 - 2023) for the asset retirement obligation and a corresponding amount has been expensed.

The Town estimated the amount of the liabilities using undiscounted future expenditures estimated to retire the tangible capital asset.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 16 - 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, 2024 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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, 2024

Note 16 - 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 next valuation will be as at December 31, 2024.

The Town of Ladysmith paid \$508,202 (2023 - \$484,189) for employer contributions to the plan in fiscal 2024.

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, 2024

Note 16 - Commitments and Contingencies (continued)

(d) Service Agreements & Rental Payments

Service Agreements

	<u>2024</u>	<u>2023</u>
Ladysmith & District Historical Society	\$ 26,699	\$ 29,627
Ladysmith Resources Centre Association	46,520	45,608
Ladysmith Chamber of Commerce & Visitor Centre	63,900	60,400
	<u>\$ 137,119</u>	<u>\$ 135,635</u>

In 2024, 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 occupancy, operation and management of the archives. The future payment to Ladysmith & District Historical Society for archives management fee for 2025 is \$23,570. The future monthly payment to Ladysmith & District Historical Society for the management of the museum is \$636 (Jan – June, 2025) \$655 (July, 2025 – June, 2026). Both agreements may be renegotiated in 2026.

In 2024, The Town renewed a 2-year Service Agreement with the Ladysmith Resources Centre Association (LRCA). The future payment in 2025 is \$47,452. The agreements may be renegotiated in 2026.

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 2024, the Town provided an additional \$18,000 (\$17,000 – 2023) to the Ladysmith Chamber of Commerce to promote economic development and tourism services.

Rental payments under operating leases are expensed as incurred.

	<u>2024</u>	<u>2023</u>
132c Roberts Street - office space	\$ 32,780	\$ 32,277
17 & 25 Roberts Street - parking lot	10,800	9,900
	<u>\$ 43,580</u>	<u>\$ 42,177</u>

In December of 2023, the Town signed a 2-year lease with Ivory Tower Investments Ltd for the use of office space at 132c Roberts Street which expires January of 2026. The future monthly payments are \$2,872 for the term of the agreement.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 16 - Commitments and Contingencies - (d) Service Agreements & Rental Payments
(continued)

In December of 2023, the Town signed a 5-year lease agreement with Paul Jorjorian for the rental of the 17 & 25 Roberts Street Parking Lot which expires December 2028. The future monthly payments are 2025 for \$950, 2026 for \$1,000, 2027 for \$1,000 and 2028 for \$1,000.

Note 17 - Significant Taxpayers

The Town is reliant upon 10 taxpayers for approximately 11.48% (11.14% - 2023) of the total property tax revenue which includes Western Forest Products at approximately 5.87% (5.92% - 2023) of the total property tax revenue.

Note 18 - 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>2024</u>	<u>2023</u>
Assets		
Cash and short term investment	<u>\$ 185,009</u>	<u>\$ 179,999</u>
Equity		
Opening balance	\$ 179,999	\$ 174,827
Interest	9,960	10,024
Transfer interest to fund cemetery costs	(9,960)	(10,024)
Contributions	5,010	5,387
Refunds	<u>-</u>	<u>(215)</u>
Balance, end of year	<u>\$ 185,009</u>	<u>\$ 179,999</u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 19 - Comparative Figures

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

Note 20 - Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	<u>2024</u>	<u>2023</u>
Appropriated Equity (Note 27)		
Continuing projects	\$ 6,892,044	\$ 6,077,954
General fund	10,524,258	8,539,308
Water fund	-	-
Sewer fund	1,361,220	1,257,743
	<u>18,777,522</u>	<u>15,875,005</u>
Unappropriated Equity		
General fund	3,908,332	2,576,163
Water fund	596,416	104,470
Sewer fund	1,645,828	1,413,079
General capital fund	369,784	345,846
Sewer capital fund	32,530	32,529
Water capital fund	-	-
	<u>6,552,889</u>	<u>4,472,086</u>
Reserve Funds		
Reserve funds (Note 27)	<u>7,477,872</u>	<u>6,157,953</u>
Equity in Tangible Capital Assets	<u>103,621,802</u>	<u>105,508,266</u>
Total Accumulated Surplus	<u>\$ 136,430,085</u>	<u>\$ 132,013,311</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, 2024

Note 21 - Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on March 5th, 2024.

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	(4,419,318)
Proceeds from new debt	(17,588,725)
Transfers to/from own funds	(6,558,519)
Less:	
Principal payments on debt	1,174,842
Capital expenditures per budget	52,067,239
Capital Expenditures expensed according to Tangible Capital Asset Policy	<u>(4,745,376)</u>
Adjusted Annual Surplus	<u><u>\$ 19,930,143</u></u>

Note 22 - Ladysmith Harbour Economic Development Corporation

The Town of Ladysmith has an investment in the Ladysmith Harbour Economic Development Corporation (formerly DL 2016 Holdings Corporation or DL 2016), a wholly owned subsidiary company of the Town.

Up until December 31, 2023, the Town of Ladysmith leased portions of its waterfront from the Province of British Columbia parts of which were subleased to the Corporation which entered in an operating and maintenance agreement with Ladysmith Maritime Society (LMS). A portion of the moorage revenues from LMS are owed to the Corporation.

As of December 31, 2023, the Town no longer leases the area from the Province of British Columbia.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 23 – Taxation

	<u>Actuals 2024</u>	<u>Actuals 2023</u>
Taxes Collected:		
General municipal purposes	\$ 8,407,689	\$ 7,855,039
Police taxation	1,795,292	1,594,379
Grants in lieu and 1% utility tax	189,266	194,031
Water and sewer parcel tax	3,303,645	3,253,237
School district	4,452,620	4,270,577
Regional hospital district	1,207,505	1,142,384
Regional district	3,707,461	2,529,286
BCAA and MFA	124,042	121,721
Library	<u>578,764</u>	<u>486,749</u>
	<u>23,766,286</u>	<u>21,447,403</u>
 Less transfer to other governments		
Province of BC (school taxes)	4,452,620	4,270,577
Cowichan Valley Regional Hospital District	1,207,505	1,142,384
Cowichan Valley Regional District	3,707,461	2,529,286
BC Assessment & Municipal Finance Authority	124,042	121,721
Vancouver Island Regional Library	<u>578,764</u>	<u>486,749</u>
	<u>10,070,394</u>	<u>8,550,718</u>
 Net taxation for municipal purposes	 <u><u>\$ 13,695,892</u></u>	 <u><u>\$ 12,896,686</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, 2024

Note 24 - Sale of Services

	<u>Actuals 2024</u>	<u>Budget 2024</u>	<u>Actuals 2023</u>
Administration recoveries	\$ 75,822	\$ 22,377	\$ 82,010
Cemetery services	38,635	42,000	47,375
Fire service agreements	137,162	90,000	199,498
Public Works recoveries	19,072	-	39,657
Recreation services	684,870	543,833	640,590
Sewer utility fees	1,960,872	1,844,487	1,791,907
Solid waste fees	735,874	712,404	735,650
Water utility fees	<u>1,680,973</u>	<u>1,672,128</u>	<u>1,567,162</u>
	<u><u>\$ 5,333,278</u></u>	<u><u>\$ 4,927,229</u></u>	<u><u>\$ 5,103,849</u></u>

Note 25 – Licences, Permits, Rentals & Penalties

	<u>Actuals 2024</u>	<u>Budget 2024</u>	<u>Actuals 2023</u>
Facility Rentals & Leases	\$ 451,956	\$ 346,305	\$ 440,948
Fines	7,226	2,350	6,495
Licences	98,048	95,000	100,352
Penalties and interest	171,599	138,497	156,624
Permits, Licences & Fees	<u>375,343</u>	<u>333,503</u>	<u>601,785</u>
	<u><u>\$ 1,104,172</u></u>	<u><u>\$ 915,655</u></u>	<u><u>\$ 1,306,204</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, 2024

Note 26 – Grants

	<u>Actuals 2024</u>	<u>Budget 2024</u>	<u>Actuals 2023</u>
Operating Grants			
Traffic Fines Revenue	\$ 51,000	\$ 43,000	\$ 43,000
Small Communities	469,900	436,000	436,000
Growing Communities Fund	-	-	3,406,000
Climate Action Program	290,317	99,082	99,082
Development Approval Process	191,995	191,995	-
CVRD Recreation	1,773,999	1,594,767	810,565
Community to Community	5,000	5,000	-
Other	<u>22,164</u>	<u>15,150</u>	<u>16,966</u>
	<u>2,804,375</u>	<u>2,384,994</u>	<u>4,811,613</u>
Capital Grants			
Amphitheatre Event Tent	8,650	8,650	41,350
Arts & Heritage Hub - Phase 1	-	-	123,804
Childcare Space Creation	-	-	348,866
Colonia/Delcourt Active Transportation	-	-	304,693
Holland Creek Weir Removals	28,334	2,750,000	-
Dogwood Bike Lanes Design	-	-	23,754
Downtown Refresh	86,605	142,813	247,809
4th Ave Improvement (Root to White St)	-	-	44,700
Indigenous Engagement	48,000	-	-
Heart of Hub	265,338	3,064,032	-
Holland Dam Storage Upgrade	89,704	10,857,999	-
Mountain Bike Network	-	100,000	-
Next Generation 911	-	45,000	-
Poverty Reduction - Stream 2	-	-	19,445
Poverty Reduction - Stream 3	22,710	24,800	24,800
Tourism - Transfer Beach	-	-	113,913
Youth in Bloom	<u>10,560</u>	<u>50,000</u>	<u>-</u>
	<u>559,900</u>	<u>17,043,294</u>	<u>1,293,135</u>
Total Grants	<u><u>\$ 3,364,275</u></u>	<u><u>\$ 19,428,288</u></u>	<u><u>\$ 6,104,747</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, 2024

Note 27 – Reserves & Appropriated Equity

	Balance Dec 31, 2023	Interest Allocated	Contributions	Funding	Balance Dec 31, 2024
Reserves					
Amenity Funds	\$ 184,393	\$ 9,960	\$ -	\$ -	\$ 194,354
Covid Safe Restart	1,322,311	-	-	(106,740)	1,215,571
Growing Communities Fund	3,406,000	184,402	-	-	3,590,402
Climate Action Program	153,100	-	290,317	-	443,417
Municipal Office reserve	655,000	-	60,000	-	715,000
Filming reserve	632	34	6	-	673
Perpetual Safety Fund	15,205	821	-	-	16,026
Sale Real Property	390,755	45,657	863,553	(29,742)	1,270,222
Tax Sale	30,556	1,651	-	-	32,207
Total Reserves	\$ 6,157,953	\$ 242,525	\$ 1,213,876	\$ (136,482)	\$ 7,477,872
Appropriated Equity					
General Operating Fund					
Continuing Projects	2,009,683	-	2,279,556	(2,009,677)	2,279,562
Future Projects	3,573,598	-	945,265	(82,571)	4,436,292
Equipment	2,182,173	-	618,204	(607,736)	2,192,641
Land & Building	562,073	-	159,298	(19,721)	701,651
Tax Contingency	7,986	-	-	-	7,986
Snow & Ice Removal	90,000	-	40,000	-	130,000
Infrastructure Deficit	963,648	-	1,051,369	(250,000)	1,765,016
Solid Waste	1,159,829	-	130,843	-	1,290,672
	10,548,991	-	5,224,535	(2,969,705)	12,803,820
Water Operating Fund					
Continuing Projects	1,949,515	-	2,094,188	(1,949,515)	2,094,188
Future Projects	-	-	1,674,233	(1,674,233)	-
Water Operating Fund Total	1,949,515	-	3,768,421	(3,623,748)	2,094,188
Sewer Operating Fund					
Continuing Projects	2,118,756	-	2,518,294	(2,118,756)	2,518,294
Future Projects	1,257,743	-	352,977	(249,500)	1,361,220
Sewer Operating Fund	3,376,499	-	2,871,271	(2,368,256)	3,879,514
Total Appropriated Equity	\$ 15,875,005	\$ -	\$ 11,864,227	\$ (8,961,710)	\$ 18,777,522
Total Reserves & Appropriated Equity	\$ 22,032,958	\$ 242,525	\$ 13,078,102	\$ (9,098,192)	\$ 26,255,394

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, 2024

Note 28 - 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:

General Government Services

General Government provides the administrative and legislative activities that supports Council and the departments of the Town. Also included in General Government Services is the financial planning and reporting, Information Technology, Human Resources, and Waterfront Area Plan Implementation.

Protective Services

Fire protection, includes a full-time Fire Chief and 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.

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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 28 - Segmented Information (continued)

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.

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 (FJCC) is the location where the majority of the programs are offered. Funding from the regional partially funds the FJCC facility.

Parks Operation Services

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

Water Services

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 Services

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 wastewater for proper treatment prior to discharging it.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 29 – Growing Communities Fund

The Province of British Columbia distributed conditional Growing Communities Fund (GCF) grants to communities at the end of March 2023 to help local governments build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia.

The Town of Ladysmith received \$3,406,000 of GCF funding in March 2023. No funds have been used, and the balance accrues interest. The balance at December 31, 2024 was \$3,590,402.

Note 30 – Subsequent Events

As of date of the financial statements, the Town is assessing the impact of any new tariffs on its procurement, and overall financial performance. Management has not yet fully determined the potential effect on future operations but expects the increased tariffs to increase operating and capital expenses.



TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE I

	General Government		Protective Services		Transportation, Solid Waste & Cemetery Services		Development Services	
	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE								
Tax	\$ 10,392,247	\$ 9,643,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of services	41,891	33,718	143,136	200,498	784,962	833,548	21,463	36,134
Investment income	2,011,086	1,792,143	-	-	-	-	-	-
Licence, Permits, Rentals & Penalties	121,983	108,947	246,216	210,999	149,827	231,951	291,938	434,822
Grants	765,217	3,941,082	99,000	43,000	86,605	625,649	191,995	-
Donations & contributed property	-	48,000	-	-	262,100	3,279,902	-	-
Loss on foreign exchange	25,423	(2,752)	-	-	-	-	-	-
Gain (loss) on disposal	(107,929)	(685,052)	-	-	28,127	32,640	-	-
Development fees	-	-	-	-	-	257,100	-	-
CCB funds utilized	-	-	-	-	144,169	520,894	-	11,137
Total revenue	<u>13,249,918</u>	<u>14,879,534</u>	<u>488,353</u>	<u>454,497</u>	<u>1,455,790</u>	<u>5,781,684</u>	<u>505,396</u>	<u>482,093</u>
EXPENSES								
Contracted Services	401,312	577,329	1,732,307	1,819,005	934,000	968,655	47,991	51,825
Service Agreements/Grants In Aid	202,614	196,594	-	-	-	-	-	-
Insurance	89,318	81,901	16,316	16,024	-	-	-	-
Interest	-	-	121,948	130,997	-	-	-	-
Materials & Supplies	61,377	51,918	116,186	96,866	147,027	162,998	19,413	18,525
Utilities & Telephone	11,527	13,930	8,238	10,049	121,469	132,908	4,527	4,091
Wages & Benefits	2,076,896	2,082,667	402,496	416,794	1,165,299	1,092,543	811,117	741,674
Other	(280,090)	(12,502)	40,842	56,618	160,540	65,082	6,367	8,872
Amortization/ARO	296,807	302,212	267,369	265,854	1,173,482	1,054,456	2,345	2,345
Total expenses	<u>2,859,760</u>	<u>3,294,048</u>	<u>2,705,702</u>	<u>2,812,208</u>	<u>3,701,817</u>	<u>3,476,643</u>	<u>891,760</u>	<u>827,332</u>
Surplus (Deficit)	<u>\$ 10,390,159</u>	<u>\$ 11,585,486</u>	<u>\$ (2,217,349)</u>	<u>\$ (2,357,711)</u>	<u>\$ (2,246,027)</u>	<u>\$ 2,305,040</u>	<u>\$ (386,364)</u>	<u>\$ (345,239)</u>

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

TOWN OF LADYSMITH
STATEMENT OF OPERATIONS BY SEGMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE I – CONTINUED

Recreation & Culture Services		Parks Operations Services		Sewer Operations Services		Water Operations Services		Total Actual	Total Actual
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
\$ -	\$ -	\$ -	\$ -	\$ 1,415,870	\$ 1,393,920	\$ 1,887,775	\$ 1,859,317	\$ 13,695,892	\$ 12,896,686
684,870	640,590	7,500	-	1,960,872	1,792,199	1,688,585	1,567,162	5,333,278	5,103,849
-	-	-	-	-	-	-	-	2,011,086	1,792,143
245,527	272,846	-	-	25,304	24,544	23,375	22,095	1,104,172	1,306,204
2,096,820	1,379,972	6,600	124,854	-	(9,810)	118,038	-	3,364,275	6,104,747
19,444	28,350	2,400	27,343	-	620,187	116,448	677,346	400,392	4,681,127
-	-	-	-	-	-	-	-	25,423	(2,752)
750	2,675	-	-	(238,648)	(11,607)	(26,480)	(9,221)	(344,180)	(670,565)
-	-	-	50,000	59,131	-	-	-	59,131	307,100
-	-	-	298,170	-	-	45,000.00	-	189,169	830,201
3,047,411	2,324,432	16,500	500,367	3,222,529	3,809,433	3,852,741	4,116,699	25,838,638	32,348,740
606,258	571,284	93,383	70,868	436,174	260,454	288,239	368,882	4,539,663	4,688,304
-	-	-	-	-	-	-	-	202,614	196,594
64,181	60,817	5,999	5,717	46,501	45,672	34,776	33,996	257,091	244,127
-	-	-	-	124,185	134,185	163,049	169,591	409,182	434,774
205,495	192,694	98,893	90,821	254,209	272,228	346,381	320,804	1,248,981	1,206,854
218,624	215,323	7,720	7,098	149,497	153,759	62,521	61,165	584,122	598,324
2,369,565	2,243,960	587,537	542,003	764,017	675,300	801,430	850,460	8,978,358	8,645,401
29,512	26,599	106,381	104,373	246,765	193,251	320,408	279,554	630,724	721,846
327,126	626,258	290,802	265,235	1,249,955	1,247,112	963,244	3,742,716	4,571,130	7,506,188
3,820,761	3,936,935	1,190,714	1,086,114	3,271,303	2,981,962	2,980,047	5,827,168	21,421,864	24,242,411
\$ (773,350)	\$ (1,612,503)	\$ (1,174,214)	\$ (585,747)	\$ (48,774)	\$ 827,471	\$ 872,694	\$ (1,710,469)	\$ 4,416,774	\$ 8,106,329

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

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE II

	<u>Land</u>		<u>Land Improvements</u>		<u>Buildings</u>		<u>Vehicle Furniture & Equipment</u>		<u>Transportation</u>
	2024	2023	2024	2023	2024	2023	2024	2023	2024
COST									
Opening Balance	\$ 12,526,778	\$ 11,301,637	\$ 10,527,410	\$ 9,666,056	\$ 27,425,221	\$ 26,164,840	\$ 11,256,181	\$ 11,551,037	\$ 36,173,448
Add: Additions	29,742	1,225,141	250,209	861,354	86,723	1,260,382	752,579	377,437	780,031
Less: Disposals	524,420	-	-	-	454,025	-	278,849	672,290	85,805
Less: Write-downs	-	-	-	-	-	-	-	-	-
Closing Balance	<u>12,032,100</u>	<u>12,526,778</u>	<u>10,777,619</u>	<u>10,527,410</u>	<u>27,057,919</u>	<u>27,425,221</u>	<u>11,729,911</u>	<u>11,256,181</u>	<u>36,867,674</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	-	4,731,164	4,435,315	10,120,746	9,360,140	5,232,711	5,148,608	19,172,278
Add: Amortization	-	-	311,129	295,849	777,937	760,606	608,006	574,874	804,350
Less: Write-downs	-	-	-	-	-	-	-	-	-
Less: Disposals	-	-	-	-	71,624	-	248,775	490,771	82,945
Closing Balance	<u>-</u>	<u>-</u>	<u>5,042,293</u>	<u>4,731,164</u>	<u>10,827,059</u>	<u>10,120,746</u>	<u>5,591,942</u>	<u>5,232,711</u>	<u>19,893,683</u>
Net Book Value	<u>\$ 12,032,100</u>	<u>\$ 12,526,778</u>	<u>\$ 5,735,326</u>	<u>\$ 5,796,246</u>	<u>\$ 16,230,860</u>	<u>\$ 17,304,475</u>	<u>\$ 6,137,969</u>	<u>\$ 6,023,470</u>	<u>\$ 16,973,991</u>

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

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE II (CONTINUED)

Linear Infrastructure										
Transportation	Sanitary Sewer		Storm		Water		Assets Under Construction		Total	
2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
\$ 31,709,150	\$ 39,006,158	\$ 38,151,666	\$ 12,653,980	\$ 10,814,918	\$ 36,678,499	\$ 35,319,407	\$ 520,664	\$ 2,652,856	\$ 186,768,342	\$ 177,331,569
4,603,225	-	878,920	229,591	1,857,938	431,939	1,382,140	704,201	356,989	3,265,015	12,803,526
138,926	320,969	24,427	9,057	18,877	39,774	23,047	362,453	2,015,614	2,075,352	2,893,181
-	-	-	-	-	-	-	-	473,564	-	473,564
<u>36,173,448</u>	<u>38,685,189</u>	<u>39,006,158</u>	<u>12,874,514</u>	<u>12,653,980</u>	<u>37,070,664</u>	<u>36,678,499</u>	<u>862,412</u>	<u>520,664</u>	<u>187,958,005</u>	<u>186,768,342</u>
18,569,654	13,601,968	12,606,005	3,154,820	2,990,638	8,812,777	7,942,036	-	-	64,826,464	61,052,396
721,665	1,008,753	1,008,783	189,466	172,112	858,267	884,724	-	-	4,557,910	4,418,613
10	-	-	-	-	-	-	-	-	-	10
<u>119,031</u>	<u>104,721</u>	<u>12,820</u>	<u>2,978</u>	<u>7,930</u>	<u>13,294</u>	<u>13,983</u>	<u>-</u>	<u>-</u>	<u>524,337</u>	<u>644,535</u>
<u>19,172,278</u>	<u>14,506,000</u>	<u>13,601,968</u>	<u>3,341,308</u>	<u>3,154,820</u>	<u>9,657,750</u>	<u>8,812,777</u>	<u>-</u>	<u>-</u>	<u>68,860,037</u>	<u>64,826,464</u>
<u>\$ 17,001,170</u>	<u>\$ 24,179,189</u>	<u>\$ 25,404,190</u>	<u>\$ 9,533,206</u>	<u>\$ 9,499,160</u>	<u>\$ 27,412,914</u>	<u>\$ 27,865,722</u>	<u>\$ 862,412</u>	<u>\$ 520,664</u>	<u>\$ 119,097,968</u>	<u>\$ 121,941,879</u>

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