

TOWN OF LADYSMITH
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2009
(Audited)

STATEMENT OF 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 generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

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

The Council of the Town met with management and the external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Hayes Stewart Little & Company 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 generally accepted 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 generally accepted accounting principles.

Ruth Mall, CGA
Chief Administrative Officer

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DECEMBER 31, 2009

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AUDITORS' REPORT

To The Mayor and Councillors of
The Town of Ladysmith

We have audited the consolidated statement of financial position of the Town of Ladysmith as at December 31, 2009 and the consolidated statements of operations, cash flows and changes in net financial assets for the year then ended. These consolidated financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Ladysmith as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information, including Schedules I to XI, is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Hayes Stewart Little & Co.

Duncan, BC
July 14, 2010

Chartered Accountants.

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	2009	2008 (Restated - Note 18)
Financial Assets		
Cash and short term deposits (Note 3)	\$ 14,004,841	\$ 11,242,851
Accounts receivable (Note 4)	<u>2,979,723</u>	<u>4,400,923</u>
	<u>16,984,564</u>	<u>15,643,774</u>
Liabilities		
Accounts payable (Note 5)	1,528,065	2,137,723
Post-employment benefits (Note 6)	158,100	153,900
Deferred revenue	2,652,404	352,583
Restricted reserves (Note 7 and 9)	2,904,789	3,534,177
Refundable deposits and other	369,100	693,425
Long term debt (Note 10 and Schedule I)	<u>3,479,426</u>	<u>3,742,518</u>
	<u>11,091,884</u>	<u>10,614,326</u>
Net Financial Assets	<u>5,892,680</u>	<u>5,029,448</u>
Non-Financial Assets		
Tangible Capital Assets (Schedule X and XI)	63,179,224	61,317,350
Prepays	20,039	19,872
Inventory	<u>105,250</u>	<u>95,416</u>
	<u>63,304,513</u>	<u>61,432,638</u>
Accumulated Surplus (Note 16)	<u>\$ 69,197,193</u>	<u>\$ 66,462,086</u>



Manager of Accounting Services

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Actual 2009	(Unaudited) Budget 2009 (Note 17)	Actual 2008 Restated- (Note 18)
Revenue			
Taxes (Schedule II)	\$ 6,304,396	\$ 6,298,295	\$ 5,953,857
Fees and charges			
General (Schedule III)	1,724,017	1,789,089	2,005,805
Sewer (Schedule III)	602,516	592,300	606,673
Water (Schedule III)	616,866	662,340	630,411
MFA refund	-	-	33,614
Return on investments	83,979	200,000	263,566
Penalty and interest on tax	114,964	80,000	76,298
Grants	2,339,398	6,906,990	3,046,967
Donations, contributions and contributed property	539,668	261,000	1,279,545
Gain (loss) on disposal of tangible capital assets	179,265	1,018,860	5,395
Development fees	1,263,683	2,559,347	2,281,484
Other income	2,000	-	2,000
Local area improvements	8,922	10,408	21,857
	<u>13,779,674</u>	<u>20,378,629</u>	<u>16,207,472</u>
Expenditures			
General government services	1,747,435	1,687,400	1,787,519
Library	240,916	243,754	224,542
Protective services	1,290,333	1,459,465	1,306,682
Transportation services	1,332,201	930,430	1,301,115
Environmental health services	393,656	413,450	369,125
Public health	43,089	36,810	33,961
Development services	779,555	589,335	750,898
Recreation and cultural services	2,014,966	1,815,273	1,860,409
Parks operation services	524,183	545,968	511,443
Sewer	353,067	341,705	289,604
Water	411,216	356,375	536,467
Reallocation of internal equipment usage	(384,762)	-	(391,423)
Amortization	2,105,839	-	2,070,135
Interest, net of actuarial adjustment (Note 10)	192,873	235,755	205,423
	<u>11,044,567</u>	<u>8,655,720</u>	<u>10,855,900</u>
Annual Surplus	<u>2,735,107</u>	<u>11,722,909</u>	<u>5,351,572</u>
Accumulated Surplus, beginning of year, as previously stated	64,991,913	66,462,086	58,117,716
Prior period adjustment (note 18)	1,470,173	-	2,992,798
Accumulated surplus, beginning of year	<u>66,462,086</u>	<u>66,462,086</u>	<u>61,110,514</u>
Accumulated Surplus - end of year	<u><u>\$69,197,193</u></u>	<u><u>\$ 78,184,995</u></u>	<u><u>\$ 66,462,086</u></u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008 (Restated - Note 18)
Operations		
Net operating revenue	\$ 2,735,107	\$ 5,351,572
Less non-cash items:		
Amortization	2,105,839	2,070,135
Loss (gain) on disposal of tangible capital assets	(179,265)	(5,395)
Changes in non-cash items:		
Accounts receivable	1,421,200	(2,887,419)
Accounts payable, accrued liabilities and post-employment benefits	(605,456)	404,335
Inventory and prepaid expenses	(10,001)	49,457
Deferred revenues	2,299,821	244,237
Restricted reserves	(629,388)	(747,862)
Refundable deposits and other	(324,325)	133,730
Net increase in cash from operations	<u>6,813,532</u>	<u>4,612,790</u>
Capital Transactions		
Proceeds on sale of tangible capital assets	219,425	27,645
Cash used to acquire tangible capital assets	<u>(4,007,874)</u>	<u>(7,336,239)</u>
	<u>(3,788,449)</u>	<u>(7,308,594)</u>
Financing		
Repayment of long-term debt	<u>(263,093)</u>	<u>(248,050)</u>
Net (Decrease) Increase in cash from financing	<u>(263,093)</u>	<u>(248,050)</u>
Increase in Cash and Cash Equivalents	2,761,990	(2,943,854)
Cash and Cash Equivalents - Beginning of Year	11,242,851	14,186,705
Cash and Cash Equivalents - End of Year	<u>\$ 14,004,841</u>	<u>\$ 11,242,851</u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008 (Restated - Note 18)
Annual Surplus	\$ 2,735,107	\$ 5,351,572
Acquisition of tangible capital assets	(4,007,874)	(7,336,239)
Amortization of tangible capital assets	2,105,839	2,070,135
Disposals of tangible capital assets	40,159	22,250
Decrease (Increase) in inventories	(9,832)	22,621
Decrease (Increase) in prepaids	(167)	26,834
	863,232	157,173
Change in Net Financial Assets	863,232	157,173
Net Financial Assets (Net Debt), beginning of year	5,029,448	4,872,275
Net Financial Assets (Net Debt), end of year	\$ 5,892,680	\$ 5,029,448

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. General

The Town of Ladysmith was incorporated under the provisions of the British Columbia Municipal Act. Its principal activities are the provision of local government services in the Town, as governed by the Community Charter and the Local Government Act.

The notes to the consolidated financial statements are an integral part of these financial statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis of these statements. They also provide relevant supplementary information and explanations which cannot be expressed in the consolidated financial statements.

2. Significant Accounting Policies

(a) Basis of Presentation

It is the Town's policy to follow Canadian generally accepted accounting principles for local governments and to apply such principles consistently. The consolidated financial statements have been prepared using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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 expenditures and changes in fund balances and financial position of the Town. These consolidated financial statements consolidate the following operations:

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

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

2. Significant Accounting Policies (continued)

(b) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Town. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Town. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Town. Inter-fund and inter-company 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

Effective January 1, 2008, the Town adopted the provisions of PSAB Accounting Handbook Section 3150 which requires that tangible capital assets be recorded at cost and amortized over their useful lives. This is a change from the policy of previous years where tangible capital assets were not amortized.

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Town does not capitalize interest charges as part of the cost of its tangible capital assets.

Tangible capital assets are amortized over their estimated useful life, with a full-year's provision in the year of acquisition, on the straight-line method at the following annual rates:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	20 to 75 years
Buildings	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

Construction in progress contains 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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. Significant Accounting Policies (continued)

Certain assets have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts that are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands and other natural resources are not recognized as tangible capital assets.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

(e) Investments

Short-term investments are accounted for at the lower of cost and market.

(f) Restricted Reserves and Deferred Revenues

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted reserves. When qualifying expenditures are incurred, restricted reserves are brought into revenue at equal amounts. These revenues are comprised of the amounts shown in note 7.

Revenues received in advance of expenditures which will be incurred in a later period are deferred until they are earned by being matched against those expenses.

(g) Subdivision Infrastructure

Subdivision streets, lighting, sidewalks, drainage, and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Town. The Town is not involved in the construction and does not budget for or recognize either the contribution from the developer or the capital expenditure in its annual bylaw. In compliance with PSAB 3150, the contribution and asset purchase will be recorded and the assets will be amortized once they are put into use.

(h) Local Improvements

The Town records capital expenditures for capital assets funded by local improvement agreements as they are incurred. Revenues are recognized over the term of the local improvement agreements as they are collected.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. Significant Accounting Policies (continued)

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for municipalities 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 expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the collectability of accounts receivable, deferred charges, accrued liability, post employment benefits, provisions for contingencies and amortization rates, useful lives and salvage values for determining capital asset values. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

(j) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Rental payments under operating leases are expensed as incurred.

(k) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers 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.

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.

(l) 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.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

3. Cash and Short Term Deposits

Cash and short term deposits were comprised as follows:

	<u>2009</u>	<u>2008</u>
Cash	\$ 12,682,691	\$ 9,935,005
Short term deposits	<u>1,322,150</u>	<u>1,307,846</u>
	<u>\$ 14,004,841</u>	<u>\$ 11,242,851</u>

Short term deposits consist of short term investments in the Municipal Finance Authority of B.C. money market fund and the market value is equal to the carrying value.

Included in cash and short term deposits are the following restricted amounts that can only be expended in accordance with the terms of the restricted reserves.

	<u>2009</u>	<u>2008</u>
Restricted Reserves	\$ 2,904,789	\$ 3,534,177
Less: DCC's Receivable	<u>(89,074)</u>	<u>(269,342)</u>
Total Restricted Cash	<u>\$ 2,515,715</u>	<u>\$ 3,264,835</u>

4. Accounts Receivable

	<u>2009</u>	<u>2008</u>
Property taxes	\$ 1,085,828	\$ 906,203
Other government	1,305,031	2,414,001
User fees and other	458,414	754,635
Development cost charges	89,074	269,342
Developer receivables	29,071	29,071
Employee receivables	12,305	16,903
Due from trust funds	<u>-</u>	<u>10,768</u>
	<u>\$ 2,979,723</u>	<u>\$ 4,400,923</u>

Development cost charges (DCCs) are collected on the approval of subdivision or the issuance of a building permit. These funds assist the Town in constructing capital improvements directly or indirectly related to development. Development cost charges represent funds due from developers within two years and are secured by irrevocable standby letters of credit. No interest is charged on these outstanding installments.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

5. Accounts Payable and Accrued Liabilities

	<u>2009</u>	<u>2008</u>
General	\$ 1,207,565	\$ 1,548,134
Other governments	1,945	1,800
Salaries and wages	85,886	253,223
Contractors holdbacks	199,292	281,021
Accrued Interest	33,377	33,631
Bonds payable	_____ -	_____ 19,914
	<u>\$ 1,528,065</u>	<u>\$2,137,723</u>

6. Post-Employment Benefits

The Town provides compensated absences to its employees to a maximum of 120 days. The Town also allows employees to defer unused vacation without any maximum. Any deferred vacation time remaining at retirement or termination is paid out at that time. The amount recorded for these benefits is based on an actuarial evaluation done by an independent firm using a projected benefit actuarial valuation method pro-rated on services. The total expenditure recorded in the financial statements in respect of obligations under the plan amounts to \$4,200. (2008 - \$20,700.)

The accrued post-employment benefits are as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 153,900	\$ 133,200
Current service cost	35,400	22,900
Benefits paid	(34,500)	(26,700)
Actuarial loss	<u>3,300</u>	<u>24,500</u>
Balance, end of year	\$ <u>158,100</u>	\$ <u>153,900</u>

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

	<u>2009</u>	<u>2008</u>
Discount rate	5.00%	5.25%
Expected inflation and wage and salary increases	2.50%	2.50%

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

7. Restricted Reserves

	Balance <u>Dec 31, 2008</u> (Restated Notice 18)	Interest <u>Earned</u>	<u>Collections</u>	<u>Expenditures</u>	Balance <u>Dec 31, 2009</u>
DCC – Water	\$ 546,972	\$8,263	\$ 92,109	\$(170,171)	\$477,173
DCC – Parks	1,182,600	9,505	31,018	(25,900)	1,197,223
DCC – Roads	424,503	6,011	123,897	(71,953)	482,458
DCC – Sewer	777,020	7,988	17,212	(780,000)	22,220
DCC – Storm	267,048	2,376	15,984	-	285,408
Parking	35,470	323	-	-	35,793
Gas Tax	290,644	2,086	255,894	(215,658)	332,966
Green Streets	1,327	14	-	-	1,341
Amphitheatre	8,593	82	1,000	-	9,675
Trolley	-	313	116,681	(56,462)	60,532
	<u>\$3,534,177</u>	<u>\$ 36,961</u>	<u>\$ 653,795</u>	<u>\$(1,320,144)</u>	<u>\$2,904,789</u>

8. Financial Instruments

The Town as part of its operations carries a number of financial instruments. It is management's opinion the Town is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

9. Federal Gas Tax Funds

Gas Tax funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Town and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreements. The attached Schedule V – Schedule of Receipts and Disbursements of Federal Gas Tax outlines the receipts and disbursements for these funds. The funds are recorded on our financial statements as a restricted reserve as outlined in Note 7.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

10. Long Term Debt

- a) The long term debt issued and outstanding as at December 31, 2009 was \$3,479,426 (\$3,742,518 as at December 31, 2008). The following principal amounts are payable over the next five years.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 and beyond</u>
Sewer	\$ 4,333	\$ 4,333	\$ 4,333	\$ 4,333	\$ 28,389
General	287,149	159,312	143,501	137,696	2,706,046
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$291,482	\$163,645	\$147,834	\$142,029	\$2,734,435

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

	<u>Interest</u>	<u>Actuarial Adjustments</u>	<u>2009 Net</u>	<u>2008 Net</u>
Sewer	\$ 4,234	\$ 2,069	\$ 2,165	\$ 4,267
General	227,914	37,206	190,708	201,156
	<hr/>	<hr/>	<hr/>	<hr/>
	\$232,148	\$39,275	\$192,873	\$205,423

- b) Capital Leases – The town has entered into capital leases for the following purchases.

- 1) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on September 28, 2005, for the purchase of a fire truck. Under the terms of the agreement the Town has prepaid \$97,000. The remaining obligation will be repaid with monthly lease payments in the amount of \$4,064 including interest at 4.02% per annum. The balance of the capital lease at December 31, 2009, which is included in long-term debt, is \$124,759.

- 2) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced May 2006 for the purchase of Fitness Equipment. The remaining obligation will be repaid with monthly lease payments in the amount of \$625 including interest at 4.75% per annum. The balance of the capital lease at December 31, 2009, which is included in long-term debt, is \$10,506.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

10. Long Term Debt (Continued) – Capital Leases

- 3) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on May 2006 for the purchase of Fitness Equipment. The remaining obligation will be repaid with monthly lease payments in the amount of \$957 including interest at 4.75% per annum. The balance of the capital lease at December 31, 2009, which is included in long-term debt, is \$16,068.
- 4) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on June 2006 for the purchase of a Photocopier. The remaining obligation will be repaid with monthly lease payments in the amount of \$270 including interest at 5.0% per annum. The balance of the capital lease at December 31, 2009, which is included in long-term debt, is \$4,728.
- 5) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on June 2007 for the purchase of a Fire Command Response Unit crew cab truck. The remaining obligation will be repaid with monthly lease payments in the amount of \$1,175 including interest at 5.2% per annum. The balance of the capital lease at December 31, 2009 which is included in long-term debt, is \$30,583

11. Commitments and Contingencies

(a) Contingent Liabilities

- i) The Town, as a member of the Cowichan Valley Regional District, is jointly and severally liable for operational deficits or long term debt related to functions in which it participates.
- ii) The loan agreements with the Municipal Finance Authority provide that if the Authority does not have sufficient funds to meet payments on its obligations it shall make payments from the Debt Reserve Fund which in turn is established by a similar Debt Reserve Fund in the Town and all other borrowing participants. If the Debt Reserve Fund is deficient the Authority's obligations become a liability of the regional district and may become a liability of the participating municipalities.
- iii) Various claims have been made against the Town as at December 31, 2009 for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcomes of the lawsuits, now pending, are not determinable. As the outcomes are not determinable at this time, no amount has been accrued in the financial statements. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

11. Commitments and Contingencies (Continued)

(b) Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The Town of Ladysmith paid \$274,815 (2008 - \$239,788) for employer contributions to the plan in fiscal 2009

(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, 2009

11. Commitments and Contingencies (Continued)

(d) Debt Reserve Fund

The Municipal Finance Authority of British Columbia provides capital financing for regional districts and their member municipalities. The Authority is required to establish a Debt Reserve Fund. Each regional district through its member municipalities who share in the proceeds of a debt issue is required to pay into the Debt Reserve Fund certain amounts set out in the debt agreements. The Authority pays into the Debt Reserve Fund these monies from which interest earned thereon less administrative expenses becomes an obligation to the regional districts. It must then use this fund, if at any time there are insufficient funds, to meet payments on its obligations. When this occurs the regional districts may be called upon to restore the fund.

Upon maturity of a debt issue the unused portion of the Debt Reserve Fund established for that issue will be discharged to the Town. The proceeds from these discharges will be credited to income in the year they are received. As at December 31, 2009 the total of the Debt Reserve Fund was comprised of:

	Demand Note	Cash	Reserve
General	\$ 134,456	\$ 54,082	\$ 188,538
Sewer	4,270	1,468	5,738
Total MFA Reserve Fund	<u>\$ 138,726</u>	<u>\$ 55,550</u>	<u>\$ 194,276</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

12. Significant Taxpayers

The Town is reliant upon 10 taxpayers for approximately 20% of the total property tax revenue which includes Western Forest Products at approximately 14% of the total property tax revenue.

13. 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>2009</u>	<u>2008</u>
Assets		
Cash and short term investment	\$ <u>130,976</u>	\$ <u>138,068</u>
Equity		
Opening balance	\$ 138,068	\$ 131,879
Interest	1,273	4,439
Transfer interest to fund cemetery costs	(13,700)	(2,300)
Contributions	<u>5,335</u>	<u>4,050</u>
Balance, end of year	\$ <u>130,976</u>	\$ <u>138,068</u>

14. Comparative Figures

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

15. Subsequent Events

Subsequent to year end the Town entered into an agreement to sell property for \$1,700,000 in cash and the construction of works and services by an external contractor at \$837,522 that will provide benefit to the Town's lands to be developed as a sportsfield complex and multiple family site.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

16. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	2009	2008
Unappropriated equity:		
General revenue fund	\$ 347,786	\$ 412,744
Sewer revenue fund	897,871	511,951
Water revenue fund	<u>1,309,341</u>	<u>1,111,370</u>
Total unappropriated equity	2,554,998	2,036,065
Appropriated equity (Schedule IV)	<u>5,941,719</u>	<u>6,078,815</u>
	<u>8,496,717</u>	<u>8,114,880</u>
Capital Funds		
Sewer capital fund	794	784
Water capital fund	<u>534,532</u>	<u>528,758</u>
	<u>535,326</u>	<u>529,542</u>
Reserve Funds		
Reserve funds (Schedule IV and VI)	<u>465,350</u>	<u>242,832</u>
Equity in Tangible Capital Assets	<u>59,699,800</u>	<u>57,574,832</u>
Total Accumulated Surplus	<u>\$ 69,197,193</u>	<u>\$ 66,462,086</u>

17. Fiscal Plan

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 5, 2009 with estimates for amortization of tangible capital assets.

The Financial Plan anticipated the use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. In addition, the Financial Plan anticipated capital expenditures rather than amortization expense.

The following shows how these amounts were combined:

Financial Plan Bylaw surplus for the year	\$ -
Add back:	
Principal debt repayment	218,602
Capital expenditures	13,532,160
Less:	
Budgeted transfers from accumulated surplus	<u>(2,027,853)</u>
Adjusted Annual Surplus	<u>\$ 11,722,909</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

18. **Changes in Accounting Policies**

The Town has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires governments to record and amortize their tangible capital assets on their financial statements. In addition the Town has restated the development cost charges for additional developer contribution received as contributed parkland. These adjustments are as follows:

2008 Opening Accumulated Surplus

2008 Opening Accumulated Surplus (Deficit) as previously reported	\$ 58,117,716
Change in accounting for tangible capital assets	2,992,798
2008 Opening Accumulated Surplus (Deficit), restated	\$ 61,110,514

2008 Annual Surplus

Annual surplus, as previously stated	\$ (79,331)
Add:	
Principal repaid	248,050
Tangible capital asset expenditures	6,800,150
Gain on disposal of capital assets	5,395
Contributed land and tangible capital assets	899,462
Less:	
Amortization expense	(2,070,135)
Capital expenditures expensed	(424,374)
Proceeds on sale of capital assets	(27,645)
Restated Surplus of Revenue over Expenses	\$ 5,351,572

2008 Tangible Capital Assets

Net book value of tangible capital assets as previously stated	\$ 53,080,698
Contributed tangible capital assets, net of assets expensed	24,994,591
Increase in accumulated amortization	(22,001,793)
2008 Opening net book value of tangible capital assets, restated	\$ 56,073,496

Restricted Reserves

Balance as previously stated	\$ 3,473,177
Increase for parkland contributed	61,000
2008 opening restricted reserves	\$ 3,534,177

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

19. DL 2016 Holdings Corporation (“DL 2016”)

The Town of Ladysmith has an investment in DL 2016 Holdings Corporation, a wholly owned subsidiary company of the Town. As of December 31, 2009 there has been no activity with DL 2016 and therefore no investment has been recorded.

The Town of Ladysmith leases portions of its waterfront from the Province of British Columbia parts of which are sub-leased to DL 2016 for use as a marina.

DL 2016 has entered into operation and maintenance agreement and a license agreement with the Ladysmith Maritime Society (LMS) for the operation and management of the lease area.

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

Included in accounts receivable is \$12,217 for expenses paid on behalf of DL 2016.

20. 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 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 is the Finance Department, Information Technology and Human Resources. The City Manager is the liaison between Council and the Town departments and staff.

Capital Funding

Reflects the monies required to fund capital projects during a fiscal year. Included are transfers from development fees, grants, donations investment income and proceeds from sale of real property.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

20. Segmented Information (Continued)

Protective Services

Protection is comprised of fire protection, policing, bylaw enforcement and building inspection.

- Bylaw enforcement administers, monitors, and seeks compliance with the bylaws enacted by the Mayor and Council to regulate the conduct of affairs in the Town of Ladysmith.
- Fire protection is provided by the fire department, whose volunteer members receive compensation for each call-out in which they take part.
- Policing is provided under contract with the RCMP operating from a detachment building located in and owned by the Town of Ladysmith.
- 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.

Library Services

A local library is funded by the Town through contributions to the Vancouver Island Regional Library which is responsible for library operations.

Transportation, Environment and Public Health

The Transportation (Public Works) Department is responsible for the infrastructure of the Town:

- Ensuring clean and safe water to the Town, supplied through underground pipes and reservoirs,
- Maintaining a separate system of underground pipes to collect sewer or waste water for proper treatment prior to discharging it,
- Providing and maintaining the Town's roads, sidewalks, street lights, signage and line markings, storm drainage and hydrants,
- Providing other key services including street cleaning and the operation of a local bus service.

Environmental Health (Public Works) is responsible for the garbage collection and compost and recycling programs operating in the Town of Ladysmith. Garbage and recycling collection is performed by a contractor.

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

Transportation (Public Works) operates the Ladysmith Trolley.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

20. Segmented Information (Continued)

Development

The Development Services Department provides short-term and long-term land use planning services.

- Long-term Planning includes work with the community on reviewing the Town's Official Community Plan, developing new Neighbourhood Plans, the Trail Plan and the review of relevant bylaws.
- Short-term Planning includes the processing of development applications.

Recreation and Culture

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

Water

Water includes all of the operating activities related to the treatment and distribution of water throughout the Town.

Sewer

Sewer includes all of the operating activities related to the collection and treatment of waste water (sewage) throughout the Town.

TOWN OF LADYSMITH

LONG TERM DEBT

FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE I

Date of Issue Purpose	Issue #	Term	Original Amount	Balance Dec 31, 2008	Principal Payments	Balance Dec 31, 2009	Net Interest	Interest Rate
<u>Sewer Capital Fund</u>								
2000 Sewer Improvements	72	2000-2015	\$ 93,500	\$ 52,123	\$ 6,402	\$ 45,721	\$ 2,165	6.45%
			<u>93,500</u>	<u>52,123</u>	<u>6,402</u>	<u>45,721</u>	<u>2,165</u>	6.45%
<u>General Fund</u>								
2000 First Avenue	73	2000-2015	\$ 1,438,000	\$ 801,646	\$ 98,458	\$ 703,188	\$ 59,495	6.35%
2005 Fire Truck Lease	LS	2005-2010	311,189	174,833	50,074	124,759	4,730	4.02%
2006 RCMP Building	97	2006-2031	2,750,000	2,615,294	71,421	2,543,873	122,762	4.66%
2006 FJCC Fitness EQ	LS	2006-2011	35,929	18,331	7,825	10,506	638	4.75%
2006 FJCC Fitness EQ	LS	2006-2011	54,949	28,036	11,968	16,068	975	4.75%
2006 FJCC Photocopier	LS	2006-2011	15,405	8,099	3,371	4,728	301	5.00%
2007 Command Resp. Unit	LS	2007-2012	62,780	44,156	13,573	30,583	1,807	4.88%
			<u>4,668,252</u>	<u>3,690,395</u>	<u>256,690</u>	<u>3,433,705</u>	<u>190,708</u>	
			<u>\$ 4,761,752</u>	<u>\$ 3,742,518</u>	<u>\$ 263,092</u>	<u>\$ 3,479,426</u>	<u>\$ 192,873</u>	

TOWN OF LADYSMITH

TAX REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE II

	Actual 2009	Budget 2009	Actual 2008
General Taxes			
General municipal purposes	\$ 5,614,084	\$ 5,617,693	\$ 5,283,754
Grants in lieu and 1% utility tax	137,369	138,302	136,599
Water and sewer parcel tax	552,204	542,300	532,688
	<u>6,303,657</u>	<u>6,298,295</u>	<u>5,953,041</u>
Collections for other governments:			
School district	2,863,212	2,732,380	2,770,706
Regional hospital district	231,992	231,756	192,657
Regional district	571,668	571,120	584,032
BCAA and MFA	83,757	83,900	77,689
	<u>3,750,629</u>	<u>3,619,156</u>	<u>3,625,084</u>
Less:			
Transmission of taxes levied for other governments:			
School district	2,863,212	2,732,380	2,770,705
Regional hospital district	231,756	231,756	192,426
Regional district	571,120	571,120	583,427
BCAA and MFA	83,802	83,900	77,710
	<u>3,749,890</u>	<u>3,619,156</u>	<u>3,624,268</u>
Net Taxation	<u>\$ 6,304,396</u>	<u>\$ 6,298,295</u>	<u>\$ 5,953,857</u>

TOWN OF LADYSMITH
SCHEDULE OF FEES AND CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE III

	Actual 2009	Budget 2009	Actual 2008
General Revenue Fund			
Fines and License Revenue	\$ 71,150	\$ 78,300	\$ 78,463
Garbage Collection	443,616	440,000	435,621
General Revenue Fund	13,163	800	81,208
Cemetery Revenue	47,010	32,000	30,225
Miscellaneous Revenue	108,616	101,300	105,754
Parks, Recreation & Culture Revenue	613,822	633,800	630,712
Permits and Fees (Subdivisions)	90,628	205,000	303,182
Protective Services Revenue	336,012	297,889	340,640
	<u>1,724,017</u>	<u>1,789,089</u>	<u>2,005,805</u>
Sewer Utility Fund			
User Rates	<u>602,516</u>	<u>592,300</u>	<u>606,673</u>
Waterworks Utility Fund			
User Rates	<u>616,866</u>	<u>662,340</u>	<u>630,411</u>
Total Fees and Charges	<u>\$ 2,943,399</u>	<u>\$ 3,043,729</u>	<u>\$ 3,242,889</u>

Town of Ladysmith
Continuity Schedule of Reserves and Appropriated Equity
As at December 31, 2009
Schedule IV

RESERVES	Balance Dec. 31, 2008	Interest Allocated	Contributions	Funding	Dec. 31, 2009
Tax Sale	\$ 23,731	\$ 217	\$ -	\$ -	23,948
Perpetual Safety Fund	11,808	109	-	-	11,917
Sale Real Property	161,338	3,512	219,425	3,168	381,107
Amenity Funds	45,955	423	2,000	-	48,378
TOTAL RESERVES	\$ 242,832	\$ 4,261	\$ 221,425	\$ 3,168	\$ 465,350
APPROPRIATED EQUITY - OPERATIONS					
Development Services					
Future Projects	31,082	-	32,830	-	63,912
Heritage	6,691	-	-	-	6,691
Official Community Plan	10,283	-	-	-	10,283
Waterfront	30,555	-	49,343	-	79,898
Dunsmuir Dream	4,810	-	-	4,810	-
Archives Building	4,732	-	-	4,732	-
Total Development Services	88,153	-	82,173	9,542	160,784
General Government Services					
Future Projects	321,304	-	20,420	2,173	339,551
Equipment	42,524	-	20,580	-	63,104
Building	44,262	-	13,200	57,462	-
Consulting	54,375	-	-	54,375	-
Volunteer Recognition	1,350	-	-	1,350	-
Staff Appreciation	2,800	-	-	1,813	987
Sick/vacation reserve	98,933	-	-	33,400	65,533
Tax contingency	311,266	-	-	-	311,266
Total General Government Services	876,814	-	54,200	150,573	780,441
Parks, recreation and culture					
Future Projects	24,406	-	21,637	-	46,043
Equipment	1,159	-	10,015	-	11,174
Parks	99,427	-	-	67,904	31,523
Total Parks, Recreation and Culture	124,992	-	31,652	67,904	88,740
Protective Services					
Fire - Equipment	40,000	-	16,296	40,000	16,296
Police - Equipment	24,064	-	-	4,739	19,325
Total Protective Services	64,064	-	16,296	44,739	35,621
Transportation					
Future Projects	91,989	-	100,140	32,490	159,639
Consulting	20,000	-	-	-	20,000
Vehicles	274,746	-	144,888	66,853	352,781
Total Transportation	386,735	-	245,028	99,343	532,420
General Capital Expenditures	117,725	-	-	117,725	-
Total General Fund Appropriated Equity	1,658,483	-	429,349	489,826	1,598,006
Water Operating Fund					
Capital Expenditures	168,110	-	-	-	168,110
MFA Surplus Refunds	575,495	-	-	-	575,495
Total Water Operating Fund	743,605	-	-	-	743,605
Sewer Operating Fund					
Capital Expenditures	3,070,374	-	-	76,619	2,993,755
MFA Surplus Refunds	606,353	-	-	-	606,353
Total Sewer Operating Fund	3,676,727	-	-	76,619	3,600,108
TOTAL APPROPRIATED EQUITY	\$ 6,078,815	\$ -	\$ 429,349	\$ 566,445	\$ 5,941,719
TOTAL RESERVES AND APPROPRIATED EQUITY	\$ 6,321,647	\$ 4,261	\$ 650,774	\$ 569,613	\$ 6,407,069

TOWN OF LADYSMITH
FEDERAL GAS TAX – SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE V

	2009	2008
Opening balance of unspent funds	\$ 290,645	\$ 272,169
Add: Amount received during the year	255,894	137,086
Interest earned	2,086	9,242
Less: Amount spent on projects	(215,658)	(127,852)
Closing balance of unspent funds	\$ 332,967	\$ 290,645

TOWN OF LADYSMITH
STATEMENT OF RESERVE FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
SCHEDULE VI

	2009	2008
Revenue		
Investment income	\$ 4,261	\$ 21,582
Contributions from developers	2,000	14,000
	<hr/>	<hr/>
Net Revenues	6,261	35,582
Transfers from (to) operating fund	216,257	(194,451)
	<hr/>	<hr/>
Changes in Reserve Fund Balances	222,518	(158,869)
Fund Surplus, Beginning of Year	242,832	401,701
	<hr/>	<hr/>
Fund Surplus, End of Year	<u>\$ 465,350</u>	<u>\$ 242,832</u>

TOWN OF LADYSMITH
SCHEDULE OF RESTRICTED RESERVES, RESERVES AND EQUITY BY FUND

AS AT DECEMBER 31, 2009

SCHEDULE VII

	Restricted Reserves	Allocated Reserves	Appropriated Equity	Unappropriated Equity	Capital Funds Equity	Total
General operating fund	\$ -	\$ -	\$ 1,598,006	\$ 347,786	\$ -	\$ 1,945,791
Water operating fund	-	-	743,605	1,309,341	-	2,052,946
Sewer operating fund	-	-	3,600,108	897,871	-	4,497,980
Reserve fund	2,904,789	465,350	-	-	-	3,370,139
Water capital fund	-	-	-	-	534,532	534,532
Sewer capital fund	-	-	-	-	794	794
Total	\$ 2,904,789	\$ 465,350	\$ 5,941,719	\$ 2,554,998	\$ 535,326	\$ 12,402,182

Schedule VIII

TOWN OF LADYSMITH

Statement of Operations by Segment
for the Year Ended December 31, 2009

	General Government	Capital	Protective	Library	Transport/Environment & Public Health	Development	Recreation & Culture	Unallocated	Water	Sewer	Total Actual
	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009
REVENUE											
Tax	\$ 1,120,379	\$ -	\$ 1,094,539	\$ 243,595	\$ 908,690	\$ 337,135	\$ 1,600,304	\$ 447,550	\$ 236,740	\$ 315,464	\$ 6,304,396
Grants	814,740	-	-	-	-	63,857	140,938	-	-	-	1,019,535
User fees	-	-	-	-	490,626	-	613,822	-	596,409	601,491	2,302,348
Permits, licences and fines	2,049	-	103,055	-	-	58,164	-	-	3,600	1,025	167,893
Investment income	81,047	-	-	-	2,932	-	-	-	-	-	83,979
DCC revenue & other funding of capital works	-	3,245,448	-	-	-	-	-	-	-	-	3,245,448
Other revenue	154,979	-	333,722	-	56,150	85,445	-	-	16,857	8,922	656,075
Total revenue	2,173,194	3,245,448	1,531,316	243,595	1,458,398	544,601	2,355,064	447,550	853,606	926,902	13,779,674
EXPENSES											
Advertising	13,303	-	2,793	-	1,148	22,498	35,335	-	2,589	104	77,770
Building Rental	-	-	-	-	-	28,755	-	-	-	-	28,755
Contract Services	165,122	-	785,665	-	402,647	125,646	102,013	-	57,687	23,749	1,662,529
Grants In Aid	69,250	-	-	-	-	-	-	-	-	-	69,250
Insurance	89,140	-	18,497	-	6,260	-	15,818	-	1,043	5,384	136,142
Interest	59,495	-	129,298	-	-	-	1,914	-	-	2,166	192,873
Library	-	-	-	240,916	-	-	-	-	-	-	240,916
Materials & Supplies	33,089	-	68,664	-	142,418	8,013	176,373	-	66,121	29,146	523,824
Permits and Licences	-	-	1,076	-	1,930	-	594	-	1,863	6,788	12,251
Postage	13,205	-	-	-	-	-	-	-	3,701	2,952	19,858
Repairs & Maintenance	57,366	-	23,532	-	70,054	144,966	210,949	-	25,244	23,789	555,900
Travel & Training	41,080	-	25,069	-	12,138	11,526	36,889	-	6,999	10,161	143,862
Utilities & Telephone	18,969	-	40,010	-	99,128	11,600	115,423	-	2,819	23,584	311,533
Wages & Benefits	1,233,277	-	318,093	-	666,130	282,069	1,735,763	-	216,707	206,768	4,658,807
Rental own equipment	576	-	4,512	-	(8,632)	384	103,103	-	26,443	20,642	147,028
Other	13,059	-	2,422	-	-	135,062	6,887	-	-	-	157,430
Amortization	-	2,105,839	-	-	-	-	-	-	-	-	2,105,839
Total expenses	1,806,931	2,105,839	1,419,631	240,916	1,393,221	770,519	2,541,061	\$ -	411,216	355,233	11,044,567
Surplus (Deficit)	\$ 366,263	\$ 1,139,609	\$ 111,685	\$ 2,679	\$ 65,177	\$ (225,918)	\$ (185,997)	\$ 447,550	\$ 442,390	\$ 571,669	\$ 2,735,107

Schedule IX

TOWN OF LADYSMITH

Statement of Operations by Segment - Actual
for the Year Ended December 31, 2008

	General Government	Capital	Protective	Library	Transport/Environment & Public Health	Development	Recreation & Culture	Unallocated	Water	Sewer	Total Actual
	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008
REVENUE											
Tax	\$ 1,013,952	\$ -	\$ 908,050	\$ 224,434	\$ 966,120	\$ 265,244	\$ 1,558,404	\$ 486,465	\$ 228,410	\$ 304,278	\$ 5,955,357
Grants	440,625	-	-	-	-	59,155	136,919	-	-	-	636,699
User fees	-	-	-	-	465,846	-	617,862	-	-	-	1,083,708
Permits, licences and fines	1,909	-	293,142	-	-	75,447	-	-	7,500	2,525	380,523
Investment income	223,325	-	-	-	-	-	-	-	-	-	223,325
DCC revenue & other funding of capital works	-	6,087,733	-	-	-	-	-	-	-	-	6,087,733
Utility charges	-	-	-	-	-	-	-	-	576,725	587,948	1,164,673
Other revenue	74,233	-	335,837	-	46,846	97,132	5,050	-	53,874	62,482	675,454
Total revenue	1,754,044	6,087,733	1,537,029	224,434	1,478,812	496,978	2,318,235	486,465	866,509	957,233	16,207,472
EXPENSES											
Advertising	18,867	-	4,195	-	2,714	9,597	37,523	-	1,594	67	74,557
Building Rental	-	-	-	-	-	35,472	-	-	-	-	35,472
Contract Services	281,345	-	826,162	-	401,133	208,838	77,114	-	34,152	31,707	1,860,451
Grants In Aid	65,226	-	-	-	-	-	-	-	-	-	65,226
Insurance	91,311	-	17,683	-	3,132	-	7,372	-	-	-	119,498
Interest	64,184	-	134,111	-	-	-	2,861	-	-	4,267	205,423
Library	-	-	-	224,542	-	-	-	-	-	-	224,542
Materials & Supplies	43,951	-	64,403	-	74,681	42,129	166,405	-	87,003	22,407	500,979
Permits and Licences	-	-	861	-	1,544	-	475	-	1,848	8,684	13,412
Postage	12,414	-	-	-	-	-	-	-	2,118	2,117	16,649
Repairs & Maintenance	49,026	-	23,766	-	16,460	144,875	213,876	-	103,036	754	551,793
Travel & Training	45,482	-	32,258	-	10,905	10,572	30,311	-	1,887	1,530	132,945
Utilities & Telephone	18,215	-	43,618	-	99,154	7,878	116,601	-	2,130	21,726	309,322
Wages & Benefits	1,148,607	-	285,687	-	695,933	291,370	1,623,197	-	264,339	181,976	4,491,109
Rental own equipment	532	-	4,984	-	7,123	39	92,095	-	38,360	18,637	161,770
Other	12,544	-	3,062	-	-	127	6,884	-	-	-	22,617
Amortization	-	2,070,135	-	-	-	-	-	-	-	-	2,070,135
Total expenses	1,851,704	2,070,135	1,440,790	224,542	1,312,779	750,897	2,374,714	-	536,467	293,872	10,855,900
Surplus (Deficit)	\$ (97,660)	\$ 4,017,598	\$ 96,239	\$ (108)	\$ 166,033	\$ (253,919)	\$ (56,479)	\$ 486,465	\$ 330,042	\$ 663,361	\$ 5,351,572

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2009

	Land		Building	Equipment /	Engineering Structures			Construction In Progress	2009 Total
	Land	Improvements		Furniture / Vehicles	Roads	Sewer / Drainage	Water		
COST									
Opening Balance (restated)	\$ 8,486,225	\$ 3,062,995	\$ 12,726,263	\$ 4,697,537	\$ 23,656,929	\$ 16,555,161	\$ 13,346,504	\$ 2,782,993	\$ 85,314,607
Add: Additions	-	-	17,079	299,251	134,283	503,703	238,279	2,951,614	4,144,209
Less: Disposals	(40,160)	-	-	-	-	-	-	(136,336)	(176,496)
Closing Balance	8,446,065	3,062,995	12,743,342	4,996,788	23,791,212	17,058,864	13,584,783	5,598,271	89,282,320
ACCUMULATED AMORTIZATION									
Opening Balance	-	1,476,028	2,016,916	2,300,981	9,747,434	5,338,512	3,117,386	-	23,997,257
Add: Amortization	-	92,582	314,139	321,386	812,540	297,260	267,932	-	2,105,839
Less: Acc. Amortization on Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	-	1,568,610	2,331,055	2,622,367	10,559,974	5,635,772	3,385,318	-	26,103,096
Net Book Value for year ended December 31, 2009	\$ 8,446,065	\$ 1,494,385	\$ 10,412,287	\$ 2,374,421	\$ 13,231,238	\$ 11,423,092	\$ 10,199,465	\$ 5,598,271	\$ 63,179,224

TOWN OF LADYSMITH**CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2009**

	Land		Building	Equipment / Furniture / Vehicles	Engineering Structures			Construction In Progress	2008 Total
	Land	Improvements			Roads / Sidewalks	Storm / Sewer	Water		
COST									
Opening Balance (restated)	\$ 7,778,475	\$ 3,062,995	\$ 12,715,721	\$ 4,351,685	\$ 21,320,854	\$ 15,293,068	\$ 8,830,890	\$ 4,721,601	\$ 78,075,289
Add: Additions	710,000	-	10,542	440,523	2,336,075	1,262,093	4,515,614	1,125,173	10,400,020
Less: Disposals	(2,250)	-	-	(94,671)	-	-	-	(3,063,781)	(3,160,702)
Closing Balance	8,486,225	3,062,995	12,726,263	4,697,537	23,656,929	16,555,161	13,346,504	2,782,993	85,314,607
ACCUMULATED AMORTIZATION									
Opening Balance	-	1,383,446	1,703,204	2,061,818	8,938,657	5,060,502	2,854,166	-	22,001,793
Add: Amortization	-	92,582	313,712	313,834	808,777	278,010	263,220	-	2,070,135
Less: Acc. Amortization on Disposals	-	-	-	(74,671)	-	-	-	-	(74,671)
Closing Balance	-	1,476,028	2,016,916	2,300,981	9,747,434	5,338,512	3,117,386	-	23,997,257
Net Book Value for year ended December 31, 2008	\$ 8,486,225	\$ 1,586,967	\$ 10,709,347	\$ 2,396,556	\$ 13,909,495	\$ 11,216,649	\$ 10,229,118	\$ 2,782,993	\$ 61,317,350

During the year the Town donated land with a fair value of \$117,000 to a charitable organization