

TOWN OF LADYSMITH
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011
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 Canadian Public Sector Accounting standards.

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

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

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 Malli, CGA
Chief Administrative Officer

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DECEMBER 31, 2011

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AUDITOR'S REPORT

To the Mayor and members of Council of the
THE TOWN OF LADYSMITH

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Town of Ladysmith, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Town of Ladysmith as at December 31, 2011 and its financial performance, changes in net financial assets and its cash flow for the year then ended in accordance with Canadian public sector accounting standards

Other Matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information, including Schedules 1 to XI, has been presented for purposes of additional analysis. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the consolidated financial statements taken as a whole.

Hayes Stewart Little & Co.
Chartered Accountants

Duncan, B.C.
May 7, 2012

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TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	2011	2010 Restated (Note 17)
Financial Assets		
Cash and short term deposits (Note 3)	\$9,934,536	\$10,129,101
Accounts receivable (Note 4)	<u>2,437,582</u>	<u>4,753,896</u>
	<u>12,372,118</u>	<u>14,882,997</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	1,473,578	2,317,293
Post-employment benefits (Note 6)	253,000	172,300
Deferred revenue	687,880	1,386,463
Restricted reserves (Note 7 & 9)	2,113,537	2,242,345
Refundable deposits and other	434,439	348,902
Long term debt (Note 10 and Schedule I)	<u>3,006,628</u>	<u>3,211,321</u>
	<u>7,969,062</u>	<u>9,678,624</u>
Net Financial Assets	<u>4,403,056</u>	<u>5,204,373</u>
Non-Financial Assets		
Tangible Capital Assets (Schedule X and XI)	77,042,302	73,065,703
Prepays	38,234	46,514
Inventory	<u>91,496</u>	<u>109,409</u>
	<u>77,172,033</u>	<u>73,221,626</u>
Accumulated Surplus (Note 15)	<u><u>\$81,575,089</u></u>	<u><u>\$78,425,999</u></u>
Commitments and Contingencies (Note 11)		


 Director of Financial Services

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Actual 2011	(Unaudited) Budget 2011 (Note 16)	Actual 2010 Restated (Note 17)
Revenue			
Taxes – (Schedule II)	\$7,375,542	\$7,375,630	\$6,707,305
Fees and charges			
General (Schedule III)	1,710,332	1,756,516	1,802,295
Sewer (Schedule III)	635,101	615,300	618,303
Water (Schedule III)	646,117	674,100	693,097
Return on investments	96,744	30,000	87,108
Penalty and interest on tax	138,761	115,000	118,086
Grants	2,818,839	3,686,732	4,694,675
Donations, contributions and contributed property	274,434	392,059	1,998,330
Gain on disposal of tangible capital assets	23,547	338,707	1,866,634
Development fees	1,031,127	348,075	1,183,074
Local area improvements	8,922	8,922	8,922
	<u>14,759,466</u>	<u>15,341,041</u>	<u>19,777,829</u>
Expenditures			
General government services	1,945,291	2,036,202	1,850,609
Library	266,368	266,368	251,924
Protective services	1,402,639	1,492,683	1,321,508
Transportation services	1,403,003	1,186,455	1,372,147
Environmental health services	449,013	439,110	401,031
Public health	24,368	37,795	38,517
Development services	526,120	714,740	447,718
Recreation and cultural services	1,993,683	2,002,993	1,933,467
Parks operation services	601,204	657,538	552,921
Sewer	462,986	651,222	404,287
Water	457,257	490,018	474,987
Reallocation of internal equipment usage	(386,078)	-	(388,777)
Amortization	2,291,656	-	1,996,242
Interest, net of actuarial adjustment (Note 10)	172,866	227,958	170,760
	<u>11,610,376</u>	<u>10,203,082</u>	<u>10,827,341</u>
Annual Surplus	<u>3,149,090</u>	<u>5,137,959</u>	<u>8,950,488</u>
Accumulated Surplus, beginning of year as previously stated	78,338,499	68,475,511	69,197,193
Prior period adjustment (Note 17)	87,500	-	278,318
Accumulated Surplus - beginning of year	<u>78,425,999</u>	<u>68,475,511</u>	<u>69,475,511</u>
Accumulated Surplus - end of year	<u><u>\$81,575,089</u></u>	<u><u>\$74,613,470</u></u>	<u><u>\$78,425,999</u></u>

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010 Restated (Note 17)
Operations		
Net operating revenue	\$3,149,090	\$8,950,488
Less non-cash items:		
Amortization	2,291,656	1,996,242
Gain on disposal of tangible capital assets	(23,547)	(1,866,634)
Contribution to land	(237,447)	(75,400)
Changes in non-cash items:		
Accounts receivable	2,316,314	(1,774,173)
Accounts payable, accrued liabilities and post-employment benefits	(763,016)	803,428
Inventory and prepaid expenses	26,192	(30,634)
Deferred revenues	(698,584)	(1,265,941)
Restricted reserves	(128,808)	(662,444)
Refundable deposits and other	85,537	(20,198)
Net increase in cash from operations	<u>6,017,387</u>	<u>6,054,734</u>
Capital Transactions		
Proceeds on sale of tangible capital assets	27,000	1,990,034
Cash used to acquire tangible capital assets	<u>(6,034,260)</u>	<u>(11,652,404)</u>
	<u>(6,007,260)</u>	<u>(9,662,370)</u>
Financing		
Proceeds from capital lease	18,784	-
Repayment of long-term debt	<u>(223,476)</u>	<u>(268,104)</u>
Net decrease in cash from financing	<u>(204,692)</u>	<u>(268,104)</u>
Decrease in cash and short term deposits	(194,565)	(3,875,740)
Cash and short term deposits - beginning of year	10,129,101	14,004,841
Cash and short term deposits - end of year	<u><u>\$9,934,536</u></u>	<u><u>\$10,129,101</u></u>

TOWN OF LADYSMITH

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010 Restated (Note 17)
Annual Surplus	\$3,149,090	\$8,950,488
Acquisition of tangible capital assets	(6,271,707)	(11,727,804)
Amortization of tangible capital assets	2,291,656	1,996,242
Gain on sale of tangible capital assets	(23,548)	(1,866,634)
Proceeds from sale of tangible capital assets	27,000	1,990,034
Decrease (increase) in inventories	17,913	(4,159)
Decrease (increase) in prepaids	<u>8,279</u>	<u>(26,475)</u>
Change in Net Financial Assets	<u>(801,317)</u>	<u>(688,307)</u>
Net Financial Assets, beginning of year	<u>5,204,373</u>	<u>5,892,680</u>
Net Financial Assets, end of year	<u><u>\$4,403,056</u></u>	<u><u>\$5,204,373</u></u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. General

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

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

2. Significant Accounting Policies

(a) Basis of Presentation

It is the Town's policy to follow Canadian public sector accounting standards for local governments and to apply such principles consistently. The financial resources and operations of the Town have been consolidated for financial statement purposes and include the accounts of all of the funds of the Town.

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

The consolidated financial statements reflect the assets, liabilities, revenues and 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, 2011

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

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

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

General Tangible Capital Assets

Land	Indefinite
Land Improvements	15 to 75 years
Buildings	25 to 40 years
Equipment, Furniture and Vehicles	5 to 60 years

Engineering Structures

Roads and Sidewalks	20 to 75 years
Storm and Sewer	25 to 75 years
Water	20 to 80 years

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, 2011

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, 2011

2. Significant Accounting Policies (continued)

(i) 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 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

Taxation revenues are recognized at the time of issuing the property tax notices for the fiscal year. Fees and charges revenue are recognized when the services are rendered. Return on investment income is accrued as earned. Other revenues are recognized when earned in accordance with the terms of the agreement and the amounts are measurable.

Government transfers, 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.

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.

(m) 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, 2011

3. Cash and Short Term Deposits

Cash and short term deposits were comprised as follows:

	<u>2011</u>	<u>2010</u>
Cash	\$ 8,590,621	\$ 8,798,940
Short term deposits	1,343,915	1,330,161
	<u>\$ 9,934,536</u>	<u>\$ 10,129,101</u>

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

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

	<u>2011</u>	<u>2010</u>
Restricted Reserves	\$ 2,113,537	\$ 2,242,345
Less: DCC's Receivable	-	(7,014)
Total Restricted Cash	<u>\$ 2,113,537</u>	<u>\$ 2,235,331</u>

4. Accounts Receivable

	<u>2011</u>	<u>2010</u>
		Restated
Property taxes	\$ 976,962	\$ 1,163,594
Other government	615,633	2,299,548
User fees and other	805,022	1,245,299
Development cost charges	-	7,014
Developer receivables	29,071	29,071
Employee receivables	10,894	9,370
	<u>\$ 2,437,582</u>	<u>\$ 4,753,896</u>

Development cost charges (DCC's) are collected on the approval of subdivision or the issuance of a building permit. These funds assist the Town in constructing capital improvements directly or indirectly related to 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, 2011

5. Accounts Payable and Accrued Liabilities

	<u>2011</u>	<u>2010</u>
General	\$ 1,047,940	\$1,737,131
Other Governments	94,541	31,315
Salaries and wages	106,736	124,920
Contractor holdbacks	190,984	390,550
Accrued Interest	33,377	33,377
	<hr/>	<hr/>
	\$ 1,473,578	\$ 2,317,293

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 last actuarial valuation was calculated at October 31, 2011 and has been extrapolated to December 31, 2011. The total expenditure recorded in the financial statements in respect of obligations under the plan amounts to \$80,700. (2010 - \$14,200).

The accrued post-employment benefits are as follows:

	<u>2011</u>	<u>2010</u>
Balance, Beginning of Year	\$ 172,300	\$ 158,100
Current service costs	26,600	25,400
Benefits paid	(8,700)	(19,500)
Actuarial loss	62,800	8,300
	<hr/>	<hr/>
Balance, End of Year	\$ 253,000	\$ 172,300

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

Significant Actuarial Assumptions:	<u>2011</u>	<u>2010</u>
Discount Rate	3.40%	4.50%
Expected Inflation Rate and Wage & Salary Increases	2.50%	2.50%

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

7. Restricted Reserves

Restricted reserves include Development Cost Charges (DCC's) which are charged to developers and utilized for infrastructure development. There were two new reserves added in 2011: (1) LRCA – Capital; and (2) B&G Capital. The reserves are for the replacement of specific building components located at 630 2nd Avenue and 220 High Street.

	Balance Dec. 31, 2010	Interest Earned	Contributions	Expenditures	Balance Dec. 31, 2011
DCC - Water	\$ 552,094	\$ 7,349	\$ 71,834	\$ (500,000)	\$ 131,277
DCC - Parks	194,467	3,022	51,338	(91,208)	157,619
DCC - Roads	544,085	7,441	91,763	(108,075)	535,214
DCC - Sewer	38,288	575	26,391	-	65,254
DCC - Storm	299,427	3,833	10,799	-	314,059
Parking	60,457	759	-	(4,000)	57,216
Gas Tax	541,269	7,746	252,715	(331,844)	469,886
Green Streets	1,358	18	-	-	1,376
Amphitheatre	10,900	140	800	-	11,840
Trolley	-	14	9,450	(9,464)	-
LRCA - Capital	-	-	363,000	-	363,000
B&G- Capital	-	44	6,752	-	6,796
TOTAL	\$ 2,242,345	\$ 30,941	\$ 884,842	\$ (1,044,591)	\$ 2,113,537

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, 2011

10. Long Term Debt

- a) The long term debt issued and outstanding as at December 31, 2011 was \$3,006,628 (\$3,211,321 as at December 31, 2010). The following principal amounts are payable over the next five years.

	2012	2013	2014	2015	2016 and beyond
Sewer - Principal	\$7,433	\$7,768	\$8,117	\$8,483	\$ -
General - Principal	152,023	149,672	149,910	147,983	2,375,238
	<u>\$159,456</u>	<u>\$157,440</u>	<u>\$158,028</u>	<u>\$156,466</u>	<u>\$2,375,238</u>

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

	Interest	Actuarial Adjustment	2011 Net	2010 Net
Sewer - Interest	\$2,945	\$2,456	\$489	\$795
General - Interest	221,369	48,992	172,377	169,965
	<u>\$224,314</u>	<u>\$51,448</u>	<u>\$172,866</u>	<u>\$170,760</u>

- 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, 2010, for the purchase of a fire truck. Under the terms of the agreement the Town has prepaid \$97,000. The remaining obligation will be repaid with monthly lease payments in the amount of \$773 including interest at 1.75% per annum. The balance of the capital lease at December 31, 2011, which is included in long-term debt, is \$73,226. Lease to expire September 2015.
- 2) 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 5.0% per annum. The balance of the capital lease at December 31, 2011, which is included in long-term debt, is \$2,589. Lease to expire May 2012.
- 3) A five year capital lease agreement with the Municipal Finance Authority of British Columbia which commenced on August 2011 for the purchase of a Photocopier. The remaining obligation will be repaid with monthly lease payments in the amount of \$329 including interest of at 2.0% per annum. The balance of the capital lease at December 31, 2011, which is included in long-term debt, is \$17,570. Lease to expire July 2016.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011 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.

(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 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 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, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus to individual employers. The Town of Ladysmith paid \$319,308 (2010 - \$284,814) for employer contributions to the plan in fiscal 2011.

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

11. Commitments and Contingencies (Continued)

(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.

(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, 2011 the total of the Debt Reserve Fund was comprised of:

	Demand Note	Cash	Reserve
General	\$ 134,456	\$ 57,742	\$ 192,198
Sewer	4,270	1,568	5,838
Total MFA Reserve Fund	<u>\$ 138,726</u>	<u>\$ 59,310</u>	<u>\$ 198,036</u>

TOWN OF LADYSMITH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

12. Significant Taxpayers

The Town is reliant upon 10 taxpayers for approximately 23.2% (2010 – 23%) of the total property tax revenue which includes Western Forest Products at approximately 15.1% (2010 – 15.9%) 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:

	2011	2010
Assets		
Cash and short term investment	<u>\$137,592</u>	<u>\$135,157</u>
Equity		
Opening balance	\$135,157	\$130,976
Interest	1,728	1,688
Transfer interest to fund cemetery costs	(1,728)	(1,688)
Contributions	<u>2435</u>	<u>4,181</u>
Balance, end of year	<u>\$137,592</u>	<u>\$135,157</u>

14. Comparative Figures

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

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

15. Accumulated Surplus

The Town segregates its accumulated surplus in the following categories:

	2011	2010 Restated (Note 17)
Unappropriated equity	\$ 2,039,472	\$ 2,633,662
Appropriated equity (Schedule IV)	4,840,476	5,268,008
	<u>6,879,948</u>	<u>7,901,670</u>
Capital Funds		
Sewer capital fund	815	804
Water capital fund	543,382	537,808
	<u>544,197</u>	<u>538,612</u>
Reserve Funds		
Reserve funds (Schedule IV and VI)	115,570	218,834
Equity in Tangible Capital Assets	<u>74,035,374</u>	<u>69,766,882</u>
Total Accumulated Surplus	<u>\$81,575,089</u>	<u>\$78,425,999</u>

16. Annual Budget

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council on May 9, 2011.

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	278,573
Capital expenditures	8,828,732
Less:	
Proceeds from long term debt	(1,000,000)
Budgeted transfers from accumulated surplus	(2,403,720)
Capital expenditures expensed in accordance with tangible capital asset policy	<u>(565,626)</u>
Adjusted Annual Surplus	<u>\$5,137,959</u>

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

17. Prior Period Adjustments

The prior year's figures have been retroactively restated to correct the disposal of subdivided land. The gain on disposal of tangible capital assets includes the sale of four subdivided lots. Two of the subdivided lots were retained by the Town. The prior years land has been restated to include the cost of the two properties which total \$87,500.

2010 Annual Surplus

Annual surplus, as previously stated	\$8,862,988
Change in gain on disposal of tangible capital assets	87,500
Annual surplus, restated	<u>\$8,950,488</u>

2010 Tangible Capital Assets

Cost, balance as originally stated	\$72,978,203
Increase in cost of land	87,500
Cost, balance as restated	<u>\$73,065,703</u>

18. 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, 2011 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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

19. 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.

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.

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

19. Segmented Information (Continued)

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.

Development

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

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

TOWN OF LADYSMITH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

19. Segmented Information (Continued)

Recreation and Culture

The Parks, Recreation and Culture Department contribute to the quality of life and personal wellness of the community through the provision of a variety of special events, programs, services and facilities. The Frank Jameson Community Centre is the location where the majority of the programs are offered.

Parks

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

Water

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

Sewer

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

TOWN OF LADYSMITH

LONG TERM DEBT

FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE I

Date of Issue Purpose	Issue #	Term	Original Amount	Balance Dec 31, 2010	Principal Payments & Adjustments	Balance Dec 31, 2011	Interest (1)	Interest Rate
<u>Sewer Capital Fund</u>								
2000Sewer Improvements	72	2000- 2015	\$93,500	\$38,915	\$7,113	\$31,802	\$489	6.45%
<u>General Fund</u>								
2000First Avenue	73	2000- 2015	\$1,438,000	\$598,498	\$ 109,400	\$489,098	\$ 53,535	6.35%
2005Fire Truck Lease	LS	2010- 2015	311,189	81,119	7,893	73,226	1,478	4.02%
2006RCMP Building	97	2006- 2031	2,750,000	2,469,594	77,249	2,392,345	116,934	4.66%
2006FJCC Fitness EQ	LS	2006- 2011	35,929	2,437	2,437	-	10	4.75%
2006FJCC Fitness EQ	LS	2006- 2011	54,949	3,727	3,727	-	15	4.75%
2006FJCC Photocopier	LS	2006- 2011	15,405	1,234	1,234	-	6	5.00%
2007 Command Resp. Unit	LS	2007- 2012	62,780	15,797	13,209	2,589	246	4.88%
2011 City Hall Photocopier	LS	2011- 2016	19,113	-	1,543	17,570	153	2.00%
			4,687,365	3,172,406	216,692	2,974,827	172,377	
			\$4,780,865	\$ 3,211,321	\$ 223,805	\$ 3,006,628	\$ 172,866	

(1) Interest, net of actuarial and provincial sales tax adjustment.

TOWN OF LADYSMITH

TAX REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE II

	Actual 2011	Budget 2011	Actual 2010
General Taxes			
General municipal purposes	\$ 6,347,921	\$ 6,351,940	\$ 6,002,485
Grants in lieu and 1% utility tax	145,878	143,466	139,667
Water and sewer parcel tax	880,986	880,224	563,778
	<u>\$ 7,374,785</u>	<u>\$ 7,375,630</u>	<u>\$ 6,705,930</u>
Collections for other governments:			
School district	\$ 2,941,690	\$ 2,939,319	\$ 2,923,808
Regional hospital district	371,171	370,862	287,856
Regional district	681,593	681,104	618,738
BCAA and MFA	86,640	86,570	87,285
	<u>\$ 4,081,094</u>	<u>\$ 4,077,855</u>	<u>\$ 3,917,687</u>
Less:			
Transmission of taxes levied for other governments:			
School district	\$ 2,941,688	\$ 2,939,319	\$ 2,923,808
Regional hospital district	370,862	370,862	287,465
Regional district	681,104	681,104	617,773
BCAA and MFA	86,683	86,570	87,266
	<u>\$ 4,080,337</u>	<u>\$ 4,077,855</u>	<u>\$ 3,916,312</u>
Net Taxation	<u><u>\$ 7,375,542</u></u>	<u><u>\$ 7,375,630</u></u>	<u><u>\$ 6,707,305</u></u>

TOWN OF LADYSMITH
SCHEDULE OF FEES AND CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE III

	Actual 2011	Budget 2011	Actual 2010 Restated
General Revenue Fund			
Fines and Licence Revenue	\$ 79,547	\$ 75,300	\$ 72,970
Garbage Collection	494,986	475,000	450,663
General Revenue Fund	26,459	3,000	7,761
Cemetery Revenue	24,525	50,000	35,790
Miscellaneous Revenue	150,497	98,500	210,284
Parks, Recreation & Culture Revenue	574,870	678,850	657,084
Permits and Fees (Subdivisions)	110,364	126,000	124,153
Protective Services Revenue	249,084	249,866	243,590
	<u>\$ 1,710,332</u>	<u>\$ 1,756,516</u>	<u>\$ 1,802,295</u>
 Sewer Utility Fund			
User Rates	<u>\$ 635,101</u>	<u>\$ 615,300</u>	<u>\$ 618,303</u>
 Waterworks Utility Fund			
User Rates	<u>\$ 646,117</u>	<u>\$ 674,100</u>	<u>\$ 693,097</u>
 Total Fees and Charges	 <u><u>\$ 2,991,550</u></u>	 <u><u>\$ 3,045,916</u></u>	 <u><u>\$ 3,113,695</u></u>

TOWN OF LADYSMITH
CONTINUITY SCHEDULE OF RESERVES AND APPROPRIATED EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE IV

	Balance Dec. 31, 2010	Interest Allocated	Contributions	Funding	Balance Dec. 31, 2011
RESERVES					
Tax Sale	\$ 24,249	\$ 306	\$ -	\$ -	\$ 24,555
Perpetual Safety Fund	12,067	152	-	-	12,219
Sale Real Property	70,048	770	21,000	91,818	0
Amenity Funds	112,469	1,327	25,000	60,000	78,796
TOTAL RESERVES	218,833	2,555	46,000	151,818	115,570
APPROPRIATED EQUITY - OPERATIONS					
General Operating Fund					
Future Projects	845,039	-	153,942	737,562	261,419
Equipment	575,306	-	208,050	170,810	612,546
Land & Building	112,019	-	40,264	5,400	146,883
Tax Contingency	261,266	-	-	50,000	211,266
Total General Fund Appropriated Equity	1,793,630	-	402,256	963,772	1,232,114
Water Operating Fund					
Capital Expenditures	168,110	-	124,299	31,244	261,165
MFA Surplus Refunds	575,495	-	-	51,420	524,075
Total Water Operating Fund	743,605	-	124,299	82,664	785,240
Sewer Operating Fund					
Capital Expenditures	2,124,420	-	93,672	1,323	2,216,769
MFA Surplus Refunds	606,353	-	-	-	606,353
Total Sewer Operating Fund	2,730,773	-	93,672	1,323	2,823,122
TOTAL APPROPRIATED EQUITY	\$ 5,268,008	\$ -	\$ 620,227	\$ 1,047,759	\$ 4,840,476
TOTAL RESERVES AND APPROPRIATED EQUITY	\$ 5,486,841	\$ 2,555	\$ 666,227	\$ 1,199,578	\$ 4,956,046

TOWN OF LADYSMITH
FEDERAL GAS TAX – SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE V

	2011	2010
Opening balance of unspent funds	\$ 541,269	\$ 332,967
Add: Amount received during the year	252,715	252,738
Interest earned	7,746	5,638
Less: Amount spent on projects	<u>(331,844)</u>	<u>(50,074)</u>
Closing balance of unspent funds	<u>\$ 469,886</u>	<u>\$ 541,269</u>

TOWN OF LADYSMITH
STATEMENT OF RESERVE FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE VI

	2011	2010
Revenue		
Investment income	\$ 2,554	\$ 18,311
Sale of real property	21,000	-
Contributions from developers	<u>25,000</u>	<u>63,000</u>
Net Revenues	48,554	81,311
Transfers to operating fund	<u>(151,818)</u>	<u>(327,827)</u>
Changes in Reserve Fund Balances	(103,264)	(246,516)
Funding Surplus, Beginning of Year	<u>218,834</u>	<u>465,350</u>
Funding Surplus, End of Year	<u><u>\$ 115,570</u></u>	<u><u>\$ 218,834</u></u>

TOWN OF LADYSMITH

SCHEDULE OF RESTRICTED RESERVES, RESERVES AND EQUITY BY FUND

AS AT DECEMBER 31, 2011

SCHEDULE VII

	Restricted Reserves	Allocated Reserves	Appropriated Equity	Unappropriated Equity	Capital Funds Equity	Total
General operating fund	\$ -	\$ -	\$ 1,232,114	\$ (125,128)	\$ -	\$ 1,377,391
Water operating fund	-	-	785,240	1,073,156	-	1,858,396
Sewer operating fund	-	-	2,823,122	1,091,444	-	3,914,566
Reserve fund	2,113,537	115,570	-	-	-	1,958,702
Water capital fund	-	-	-	-	543,382	543,382
Sewer capital fund	-	-	-	-	815	815
Total	\$2,113,537	\$115,570	\$4,840,476	\$2,039,472	\$ 544,197	\$9,653,252

TOWN OF LADYSMITH

Statement of Operations by Segment

AS AT DEC 31, 2011

Schedule VIII

	General Government		Capital		Protective		Library		Public Health		Development		Recreation & Culture		Parks		Water		Sewer		Total	
	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	Actual	2011
REVENUE																						
Tax	\$ 1,373,243	\$ 253,159	\$ 1,099,833	\$ 266,368	\$ 792,612	\$ 624,643	\$ 1,280,136	\$ 756,355	\$ 365,567	\$ 563,627	\$ 7,375,542											
Grants	638,953	1,952,587	69,439	-	9,522	16,303	132,035	-	-	-	2,818,839											
Fees & Charges	56,610	-	355,771	-	564,148	64,435	664,845	4,523	646,117	635,101	2,991,550											
Investment income	91,159	5,585	-	-	-	-	-	-	-	-	96,744											
DCC revenue & other funding of capital works		1,198,165																				
Other revenue	143,402																					
											6,978									8,922	1,198,165	278,627
Total revenue	2,303,367	3,409,496	1,525,043	266,368	1,485,606	712,359	2,077,016	760,878	1,011,684	1,207,650	14,759,466											
EXPENSES																						
Contracted Services	298,935	-	877,834	-	506,816	126,422	38,144	44,728	42,428	28,848	1,965,155											
Grants In Aid	87,950	-	-	-	-	-	-	-	-	-	87,950											
Insurance	77,114	-	25,204	-	5,385	-	24,319	-	4,813	11,907	148,741											
Interest	153	-	118,658	-	53,535	-	31	-	-	489	172,866											
Library	-	-	-	-	266,368	-	-	-	-	-	266,368											
Materials & Supplies	53,254	-	65,833	-	58,174	8,398	115,993	84,434	66,427	57,720	510,232											
Wages & Benefits	1,299,853	-	331,685	-	747,579	335,228	1,540,101	353,169	292,307	282,174	5,182,096											
Other	127,184	-	102,083	-	172,351	56,073	275,129	118,873	51,282	82,337	985,311											
Amortization	-	2,291,656	-	-	-	-	-	-	-	-	2,291,656											
Total expenses	1,945,443	2,291,656	1,521,297	266,368	1,543,840	526,121	1,993,717	601,204	457,257	463,475	11,610,375											
Surplus (Deficit)	\$ 357,924	\$ 1,117,840	\$ 3,746	\$ -	\$ (58,234)	\$ 186,238	\$ 83,299	\$ 159,674	\$ 554,427	\$ 744,175	\$ 3,149,091											

TOWN OF LADYSMITH

Statement of Operations by Segment
AS AT DECEMBER 31, 2010

Schedule IX
Restated

	General Government		Capital		Protective		Library		Environment & Public Health		Development		Recreation & Culture		Parks		Water		Sewer		Total	
	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	Actual	2010
REVENUE																						
Tax	\$ 1,560,027	\$ -	\$ 1,107,403	\$ 251,924	\$ 1,802,725	\$ 411,225	\$ 933,927	\$ -	\$ 324,326	\$ 315,748	\$ 6,707,305											
Grants	146,571	4,367,394	21,798	-	-	43,105	129,516	-	-	-	4,708,384											
Fees & Charges	49,267	-	353,853	-	488,453	242,075	668,647	-	693,097	618,303	3,113,695											
Investment income	87,107	-	-	-	-	-	-	-	-	-	-											
DCC revenue & other funding of capital works	-	4,958,928	-	-	-	-	-	-	-	-	-											
Other revenue	108,277	-	-	-	-	-	85,211	-	-	-	-											
Total revenue	1,951,249	9,326,322	1,483,054	251,924	2,291,178	696,405	1,817,301	-	1,017,423	942,973	19,777,829											
EXPENSES																						
Contract Services	196,229	-	751,189	-	419,247	74,024	14,252	37,784	84,215	9,476	1,586,416											
Grants In Aid	79,272	-	-	-	-	-	-	-	-	-	79,272											
Insurance	69,657	-	23,234	-	4,088	-	16,863	-	3,577	9,709	127,128											
Interest	-	-	113,401	-	58,246	-	(1,683)	-	-	795	170,759											
Library	-	-	-	251,924	-	-	-	-	-	-	-											
Wages & Benefits	1,336,692	-	320,117	-	753,844	277,953	1,503,665	314,171	250,189	240,656	4,997,287											
Other	168,707	-	226,968	-	266,420	70,496	424,505	200,392	118,177	142,648	1,618,313											
Amortization	-	1,996,242	-	-	-	-	-	-	-	-	1,996,242											
Total expenses	1,850,557	1,996,242	1,434,909	251,924	1,501,845	422,473	1,957,602	552,347	456,158	403,284	10,827,341											
Surplus (Deficit)	\$ 100,692	\$ 7,330,080	\$ 48,145	\$ -	\$ 789,333	\$ 273,932	\$ (140,301)	\$ (552,347)	\$ 561,265	\$ 539,689	\$ 8,950,488											

Schedule X

TOWN OF LADYSMITH CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2011

	Land	Improvements	Buildings	Vehicles Furniture & Equipment	Linear Infrastructure				Assets Under Construction	2011 Total
					Transportation	Sanitary Sewer	Storm Sewer	Water		
COST										
Opening Balance	\$8,485,454	\$3,231,607	\$14,222,125	\$4,998,681	\$23,585,509	\$13,614,428	\$7,271,824	\$13,406,011	\$11,031,853	\$99,847,492
Add: Additions	67,117	4,344,888	3,405,005	259,544	1,894,694	597,225	572,278	626,363	2,316,264	14,083,378
Less: Disposals	0	4,909	0	60,500	0	0	0	0	7,812,124	7,877,533
Less: Write-downs	0	0	0	0	0	0	0	0	0	0
Closing Balance	8,552,571	7,571,586	17,627,130	5,197,725	25,480,203	14,211,653	7,844,102	14,032,374	5,535,993	106,053,337

ACCUMULATED AMORTIZATION

Opening Balance	1,662,402	2,651,939	2,796,321	10,693,198	4,202,518	1,556,922	3,218,488	26,781,788
Add: Amortization	187,632	406,628	278,426	779,935	286,965	100,832	251,238	2,291,656
Less: Write-downs	0	0	0	0	0	0	0	0
Less: Acc. Amortization on Disposals	4,909	0	57,500	0	0	0	0	62,409
Closing Balance	1,845,125	3,058,567	3,017,247	11,473,133	4,489,483	1,657,754	3,469,726	29,011,035

Net Book Value, year ended December 31, 2011

	\$8,552,571	\$5,726,461	\$14,568,563	\$2,180,478	\$9,722,170	\$6,186,348	\$10,562,648	\$5,535,993	\$77,042,302
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(1) Included in the tangible capital assets are leased assets with a total cost of \$393,530 - (2010 - \$480,698) and accumulated amortization of \$90,548 - (2010 - \$127,243).

(2) Included in land additions is \$2,000 from tax sale.

TOWN OF LADYSMITH
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2010

Schedule XI
Restated
(Note 17)

	Land		Land Improvements		Buildings		Vehicles Furniture & Equipment		Linear Infrastructure				Assets Under Construction		2010 Total
	Land		Improvements						Transportation	Sanitary Sewer	Storm Sewer	Water	Construction		
COST															
Opening Balance	\$8,481,566	\$	3,062,995	\$12,743,342	\$	4,996,789	\$	23,472,981	\$	9,751,008	\$7,126,302	\$13,131,372	\$	5,598,271	\$ 88,364,626
Add: Additions	97,600		168,612	1,478,783		143,742		112,528		3,863,420	154,898	274,639		8,217,943	14,512,165
Less: Disposals	93,712		-	-		141,850		-		-	9,376	-		2,784,361	3,029,299
Less: Write-downs	-		-	-		-		-		-	-	-		-	-
Closing Balance	8,485,454		3,231,607	14,222,125		4,998,681		23,585,509		13,614,428	7,271,824	13,406,011		11,031,853	99,847,492

ACCUMULATED AMORTIZATION

Opening Balance	1,568,610	2,331,055	2,622,367	9,931,785	4,011,339	1,465,615	2,976,313	24,907,084
Add: Amortization	93,792	320,884	290,804	761,414	191,179	95,994	242,175	1,996,242
Less: Write-downs	-	-	-	-	-	-	-	-
Less: Acc. Amortization on Disposals	-	-	116,850	-	-	4,687	-	121,537
Closing Balance	1,662,402	2,651,939	2,796,321	10,693,199	4,202,518	1,556,922	3,218,488	26,781,789

**Net Book Value, year ended
December 31, 2010**

\$8,485,454	\$	1,569,205	\$11,570,186	\$	2,202,360	\$	12,892,310	\$	9,411,910	\$5,714,902	\$10,187,523	\$11,031,853	\$	73,065,703
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