

Consolidated Financial Statements of

**THE CORPORATION OF THE DISTRICT
OF NORTH VANCOUVER**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP

PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of The Corporation of the District of North Vancouver

Opinion

We have audited the consolidated financial statements of The Corporation of the District of North Vancouver (the "District"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2023 and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report and includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.



The Corporation of the District of North Vancouver
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 6, 2024

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Financial Position

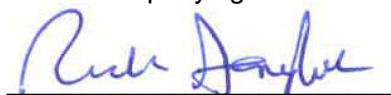
December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash and cash equivalents (note 3)	\$ 32,291,065	\$ 18,462,084
Taxes receivable	5,829,148	5,809,670
Accounts receivable	8,450,166	5,543,245
Due from governments (note 4)	4,060,487	2,449,936
Investments (note 5)	302,849,275	306,894,380
Municipal Finance Authority ("MFA") debt reserve deposit	638,423	619,179
Inventories held for resale	225,801	215,303
	<u>354,344,365</u>	<u>339,993,797</u>
Liabilities:		
Accounts payable and accrued liabilities	28,350,669	25,105,933
Due to governments (note 6)	31,509,549	26,261,461
Restricted revenue (note 7)	27,007,197	21,623,299
Deferred revenue (note 8)	30,051,937	27,036,157
Debt (note 9)	25,730,403	28,166,939
Post-employment benefits (note 10)	11,187,524	10,947,000
Asset retirement obligations (note 12)	5,306,934	-
Deposits and other liabilities	31,782,404	27,469,818
	<u>190,926,617</u>	<u>166,610,607</u>
Net financial assets	163,417,748	173,383,190
Non-financial assets:		
Prepaid expenses	2,558,308	1,719,295
Inventories held for consumption	1,616,508	1,850,660
Tangible capital assets (note 11)	908,154,260	841,017,850
Other assets	16,276	25,443
	<u>912,345,352</u>	<u>844,613,248</u>
Accumulated surplus (note 13)	<u>\$ 1,075,763,100</u>	<u>\$ 1,017,996,438</u>

Commitments and contingencies (note 15)

Contractual rights (note 19)

See accompanying notes to consolidated financial statements.



Rick Danyluk, CPA, CMA
Acting GM, Finance & CFO

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 18)	2023	2022
Revenue:			
Taxation (note 14)	\$ 127,726,906	\$ 128,651,525	\$ 126,992,313
Sales, fees, and user charges:			
Water	34,814,200	34,430,113	32,453,993
Sewer	31,823,243	32,132,303	29,103,943
Solid waste	8,617,510	8,551,970	8,192,341
Parks, recreation and culture	14,842,534	15,093,814	13,215,062
Other	30,868,389	30,413,763	33,480,086
Transfer from governments:			
Federal Government	3,645,523	1,208,873	291,843
Provincial Government	6,629,343	14,012,350	3,469,552
Regional Government	1,362,213	4,527,601	1,972,565
Investment income	9,532,935	14,467,649	7,821,803
Land sales and other contributions	7,026,171	12,482,943	25,438,995
	<u>276,888,967</u>	<u>295,972,904</u>	<u>282,432,496</u>
Expenses (note 17):			
General government	32,436,190	57,330,762	49,240,093
Protective services	58,835,165	58,697,888	53,337,672
Solid waste removal services	8,068,032	7,800,758	7,376,014
Social services	4,996,751	4,437,259	3,606,411
Development services	7,111,526	6,811,345	4,185,083
Transport and other services	10,647,326	11,239,872	13,532,435
Parks, recreation and cultural services	46,510,095	48,418,718	41,880,911
Water utility services	22,275,835	21,555,456	20,549,220
Sewer utility services	22,474,382	21,914,184	20,715,053
	<u>213,355,302</u>	<u>238,206,242</u>	<u>214,422,892</u>
Annual surplus	63,533,665	57,766,662	68,009,604
Accumulated surplus, beginning of year	1,017,996,438	1,017,996,438	949,986,834
Accumulated surplus, end of year (note 13)	\$ 1,081,530,103	\$ 1,075,763,100	\$ 1,017,996,438

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Operating transactions:		
Annual surplus	\$ 57,766,662	\$ 68,009,604
Non-cash items:		
Depreciation	23,626,074	22,036,260
Accretion expense	185,707	-
Loss on disposal of tangible capital assets	505,048	1,077,673
Amortization of other assets	9,167	11,329
Contributed tangible capital assets	(5,841,488)	(20,202,924)
Changes in operating assets and liabilities (note 20)	16,274,059	(7,783,543)
Cash applied to operating transactions	92,525,229	63,148,399
Capital transactions:		
Cash used to acquire tangible capital assets	(80,304,817)	(68,647,947)
Cash applied to capital transactions	(80,304,817)	(68,647,947)
Investing transactions:		
Net change in investments	4,045,105	(90,199,025)
Cash applied to investment transactions	4,045,105	(90,199,025)
Financing transactions:		
Debt repayment	(2,436,536)	(2,336,943)
Cash applied to financing transactions	(2,436,536)	(2,336,943)
Increase (decrease) in cash and cash equivalents	13,828,981	(98,035,516)
Cash and cash equivalents, beginning of year	18,462,084	116,497,600
Cash and cash equivalents, end of year	\$ 32,291,065	\$ 18,462,084
Non-cash transactions, related to asset retirement obligations:		
Tangible capital asset additions	\$ 5,121,227	\$ -

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 18)	2023	2022
Annual surplus	\$ 63,533,667	\$ 57,766,662	\$ 68,009,604
Contributed tangible capital assets (note 11(a))	-	(5,841,488)	(20,202,924)
Tangible capital assets additions	-	(5,121,227)	-
Acquisition of tangible capital assets	(87,830,455)	(80,304,817)	(68,647,947)
Depreciation of tangible capital assets	-	23,626,074	22,036,260
Loss on disposal of tangible capital assets	-	505,048	1,077,673
	(87,830,455)	(67,136,410)	(65,736,938)
Amortization of other assets	-	9,167	11,329
Acquisition of inventories held for consumption	-	(1,616,508)	(1,850,660)
Acquisition of prepaid expenses	-	(2,558,308)	(1,719,295)
Use of inventories held for consumption	-	1,850,660	1,645,680
Use of prepaid expenses	-	1,719,295	1,402,071
		(595,694)	(510,875)
Change in net financial assets	\$ (24,296,788)	\$ (9,965,442)	\$ 1,761,791
Net financial assets, beginning of year	173,383,190	173,383,190	171,621,399
Net financial assets, end of year	\$ 149,086,402	\$ 163,417,748	\$ 173,383,190

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

The Corporation of the District of North Vancouver (the "District") was incorporated in 1891 and operates under the provision of the Community Charter and the Local Government Act of British Columbia. The District's principal activities include the provision of local government services to residents and businesses of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water and sewer services.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements have been prepared in accordance with the Canadian public sector accounting standards.

(b) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in net financial assets of the reporting entity.

The reporting entity is comprised of all organizations that are controlled by the District. The consolidated financial statements reflect the consolidation of the District's funds with the financial position and results of operations of the District of North Vancouver Municipal Public Library and the District's proportionate interest in the North Vancouver Recreation & Culture Commission, North Vancouver Museum and Archives Commission, and North Shore Emergency Management Office.

Inter-entity and inter-fund balances and transactions have been eliminated on consolidation.

(c) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information. Consolidated financial statements report financial activities by major service. Segment disclosures provide information on the District's services delivered by department.

(d) Revenue recognition:

Revenue is recorded on the accrual basis and is recognized when it is earned. Unearned revenue is reported on the consolidated statement of financial position as either deferred revenue or deposits and other liabilities. Property tax revenue is recognized on the accrual basis using approved tax rates and the tax class assessments related to each year.

(e) Expense recognition:

Expenses are recognized on an accrual basis by the receipt of goods and services or the creation of an obligation to pay.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Fund accounting:

Funds within the consolidated financial statements consist of operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. All inter-fund assets and liabilities and financial operations have been eliminated in the consolidated financial statements. The funds consist of the following:

(i) Operating fund:

These funds include the General, Water and Sewer Operating funds as well as the operating fund of the District of North Vancouver Municipal Public Library and the District's interest in the operating fund of the North Vancouver Recreation & Culture Commission, North Vancouver Museum and Archives Commission, and North Shore Emergency Management Office. They are used to record the consolidated operating assets, liabilities, revenue and expenses of the District.

(ii) Capital fund:

These funds include the General, Water and Sewer Capital funds as well as the Capital fund of the District of North Vancouver Municipal Public Library. They are used to record the acquisition and construction costs of tangible capital assets and any related debt outstanding.

(iii) Reserve fund:

These funds have been established for a specific purpose and include the following types:

- (1) Existing Capital Reserves, to enable the District to maintain existing assets in a state of good repair;
- (2) New Capital, Initiatives and Growth Reserves, to support investments in transportation and mobility, community health and safety, climate mitigation and innovation, and to help smooth financial impacts as the community grows;
- (3) Land and Housing Reserves, to preserve the value of the District's lands, acquire new lands and support investments in social and supportive housing.

(g) Other taxing jurisdictions:

The assets, liabilities, taxation, other revenue and expenses with respect to the operations of other taxing jurisdictions including the provincial school system and the Metro Vancouver Regional District (the "MVRD") are not reflected in these consolidated financial statements.

(h) Cash and cash equivalents:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90 days from the date of acquisition.

(i) Investments:

Investments are recorded at cost plus accrued interest receivable and net of amortized discounts or premiums.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(j) Inventories held for resale:

Inventories held for resale are valued at the lower of cost or net realizable value. Net realizable value is determined by estimating the selling price of these goods, minus the cost of their sale or disposal. Cost is determined on a weighted average basis.

(k) Restricted revenue:

Revenues which are restricted by legislation or by agreement with external parties are deferred and reported as restricted revenue. When qualifying expenses are incurred, restricted revenue is recognized as revenue at amounts equal to the qualifying expenses.

(l) Deferred revenue:

Revenues received in advance of services to be provided are deferred until they are earned by the provision of those services.

(m) 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. They include prepaid expenses, inventories held for consumption, tangible capital assets and other assets.

(i) Inventories held for consumption:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost. Cost is determined on a weighted average basis.

(ii) Tangible capital assets:

Tangible capital assets are initially recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets. The cost, less residual value, of the tangible capital assets, excluding land, is depreciated on a straight-line basis over their estimated useful lives as follows:

Asset category	Useful lives (years)
Land improvements	5 - 100
Buildings and building improvements	2 - 50
Vehicles	2 - 25
Furniture and equipment	4 - 30
Water and waste water infrastructure	15 - 100
Road infrastructure:	
Base	75
Surface	16 - 80
Other infrastructure	12 - 100
Library collection	2 - 10

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(m) Non-financial assets (continued):

(ii) Tangible capital assets (continued):

Assets under construction are not depreciated until the asset is placed in service.

(A) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue when received.

(B) Natural resources:

Natural resources are not recognized as assets in these consolidated financial statements. These assets may include wetlands, riparian areas, forests, freshwater ecosystems, coastal marine areas, and urban green spaces and parks. The District acknowledges the need to manage natural resources in conjunction with engineered infrastructure.

(C) Works of art and historic assets:

The District manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at District sites and public display areas. These assets are not recorded as tangible capital assets and are not depreciated.

(D) Leased tangible capital assets:

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

(iii) Other assets:

Commissions, free rent and lease inducements are deferred and amortized over the first term of the lease agreement, which is typically five years. Any expenses related to a tenant that vacates prior to the end of their lease are written off immediately.

(n) Capitalization of interest:

Interest is capitalized whenever external debt is issued to finance the construction of assets.

(o) Contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(i) An environmental standard exists;

(ii) Contamination exceeds the environmental standard;

(iii) The District is directly responsible or accepts responsibility;

(iv) It is expected that future economic benefits will be given up; and

(v) A reasonable estimate of the amount can be made.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(o) Contaminated sites (continued):

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. As at December 31, 2023, no liability for contaminated sites was recognized.

(p) Government transfers:

Government transfers that are restricted are deferred as restricted revenue and then recognized as revenue as the related expenditures are incurred or the stipulations in the related agreements are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(q) Post-employment benefits:

Post-employment benefits also accrue to the District's employees. The liabilities related to these benefits are actuarially determined based on the service and best estimates of retirement ages and expected future salary and wages increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

(r) Financial Instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivables, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the financial instrument at fair value. The District has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the District does not have a Consolidated Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments recorded at cost are expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, investments, accounts payable and accrued liabilities, and debt are measured at amortized cost using the effective interest rate method.

All financial assets measured at amortized cost are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(s) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The liability is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation.

The changes in the liability for the passage of time are recorded as accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. The cost is amortized over the remaining useful life of the tangible capital asset (Note 1 (m)(ii)) and remaining term of the lease agreement for ground leases. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Recoveries related to asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

(t) Pension fund:

The District and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

(u) Use of accounting estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of post-employment benefits and amounts to settle asset retirement obligations.

Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the year that the change in estimate is made, as well as in the year of settlement if the amount is different.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

2. Adoption of new accounting standards:

(a) PS 3280 Asset Retirement Obligations:

On January 1, 2023, the District adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations ("PS 3280"). The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities.

The District has adopted this standard on a prospective basis.

(b) PS 3450 Financial Instruments and related standards:

On January 1, 2023, the District adopted Canadian public sector accounting standard PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450 Financial Instruments, all financial instruments are included on the Consolidated Statement of Financial Position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the District's accounting policy choices (see note 1(r)).

The adoption of these standards did not have any impact on the amounts presented in these consolidated financial statements.

3. Cash and cash equivalents:

	2023	2022
Cash	\$ 6,352,596	\$ 12,183,135
Business Investment Savings Account	1,412,090	1,394,152
Pooled High Interest Saving Account	24,526,379	4,884,797
	<u>\$ 32,291,065</u>	<u>\$ 18,462,084</u>

4. Due from governments:

	2023	2022
Due from Federal Government	\$ 2,927,047	\$ 1,205,759
Due from Provincial Government	532,279	654,478
Due from Regional Government	601,161	589,699
	<u>\$ 4,060,487</u>	<u>\$ 2,449,936</u>

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

5. Investments:

	2023	2022
Investments consist of:		
(average rate of return 4.45% (2022 - 2.51%))		
Bank and Credit Union notes & deposits	\$ 292,389,612	\$ 296,484,610
Provincial Government Notes	10,459,663	10,409,770
	<u>\$ 302,849,275</u>	<u>\$ 306,894,380</u>

6. Due to governments:

	2023	2022
Due to Federal Government:		
RCMP police contract	\$ 11,205,348	\$ 10,930,382
Other	154,628	707,965
	<u>11,359,976</u>	<u>11,638,347</u>
Due to Provincial Government:		
Taxes collected on behalf of other jurisdictions	2,077,949	1,951,665
Ministry of Transportation & Infrastructure Capital Project	1,795,608	-
Payroll liability	396,479	225,617
Other	14,576	125,507
	<u>4,284,612</u>	<u>2,302,789</u>
Due to Other Regional Entities:		
Metro Vancouver	9,211,101	9,004,089
Due to partner organizations	2,769,816	2,192,842
Municipal Pension Plan	572,063	-
District of West Vancouver	506,990	-
City of North Vancouver	957,769	562,409
City of Vancouver	33,718	25,725
Development Cost Charges (DCC) collected on behalf of other jurisdictions	1,630,491	495,741
Taxes collected on behalf of other jurisdictions	24,580	19,696
Other	158,433	19,823
	<u>15,864,961</u>	<u>12,320,325</u>
	<u>\$ 31,509,549</u>	<u>\$ 26,261,461</u>

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

7. Restricted revenue:

- (a) Restricted revenue are comprised mainly of DCC that are collected to pay for the general capital and utility expenses due to development. In accordance with the Community Charter, these funds are deposited into separate accounts. When the related expenses are incurred, the DCC are then recognized as revenue.

	2023	2022
Development cost charges (i):		
Water	\$ 403,914	\$ 360
Sewer	923,046	3,232,021
Drainage	693,508	37,091
Roads	8,135,812	4,775,366
Parks	13,634,583	10,706,983
	<u>23,790,863</u>	<u>18,751,821</u>
Restricted donations and other	2,342,211	2,034,596
Community amenity contribution	558,867	535,057
Developer parkland reserve contributions	315,256	301,825
	<u>\$ 27,007,197</u>	<u>\$ 21,623,299</u>

(i) Development cost charges:

In accordance with section 569 of the Local Government Act, 2023 Annual Development Cost Charges include the following, reported for each purpose under sections 559(2) and 559(3) for which the local government imposes the DCC in the applicable year:

- (A) The amount of DCC received;
- (B) The expenditures from the DCC reserve funds;
- (C) The balance in the DCC reserve fund at the start and at the end of the applicable year;
- (D) Any waivers and reductions under section 533(2).

	Water	Sewer	Drainage	Roads	Park	Total
Balance, beginning of year	\$ 360	\$ 3,232,021	\$ 37,091	\$ 4,775,366	\$ 10,706,983	\$ 18,751,821
Add:						
Interest income	8,799	90,438	15,902	281,021	529,812	925,972
DCC collected	1,223,662	606,147	899,961	3,401,803	2,404,654	8,536,227
Deduct:						
Acquisition of tangible capital assets	828,907	3,005,560	259,446	322,378	6,866	4,423,157
Balance, end of year	<u>\$ 403,914</u>	<u>\$ 923,046</u>	<u>\$ 693,508</u>	<u>\$ 8,135,812</u>	<u>\$ 13,634,583</u>	<u>\$ 23,790,863</u>
DCC Waivers provided in 2023:						
Bylaw 8508	\$ 488,395	\$ 241,923	\$ 140,398	\$ 1,312,174	\$ 1,017,110	\$ 3,200,000
	<u>\$ 488,395</u>	<u>\$ 241,923</u>	<u>\$ 140,398</u>	<u>\$ 1,312,174</u>	<u>\$ 1,017,110</u>	<u>\$ 3,200,000</u>

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

8. Deferred revenue:

	2023	2022
Prepaid taxes	\$ 20,134,680	\$ 19,168,138
Contributions for future use	2,548,384	2,121,246
Deferred permit fees	3,495,188	2,848,510
Prepaid membership fees	1,318,881	1,133,568
Prepaid connection fees	717,310	172,560
Other	1,837,494	1,592,135
	\$ 30,051,937	\$ 27,036,157

9. Debt:

The District finances certain tangible capital asset acquisitions through the MFA in accordance with the Community Charter. The District makes payments to sinking funds related to its debt. Sinking fund balances, managed by the MFA, are netted against related debt.

	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2023	Net debt 2022
General fund	\$ 47,745,000	\$ 22,014,597	\$ 25,730,403	\$ 28,166,939

Repayments on net outstanding debt over the next five years and thereafter are as follows:

2024	\$ 2,481,185
2025	2,574,480
2026	2,664,587
2027	2,757,848
2028	1,755,583
Thereafter	13,496,720
	\$ 25,730,403

The District paid \$1,358,455 (2022 - \$1,129,102) in interest on long-debt during the year. Interest rates on debt range from 2.20% to 3.90% (2022 - 2.20% to 3.90%).

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

10. Post-employment benefits:

As per the terms of the various collective agreements and compensation policies, the District provides its employees with sick days and certain employee benefits on termination and retirement. These include service severance pay based on years of service and a full year's vacation entitlement in the year of retirement.

The District uses an actuarial valuation to determine the estimated value of post-employment benefits. The most recent full actuarial valuation was completed as at December 31, 2023.

Accrued benefit obligation	2023	2022
Balance, beginning of year	\$ 10,279,321	\$ 11,809,107
Current service cost	900,591	1,079,228
Interest cost	477,616	305,600
Benefits paid	(1,050,434)	(1,185,416)
Actuarial loss (gain)	1,510,877	(1,729,198)
Balance, end of year	\$ 12,117,971	\$ 10,279,321

Actuarial gains and losses are amortized over 10 years, being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

	2023	2022
Accrued benefit obligation balance, end of year	\$ 12,117,971	\$ 10,279,321
Unamortized actuarial gain (loss)	(928,130)	647,330
Other employee benefit liabilities	(2,317)	20,349
Accrued benefit liability, end of year	\$ 11,187,524	\$ 10,947,000

The significant actuarial assumptions used in estimating the District's accrued benefit obligation are as follows:

	2023	2022
Discount rate	4.10%	4.50%
Expected future inflation rates	2.50%	2.50%
Expected cost of living and other increases	2.50% - 5.90%	2.58% - 4.63%

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

11. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions, net of Transfers	Disposals	Balance at December 31, 2023
Land and improvements	\$ 243,561,102	\$ 4,771,361	\$ (155,016)	\$ 248,177,447
Buildings	217,793,806	12,687,388	-	230,481,194
Furniture, equipment and vehicles	-	4,944,171	(1,420,492)	65,477,598
Roads	61,953,919	10,490,144	(1,357,930)	277,672,230
Water	268,540,016	13,479,298	(234,627)	178,389,190
Sewer	165,144,519	1,097,527	(46,670)	79,339,831
Drainage	78,288,974	3,253,476	(10,368)	134,739,732
Library collection	131,496,624	637,414	(614,598)	4,711,412
Assets under construction	4,688,596	39,906,753	-	117,748,709
Total	\$ 1,249,309,512	\$ 91,267,532	\$ (3,839,701)	\$ 1,336,737,343

Accumulated depreciation	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land and improvements	\$ 43,670,817	\$ 2,201,040	\$ (155,016)	\$ 45,716,841
Buildings	93,293,835	5,669,835	-	98,963,670
Furniture, equipment and vehicles	33,619,406	4,052,220	(1,368,405)	36,303,221
Roads	119,688,256	6,541,595	(1,106,992)	125,122,859
Water	33,993,497	1,979,714	(199,998)	35,773,213
Sewer	33,375,462	1,109,449	(30,469)	34,454,442
Drainage	47,901,666	1,602,089	(8,832)	49,494,923
Library collection	2,748,723	470,132	(464,941)	2,753,914
Total	\$ 408,291,662	\$ 23,626,074	\$ (3,334,653)	\$ 428,583,083

	Net book value December 31, 2022	Net book value December 31, 2023
Land and improvements	\$ 199,890,285	\$ 202,460,606
Buildings	124,499,971	131,517,524
Furniture, equipment and vehicles	28,334,513	29,174,377
Roads	148,851,760	152,549,371
Water	131,151,022	142,615,977
Sewer	44,913,512	44,885,389
Drainage	83,594,958	85,244,809
Library collection	1,939,873	1,957,498
Assets under construction	77,841,956	117,748,709
Total	\$ 841,017,850	\$ 908,154,260

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

11. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution and are recorded in land sales and other contributions on the Consolidated Statement of Operations. The value of contributed assets received during the year is as follows:

	2023	2022
Land and improvements	\$ 1,304,381	\$ 8,728,409
Buildings	-	7,897,591
Roads	2,676,418	1,985,775
Water	965,820	280,809
Sewer	253,889	381,904
Drainage	640,980	928,436
	<u>\$ 5,841,488</u>	<u>\$ 20,202,924</u>

(b) Tangible capital assets disclosed at nominal value:

Where an estimate of fair value can not be made, the tangible capital asset is recognized at a nominal value.

(c) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was nil (2022 - nil).

12. Asset retirement obligations:

Following the adoption of PS3280, the District owns and leases some buildings that are known to contain asbestos and other hazardous materials, which represents a health hazard when undergoing certain repairs and maintenance work and upon demolition of the building. Additionally, some sites owned by the District contain underground fuel tanks. As there is a legal obligation to remove hazardous materials, the District has recognized a liability relating to the asset retirement obligations, as estimated at December 31, 2023.

Opening balance	\$ -
Adoption of asset retirement obligations	5,121,227
Accretion expense	185,707
<u>Total</u>	<u>\$ 5,306,934</u>

The liability has been estimated using a net present value technique with a discount rate of 5.41% and inflation rate of 3.22%. The estimated total undiscounted future expenditures are \$19,554,540 which are to be incurred over 58 years from 2024 to 2082.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

13. Accumulated surplus:

	2023	2022
(a) Reserves are comprised of the following:		
Operating and risk management:		
Assessment appeal and property tax	\$ 6,533,014	\$ 6,352,550
Development stabilization	4,086,184	6,630,664
General municipal operations	5,016,898	6,251,299
Utilities – Water working capital	3,311,065	3,170,000
Utilities – Sewer working capital	3,008,160	2,880,000
Human Resources	612,344	511,714
Auto, fire and liability insurance	1,548,390	1,482,423
Operating projects in progress (future expenditures)	3,305,466	3,212,117
	<u>27,421,521</u>	<u>30,490,767</u>
Partner Organizations:		
District of North Vancouver Municipal Public Library	903,737	525,008
North Vancouver Museum and Archives	(24,912)	(60,320)
North Shore Emergency Management Office	119,656	109,500
	<u>998,481</u>	<u>574,188</u>
Existing Capital:		
Infrastructure	12,959,629	11,834,467
Utilities – water	14,652,769	12,451,308
Utilities – sewer and drainage	28,817,403	20,750,757
Utilities – solid waste	7,641,496	6,561,206
Vehicles and equipment	7,257,953	5,873,229
	<u>71,329,250</u>	<u>57,470,967</u>
New capital, initiatives and growth:		
Transportation and mobility	1,975,911	3,578,445
Community health and safety	258,727	2,308,124
Climate and innovation	627,246	915,522
Heritage retention and conservation	137,941	132,064
Other development charges	741,289	837,584
Community amenity contributions	19,643,129	18,576,334
Growing communities grant	10,353,205	-
Local improvement	328,439	314,446
Tax growth	9,115,317	7,825,613
	<u>43,181,204</u>	<u>34,488,132</u>
Land and housing:		
Land	4,198,230	5,685,906
Land income	7,175,834	3,966,433
Housing	5,029,828	4,383,062
	<u>16,403,892</u>	<u>14,035,401</u>
(b) Capital projects in progress:		
Land and improvements	3,895,363	8,798,014
Buildings	(4,482,226)	11,881,709
Furniture, equipment and vehicle	10,911,250	13,673,578
Roads	(994,464)	1,052,649
Water	2,406,123	279,161
Sewer	3,696,646	11,023,709
Drainage	553,182	2,840,589
Future major repair and maintenance	10,459,007	13,632,964
Other	10,992,139	4,903,699
	<u>37,437,020</u>	<u>68,086,072</u>
(c) Equity in tangible capital assets	878,991,732	812,850,911
Accumulated surplus	\$ 1,075,763,100	\$ 1,017,996,438

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

14. Taxation:

In addition to levying and collecting property tax for municipal purposes, the District is required to levy and collect taxes on behalf of other jurisdictions.

	2023 Budget	2023 Actual	2022 Actual
Gross taxes levied on property	\$ 216,267,167	\$ 216,728,964	\$ 211,035,730
Deduct: Taxes levied and collected on behalf of other jurisdictions:			
Province of B.C. – school taxes	72,330,035	72,012,546	68,053,608
Translink	16,723,747	16,647,535	16,208,704
B.C. Assessment	2,694,247	2,683,004	2,607,277
MVRD	3,651,628	3,635,018	3,413,539
MFA	14,177	14,112	13,128
	95,413,834	94,992,215	90,296,256
Add:			
Payment in lieu of taxes	6,873,573	6,914,776	6,252,839
Net taxes for municipal purposes	\$ 127,726,906	\$ 128,651,525	\$ 126,992,313

15. Commitments and contingencies:

(a) Contingent liabilities:

As a member of the MVRD, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District, the District is jointly and severally liable for the net capital liabilities of these districts. Any liability which may arise as a result will be accounted for in the period in which the required payment is made.

(b) Municipal Pension Plan:

The District and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula.

As at December 31, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 918 contributors (2022 – 854 contributors) from the District.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

15. Commitments and contingencies (continued):

(b) Municipal Pension Plan (continued):

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

The most recent valuation for the Municipal Pension Plan as of December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

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

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

The District paid \$7,634,108 (2022 - \$6,990,358) for employer contributions to the plan in fiscal 2023.

(c) Third party claims and property tax appeals:

Several claims have been initiated against the District in varying or unspecified amounts. In addition, several property tax appeals have been filed with BC Assessment and are pending at December 31, 2023. Any amounts payable in addition to the accrued amounts, if any, arising from the claims and the appeals will be recorded in the year in which the amount is determinable.

Reserves have been established to fund potential additional unfavourable results.

(d) Insurance:

In the ordinary course of business, claims are asserted or made against the District, and the District is currently involved in various legal actions. The outcome of these actions cannot be determined at this time. A provision has been made in the accounts for any possible unfavourable outcome of these actions. The amount of any loss in excess of the provision and insurance coverage will be recorded when determinable.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

15. Commitments and contingencies (continued):

(e) Contractual obligations:

The District has entered into an agreement with a facility manager to manage a recreational facility for a period of 5 years commencing September 1, 1998 and renewable at the option of the facility manager for further 5-year terms to August 31, 2048. As part of the agreement the District has committed to the payment of 2,800 hours of facility rental for each year ended August 31st. For the year ended December 31, 2023, the District's liability is estimated at \$731,473. For succeeding years, this amount will be adjusted by any change in the Vancouver average all-in consumer price index for the previous year.

(f) MFA demand notes:

The District issues its debt instruments through the MFA. The District also executes demand notes in connection with each debenture whereby the District may be required to lend certain amounts to the MFA. Demand notes have been executed in the amount of \$1,099,485 (2022 - \$1,099,485). These demand notes are contingent in nature and are therefore not recorded as liabilities.

(g) E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm"):

The District is a shareholder and member of E-Comm Emergency Communications for British Columbia Incorporated (E-Comm), whose services include: regional 911 call centre for the Greater Vancouver Regional District, Area Wide Radio emergency communications network, dispatch operations and records management. The District holds 1 Class A share and 1 Class B share (of a total 36 Class A and 19 Class B shares issued and outstanding at December 31, 2023). As a Class A shareholder, the District is committed to paying levies for services received under a cost-sharing formula to fund operating and capital costs of the E-Comm operations. In addition, the District is contingently liable to cover its proportionate share of such costs should any member be unable to fulfill its funding obligations. Annual levy amounts fluctuate based on various factors under the cost-sharing formula, and amounted to \$342,511 during 2023 (2022 - \$333,059).

16. Performance deposits:

In addition to cash deposits, the District is holding irrevocable Letters of Credit in the amount of \$74,291,021 (2022 - \$73,305,345), which were received from depositors to ensure their performance of works to be undertaken within the District. These amounts are not reflected in these consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

17. Segment disclosures:

District services are provided by departments and their activities are reported in the District's funds as described in Note 1(f). The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Revenues not directly attributable to a specific segment are included in General Government & Admin.

Amounts shown for operating expenses are the gross amounts including interfund eliminations incurred by departments for all segmented activity.

The segments include the following:

- (a) **General Government and Administration** provides support services to Council, the community and other departments providing direct services to residents and businesses. These internal departments include the City Manager's Office, Corporate Services, Finance and Climate Action. Various corporate expenses not directly attributable to a specific segment are included in General Government, including but not limited to depreciation, climate related events, interest on long term debt and third-party claims.
- (b) **Utility Services** provides planning, design, construction and maintenance for water distribution, sewage collection, drainage, neighbourhood energy utilities and refuse removal services.
- (c) **Transportation and Engineering** provides planning, design, construction and maintenance of the District's streets, street lighting, traffic control, transportation planning, utility and communication corridors and project delivery services.
- (d) **Protective Services** includes Police, Fire and Rescue, Natural Hazards, Bylaws and Emergency Management. Emergency Management is a shared service provided by the District, the District of West Vancouver and the City of North Vancouver.
- (e) **Community Services** includes Parks and Community Grants as well as the North Vancouver Museum and Archives Commission (NVMA) and North Vancouver Recreation & Cultural Commission (NVRC) which are shared services provided by the District and the City of North Vancouver.
- (f) **Planning and Development** creates plans, programs and policies required for District wide community planning, zoning, subdivision and permitting. It also includes Real Estate and Properties, Business Services and Economic Development.
- (g) **Library Services** includes the District of North Vancouver Municipal Public Library (the "Library") which enriches our community by connecting people, sharing knowledge and inspiring stories. The Library is a welcoming community hub that provides free access to a wide range of public resources and services to the residents of the District of North Vancouver.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

17. Segment disclosures (continued):

	General Government and Administration	Utility Services	Transportation and Engineering	Protective Services	Community Services	Planning and Development	Library Services	Adjustments and Transfers	2023 Consolidated	2022 Consolidated
Revenues:										
Taxation	\$ 128,651,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,651,525	\$ 126,992,313
Sales, fees and user charges:										
Water	-	35,000,985	2,831	-	-	-	-	(573,703)	34,430,113	32,453,993
Sewer	-	32,150,298	-	-	-	-	-	(17,995)	32,132,303	29,103,943
Solid waste	-	8,858,263	-	-	-	-	-	(306,293)	8,551,970	8,192,341
Parks, recreation and culture	-	-	-	-	14,969,471	-	124,343	-	15,093,814	13,215,062
Other	4,113,648	2,730,683	3,764,790	2,311,183	3,112,611	17,616,904	-	(3,236,056)	30,413,763	33,480,086
Transfers from government:										
Federal Government	-	-	-	-	-	-	5,772	1,203,101	1,208,873	291,843
Provincial Government	10,651,092	77,609	341,372	946,585	177,008	484,525	703,960	630,199	14,012,350	3,469,552
Regional Government	57,742	25,448	708,291	3,152	33,791	-	8,419,203	(4,720,026)	4,527,601	1,972,565
Investment income	7,889,009	2,047,959	411,899	-	1,058,028	1,544,280	-	1,516,474	14,467,649	7,821,803
Land, sales & other contributions	-	-	-	648,663	619,936	5,645,919	19,718	5,548,707	12,482,943	25,438,995
	151,363,016	80,891,245	5,229,183	3,909,583	19,970,845	25,291,628	9,272,996	44,408	295,972,904	282,432,496
Expenses:										
Salaries and benefits	20,214,258	7,950,532	9,026,282	26,641,063	26,837,253	12,287,046	5,843,674	-	108,800,108	96,279,523
Goods and materials	2,312,089	1,444,456	(76,610)	206,961	1,243,914	1,500,366	782	-	6,631,958	6,578,655
Building and grounds	2,978,982	996,897	944,833	1,296,919	5,496,424	174,707	754,252	(898,001)	11,745,013	11,200,046
Equipment costs	(668,527)	3,798,787	1,182,900	1,332,432	1,870,751	370,171	319,679	-	8,206,193	5,515,672
Service costs	-	-	681,390	-	-	-	-	-	681,390	752,662
Administrative costs	4,976,408	1,907,309	98,137	900,025	5,326,634	1,619,583	732,296	(197,241)	15,363,151	13,824,333
Contract services	143,038	35,172,417	12,097	21,763,623	9,037,260	1,020,490	41,918	(8,349,648)	58,841,195	54,003,723
Grants	36,000	-	6,000	1,454	2,778,888	39,546	-	-	2,861,888	3,033,891
Debt interest	1,449,272	-	-	-	-	-	-	-	1,449,272	1,198,127
	31,441,520	51,270,398	11,875,029	52,142,477	52,591,124	17,011,909	7,692,601	(9,444,890)	214,580,168	192,386,632
Depreciation	8,380,808	5,169,768	6,376,269	500,386	2,606,450	-	592,393	-	23,626,074	22,036,260
	39,822,328	56,440,166	18,251,298	52,642,863	55,197,574	17,011,909	8,284,994	(9,444,890)	238,206,242	214,422,892
Annual (surplus) deficit	\$ 111,540,688	\$ 24,451,079	\$ (13,022,115)	\$ (48,733,280)	\$ (35,226,729)	\$ 8,279,719	\$ 988,002	\$ 9,489,298	\$ 57,766,662	\$ 68,009,604

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

18. Budget figures:

The operating and capital budget figures, presented on a basis consistent with that used for actual results, were approved by Council as the "2023-2027 Financial Plan Approval Bylaw 8619 on April 3, 2023 and the 2023 Amendment Bylaw 8658 (Amendment 1)" on November 6, 2023. Depreciation was not included in the development of the budget and, as such, has not been included.

	Original Budget	Amended Budget	Change
Revenue:			
Taxation	\$ 128,963,907	\$ 128,963,907	\$ -
Sales, fees, and other user charges	111,603,702	112,538,346	934,644
Developer contributions	14,963,040	14,938,040	(25,000)
Grants and other contributions	11,890,005	13,757,605	1,867,600
Investment income	10,529,318	10,529,318	-
Penalties and interest on taxes	1,074,600	1,074,600	-
	279,024,572	281,801,816	2,777,244
Proceeds from borrowing	23,772,000	21,460,223	(2,311,777)
Appropriations from:			
Operating reserves	7,596,654	8,098,510	501,856
Capital reserves	61,134,277	68,661,184	7,526,907
	68,730,931	76,759,694	8,028,763
Source of funds	371,527,503	380,021,733	8,494,230
Operating expenditures:			
Community services	46,372,888	47,018,132	645,244
Planning and development	16,505,155	17,853,930	1,348,775
Protective services	48,790,840	50,198,263	1,407,423
Transportation and engineering	9,684,710	10,999,846	1,315,136
Utilities	53,969,078	55,859,584	1,890,506
Governance and administration	24,868,277	26,358,721	1,490,444
	200,190,948	208,288,476	8,097,528
Capital expenditures	95,959,043	96,212,527	253,484
Debt service	2,761,745	2,761,745	-
Contributions to:			
Operating reserves	1,098,967	1,098,967	-
Capital reserves	71,516,800	71,660,018	143,218
	72,615,767	72,758,985	143,218
Use of funds	\$ 371,527,503	\$ 380,021,733	\$ 8,494,230

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

18. Budget figures (continued):

The chart below reconciles the amended budget to the budget figures reported in these consolidated financial statements.

Revenue:	
Operating budget	\$ 370,167,981
Capital budget	9,853,752
<u>Total revenue per approved budget</u>	<u>380,021,733</u>
Less:	
Transfers from other funds	(76,759,694)
Capital funding less repair and maintenance:	
Inter-agency eliminations	(4,912,849)
Proceeds from debt	(21,460,223)
<u>Total revenues, as reported</u>	<u>276,888,967</u>
Expenses:	
Operating budget	283,809,206
Capital budget	96,212,527
<u>Total expenses per approved budget</u>	<u>380,021,733</u>
Less:	
Transfers to other funds	(72,758,985)
Inter-agency eliminations	(3,315,246)
Capital expenses, including major repair and maintenance	(96,212,527)
Debt principal repayment	(2,761,745)
Operating repair and maintenance funded as capital expenses	8,382,072
<u>Total expenses as reported</u>	<u>213,355,302</u>
<u>Annual surplus, per Consolidated Statement of Operations</u>	<u>\$ 63,533,665</u>

19. Contractual rights:

The District has entered into contracts or agreements in the normal course of operations that it expects will result in the realization of revenue and assets in future fiscal years. The District's contractual rights arise because of contracts entered into for leases, and various agreements. The following table summarizes the expected revenue from the contractual rights of the District for future assets for the next four years:

	2024	2025	2026	2027	Total
Development agreements	\$ 5,134,069	\$ 4,937,820	\$ 8,818,019	\$ -	\$ 18,889,908
Leases	3,464,408	2,286,055	905,534	423,633	7,079,630
	<u>\$ 8,598,477</u>	<u>\$ 7,223,875</u>	<u>\$ 9,723,553</u>	<u>\$ 423,633</u>	<u>\$ 25,969,538</u>

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

20. Supplemental cash flow information:

Changes in operating assets and liabilities, as presented in the Consolidated Statement of Cash Flows is as follows:

	2023	2022
Cash provided from (used in):		
Taxes and accounts receivable	\$ (2,945,643)	\$ 2,143,638
Inventories held for consumption/resale	223,654	(261,070)
Prepaid expenses	(839,013)	(317,224)
Due to/from Governments	3,637,537	2,737,470
Accounts payable and accrued liabilities	7,797,846	(5,329,163)
Deferred revenue	8,399,678	(6,757,194)
Change in operating assets and liabilities	\$ 16,274,059	\$ (7,783,543)

21. Financial risk management:

The District has exposure to certain risks from its financial instruments:

(a) Credit risk:

Credit risk is the risk of economic loss should the counterparty to a transaction default or otherwise fail to meet its obligation. The District is exposed to credit risk through its cash and cash equivalents, accounts receivables, and investments. The maximum exposure to credit risk on these instruments is their carrying value.

Credit risk associated with cash and cash equivalents is minimized by ensuring that these assets are held at financial institutions with a high credit quality. The District has deposited cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The District assess, on a continuous basis, accounts receivables and provides for any amounts that are not collectible.

(b) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates or interest rate will affect the District's value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on investments.

(i) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the District.

The District is exposed to interest rate risk related to its long-term debt issued by the MFA which is subject to fixed interest rate. Fluctuations in rates could impact future payments upon renewal.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2023

21. Financial risk management (continued):

(b) Market risk (continued):

(i) Currency risk:

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The District does not hold investments in foreign currencies.

(c) Liquidity risk:

Liquidity risk is the risk that the District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The District manages its liquidity risk by monitoring its operating and capital requirements. The District prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no significant change to the risk exposure from 2022.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Unaudited Statement of Growing Communities Fund

Year ended December 31, 2023

Growing Communities Grant – (Unaudited):

In 2023, the Provincial Government announced funding of up to \$1 billion in direct grants provided to local governments to help support all B.C. communities. The objective of this funding is to help local government to invest into infrastructure and amenities that will help facilitate the increase in housing supply throughout the community. In 2023, the District received a Growing Communities Grant of \$10,254,000. A requirement of the Growing Communities Fund is to include a schedule to the financial statements presenting the amount of funding received, use of funds, and year-end balance of unused funds. A schedule will continue to be reported annually until funds are fully drawn down.

	2023
Growing Communities Fund received	\$ 10,254,000
Less capital costs:	
Local road improvement and upgrades	(126,140)
Add: interest earned	225,345
Ending balance	\$ 10,353,205
