

**The Corporation of the City of  
North Vancouver  
Consolidated Financial Statements  
For the year ended December 31, 2014**



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## **INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council of the Corporation of the City of North Vancouver

We have audited the accompanying consolidated financial statements of the Corporation of the City of North Vancouver, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 our 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, we consider 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 evaluating 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of North Vancouver as at December 31, 2014, 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.

*KPMG LLP*

Chartered Accountants

May 4, 2015

Burnaby, Canada

**The Corporation of the City of North Vancouver  
Consolidated Statement of Financial Position  
As at December 31, 2014 with comparative figures for 2013  
(in thousands of dollars)**

	2014	2013
<b>FINANCIAL ASSETS</b>		
Cash	\$ 6,067	\$ 4,585
Temporary investments (note 3(a))	43,568	28,667
Portfolio investments (note 3(b))	107,149	121,435
Investment in Lonsdale Energy Corp. (note 4)	1,702	1,689
Due from other governments	3,845	3,725
Accounts receivable	10,120	9,592
Loan to Lonsdale Energy Corp. (note 5)	10,768	9,577
Interest receivable	9,711	7,977
	<u>192,930</u>	<u>187,247</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	13,388	15,195
Deferred revenue	24,287	21,026
Deferred development cost charges	20,725	20,601
Long-term debt (note 6)	1,660	1,833
Employee future benefits (note 7)	6,616	6,331
Advances and other liabilities	8,097	8,400
	<u>74,773</u>	<u>73,386</u>
<b>NET FINANCIAL ASSETS</b>	<u>118,157</u>	<u>113,861</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	254,056	248,860
Inventories	565	410
Prepaid expenses	1,882	1,093
	<u>256,503</u>	<u>250,363</u>
<b>ACCUMULATED SURPLUS (note 9)</b>	<u>\$ 374,660</u>	<u>\$ 364,224</u>

Commitments and contingencies (note 10)  
See accompanying notes to the consolidated financial statements

  
Director of Finance

**The Corporation of the City of North Vancouver**  
**Consolidated Statement of Operations**  
**Year ended December 31, 2014 with comparative figures for 2013**  
**(in thousands of dollars)**

	<b>2014 Budget</b>	<b>2014</b>	<b>2013</b>
	(notes 2(g) and 13)		
<b>REVENUE</b>			
Property value tax	\$ 48,771	\$ 48,727	\$ 46,835
Parcel taxes	2,379	2,398	2,240
Licences and permits	3,351	3,638	3,415
Fines and fees	4,148	4,575	4,358
Rent	1,321	1,342	1,314
Interest and penalties	2,174	5,796	5,950
Sale of services	23,034	23,993	22,177
Rebate and recoveries	79	93	248
Grants and other	5,615	8,732	8,747
(Losses) gains on disposition of assets	-	(1,864)	20,789
Developer contributions and other transfers	1,248	10,694	15,416
Lonsdale Energy Corp. income (loss)	-	13	(142)
	<u>92,120</u>	<u>108,137</u>	<u>131,347</u>
<b>EXPENSES</b>			
General government	15,971	17,516	16,930
Transportation and transit	3,998	6,219	4,587
Health, social services and housing	2,333	2,353	2,274
Development services	4,541	4,578	4,399
Protective services	23,234	22,584	22,295
Parks, recreation and culture	23,856	24,396	23,417
Water utilities	8,574	7,984	8,177
Sewer utilities	7,286	8,031	7,010
Solid waste	4,198	4,040	4,256
	<u>93,991</u>	<u>97,701</u>	<u>93,345</u>
Total expenses (note 12)	<u>93,991</u>	<u>97,701</u>	<u>93,345</u>
Annual surplus (deficit)	(1,871)	10,436	38,002
Accumulated surplus beginning of year	<u>364,224</u>	<u>364,224</u>	<u>326,222</u>
Accumulated surplus end of year	<u>\$ 362,353</u>	<u>\$ 374,660</u>	<u>\$ 364,224</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver**  
**Consolidated Statement of Change in Net Financial Assets**  
**Year ended December 31, 2014 with comparative figures for 2013**  
**(in thousands of dollars)**

	<b>2014 Budget</b>	<b>2014</b>	<b>2013</b>
	(notes 2(g) and 13)		
Annual surplus (deficit)	\$ (1,871)	\$ 10,436	\$ 38,002
Acquisition of tangible capital assets	(99,519)	(17,322)	(16,953)
Non-cash developer contributed assets and found assets	-	(1,021)	(15,416)
Proceeds on sale of tangible capital assets	-	13	1,117
Depreciation of tangible capital assets	11,000	11,270	10,495
Loss (gain) on disposition of tangible capital assets	-	1,864	(20,789)
	<u>(88,519)</u>	<u>(5,196)</u>	<u>(41,546)</u>
Acquisition of inventories	-	(1,201)	(1,262)
Acquisition of prepaid expenses	-	(1,823)	(1,403)
Use of inventories	-	1,046	1,141
Use of prepaid expenses	-	1,034	1,183
	<u>-</u>	<u>(944)</u>	<u>(341)</u>
Increase (decrease) in net financial assets	(90,390)	4,296	(3,885)
Net financial assets, beginning of year	<u>113,861</u>	<u>113,861</u>	<u>117,746</u>
Net financial assets, end of year	<u>\$ 23,471</u>	<u>\$ 118,157</u>	<u>\$ 113,861</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver**  
**Consolidated Statement of Cash Flows**  
**Year ended December 31, 2014 with comparative figures for 2013**  
**(in thousands of dollars)**

	<u>2014</u>	<u>2013</u>
<b>Cash provided by (used for):</b>		
<b>Operating Activities</b>		
Annual surplus	\$ 10,436	\$ 38,002
Items not involving cash:		
Depreciation expense	11,270	10,495
Loss (gain) on disposal of tangible capital assets	1,864	(20,789)
Non-cash developer contributed assets and found assets	(1,021)	(15,416)
Lonsdale Energy Corp. (income) loss	(13)	142
Changes in non-cash operating items:		
Increase in due from other governments	(120)	(440)
Decrease (increase) in accounts receivable	(528)	6,014
Increase in promissory note receivable	(1,191)	(9,577)
Increase in interest receivable	(1,734)	(1,067)
Increase (decrease) in accounts payable and accrued liabilities	(1,807)	1,141
Increase in deferred revenue	3,261	1,881
Increase in deferred development cost charges	124	-
Increase in accrued employee future benefits	285	364
Decrease in advances and other liabilities	(303)	(78)
Increase in inventories	(155)	(121)
Increase in prepaid expenses	(789)	(220)
	<u>19,579</u>	<u>10,331</u>
<b>Capital Activities</b>		
Cash used to acquire tangible capital assets	(17,322)	(16,953)
Proceeds from sale of tangible capital assets	13	1,117
	<u>(17,309)</u>	<u>(15,836)</u>
<b>Investing Activities</b>		
Decrease (increase) in temporary investments	(14,901)	12,295
Decrease (increase) in portfolio investments	14,286	(3,894)
	<u>(615)</u>	<u>8,401</u>
<b>Financing Activities</b>		
Repayment of long-term debt	(173)	(167)
	<u>(173)</u>	<u>(167)</u>
Increase in cash	1,482	2,729
Cash, beginning of year	<u>4,585</u>	<u>1,856</u>
Cash, end of year	<u>\$ 6,067</u>	<u>\$ 4,585</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver  
Notes to Consolidated Financial Statements  
Year ended December 31, 2014  
(tabular amounts in thousands of dollars)**

**1. OPERATIONS**

The City of North Vancouver (the "City") was incorporated in 1907 under the Local Government Act of British Columbia. The City's principal activity is the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water and sanitary services.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards, as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. The significant accounting policies are summarized below:

**(a) Basis of Presentation**

The consolidated financial statements include the accounts of all the funds of the City, the accounts of the North Vancouver City Library, which is controlled by the City, the City's 33% proportionate share of the operations of the North Vancouver Recreation Commission, and the City's 50% proportionate share of the operations of the North Vancouver Museum and Archives Commission. The City's investment in Lonsdale Energy Corporation ("LEC"), a wholly owned government business enterprise, is accounted for using the modified equity method.

The City participates with the District of North Vancouver in the operation and management of the North Vancouver Recreation Commission, and the City includes its proportionate share in the City's consolidated financial statements. The current agreement specifies that the operating costs shall be paid 33% (2013 – 33%) by the City and 67% (2013 – 67%) by the District of North Vancouver. Each municipality is responsible for its own facilities and pays 100% of all capital costs relating to improvement, expansion and replacement of buildings or facility equipment.

The City also participates with the District of North Vancouver in the operation and management of the North Vancouver Museum and Archives Commission, and the City includes its proportionate share in the City's consolidated financial statements. The current agreement specifies that the operating costs shall be paid 50% (2013 – 50%) by the City and 50% (2013 – 50%) by the District of North Vancouver. Each municipality is responsible for its own facilities and pays 100% of all capital costs relating to improvement, expansion and replacement of buildings or facility equipment.

**(b) Basis of Accounting**

Revenue is recorded on an accrual basis and recognized when earned. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services.

**(c) Deferred Revenue**

Deferred revenue consists of prepaid property taxes, prepaid business licenses, and fees paid in advance for services yet to be provided.

**The Corporation of the City of North Vancouver  
Notes to Consolidated Financial Statements  
Year ended December 31, 2014  
(tabular amounts in thousands of dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (con't)**

**(d) Development Cost Charges**

Development cost charges collected to pay for future capital projects are deferred upon receipt and recognized as revenue when the capital costs for which they were collected are incurred.

**(e) Temporary Investments**

Temporary investments include bank issued notes and bonds and provincial bonds and debentures maturing in the subsequent year and are valued at the lower of cost or market value.

**(f) Portfolio Investments**

Portfolio investments include bank issued notes and bonds and provincial bonds and debentures maturing after the subsequent year end. Securities are recorded at their cost and written down to reflect losses in value that are other than temporary.

**(g) Budget Figures**

The audited budget figures are based on the ten year financial plan adopted on April 28, 2014.

**(h) Government Transfers**

Unrestricted government transfers are recognized as revenue in the year that the transfer is authorized by the issuing government and any eligibility criteria have been met. Restricted government transfers, in the way of grants or other transfers, are recognized as revenue in the year in which the stipulations are met.

**(i) Employee Future Benefits**

The City and its employees make contributions to the Municipal Pension Plan. The City's contributions are expensed as incurred.

Sick leave and post-employment benefits also accrue to the City's employees. The liabilities related to these benefits are actuarially determined based on services and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

**(j) Long-term Debt**

Long-term debt is recorded in the consolidated financial statements net of repayments and actuarial adjustments.

**The Corporation of the City of North Vancouver  
Notes to Consolidated Financial Statements  
Year ended December 31, 2014  
(tabular amounts in thousands of dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (con't)**

**(k) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business.

**(i) Tangible Capital Assets**

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

Land improvements	Straight line over useful life of each asset unit	10 – 20 years
Parks	Straight line over useful life of each asset unit	10 – 50 years
Buildings	Straight line over useful life of each asset unit	10 – 100 years
Machinery & equipment	Straight line over useful life of each asset unit	10 – 12 years
Vehicles	Straight line over useful life of each asset unit	6 – 25 years
Infrastructure	Straight line over useful life of each asset unit	7 – 100 years
Library materials	Straight line over useful life of each asset unit	2 – 5 years
Work in progress	Not depreciated until put into use	

**(ii) Contributions of Tangible Capital Assets**

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

**(iii) Works of Art and Historic Assets**

Works of art and historic assets are not recorded as assets in these consolidated financial statements.

**(iv) Natural Resources**

Horticultural assets such as treed areas, grassy areas and gardens are not recognized as assets in the consolidated financial statements.

**(v) Interest Capitalization**

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

**The Corporation of the City of North Vancouver  
Notes to Consolidated Financial Statements  
Year ended December 31, 2014  
(tabular amounts in thousands of dollars)**

**2. SIGNIFICANT ACCOUNTING POLICIES (con't)**

**(k) Non-Financial Assets (cont'd)**

**(vi) Leased Tangible Capital Assets**

Leases that 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 payments are charged to expenses as incurred.

**(vii) Inventories**

Inventories held for consumption are recorded at the lower of weighted average cost and replacement cost.

**(viii) Prepaid Expenses**

Prepaid expenses are recorded as assets in the consolidated financial statements.

**(l) Estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the disclosure of contingent liabilities. Areas requiring significant estimation are post-employment benefits, compensated absences and termination benefits and estimated useful life of tangible capital assets. Actual results could differ from these estimates.

**(m) Segment Disclosure**

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.

**3. INVESTMENTS**

**(a) Temporary Investments**

The fair value of temporary investments at December 31, 2014 was \$45,042,845 (2013 - \$28,867,000). These investments range in maturity date from January 9, 2015 to November 2, 2015, and range in yield from 1.7% to 5.75%.

**(b) Portfolio Investments**

The fair value of portfolio investments at December 31, 2014 was \$119,750,380 (2013 - \$132,425,000). These investments range in maturity from January 22, 2016 to December 1, 2025, and range in yield from 2.00% to 7.52%.

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2014**  
**(tabular amounts in thousands of dollars)**

**4. INVESTMENT IN LONSDALE ENERGY CORP.**

The City owns all the issued and outstanding shares of LEC, which was incorporated under the British Columbia Company Act on July 7, 2003. LEC operates a district energy system providing hydronic energy to residential, institutional and commercial buildings in the Lonsdale and Marine Drive – Harbourside areas of the City of North Vancouver.

Summarized financial information relating to LEC is as follows:

	<u>2014</u>	<u>2013</u>
Current assets	\$ 1,989	\$ 2,724
Non-current assets	19,531	17,642
Total assets	<u>\$ 21,520</u>	<u>\$ 20,366</u>
Current liabilities	\$ 2,485	\$ 2,501
Long-term liabilities	17,333	16,176
Total liabilities	<u>\$ 19,818</u>	<u>\$ 18,677</u>
Shareholder's equity	<u>\$ 1,702</u>	<u>\$ 1,689</u>
Total revenue	\$ 2,854	\$ 2,281
Total expenses	2,841	2,423
Net income (loss)	<u>\$ 13</u>	<u>\$ (142)</u>

Included in the City's consolidated statement of financial position is "Investment in Lonsdale Energy Corp." in the amount of \$1,702,000 (2013 - \$1,689,000) and a loan receivable of \$10,768,000 (2013 - \$9,577,000). Also, included in accounts receivable in the City's consolidated statement of financial position is a receivable from LEC in the amount of \$57,000 (2013 - \$114,000).

**5. LOAN TO LONSDALE ENERGY CORP.**

On December 16, 2013, the City converted amounts due from Lonsdale Energy Corp. to a 5-year loan bearing 2.1% interest. Additional funding may be made available to Lonsdale Energy Corporation under the terms of the agreement to a maximum of \$12,000,000. The balance owing at December 31, 2014 is \$10,768,000 (2013 - \$9,577,000). Interest revenue of approximately \$208,900 (2013 - \$8,800) has been included in the consolidated statement of operations.

**6. LONG-TERM DEBT**

The City has financed the expansion of LEC by assuming debt on behalf of LEC through the Municipal Finance Authority in accordance with the Community Charter. Debt principal is reported net of repayments and actuarial adjustments. The City carries no debt for others. The total debt issued and outstanding as at December 31, 2014 was \$1,660,173 (2013 - \$1,833,418).

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2014**  
**(tabular amounts in thousands of dollars)**

**6. LONG-TERM DEBT (con't)**

Future principal re-payments and actuarial adjustments on net outstanding debt over the next five years and thereafter are as follows:

2015	\$	180,175
2016		187,382
2017		194,877
2018		202,672
2019		210,779
Thereafter		684,288
	\$	<u>1,660,173</u>

Interest expense of \$6,000 (2013 - \$6,000) has been included in the Consolidated Statement of Operations. The interest rate on long-term debt is 0.3% per annum.

**7. EMPLOYEE FUTURE BENEFITS**

**(a) Sick and Severance**

Employees of the City are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an actuarial valuation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of the City's future benefits was completed as at December 31, 2012.

Information regarding the City's obligations for these benefits is as follows:

	<u>2014</u>	<u>2013</u>
Benefit obligation - beginning of the year	\$6,260	\$6,962
Add: Current service costs	453	470
Interest on accrued benefit obligation	256	236
Less: Amortization of actuarial loss (gain)	86	(971)
Benefits paid (expected - not charged to liability)	(75)	(101)
Benefits paid during the year	<u>(350)</u>	<u>(336)</u>
Benefit obligation - end of the year	\$6,630	\$6,260
Less: Unamortized actuarial loss (gain)	<u>(14)</u>	<u>71</u>
Accrued benefit liability - end of the year	<u>\$6,616</u>	<u>\$6,331</u>

**The Corporation of the City of North Vancouver**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2014**  
**(tabular amounts in thousands of dollars)**

**7. EMPLOYEE FUTURE BENEFITS (con't)**

The significant actuarial assumptions adopted in measuring the City's accrued benefit liability are as follows:

	2014	2013
Discount rates	3.10%	4.00%
Expected future inflation rates	3.00%	3.00%
Expected wage and salary increases	.08 % to 2.0%	.08 % to 2.0%

The unamortized actuarial loss is amortized over a period equal to the employees' average remaining service lifetime of eleven years for the City.

**(b) Council Retirement Stipend**

Starting 2005, Council Members are entitled to a retirement stipend based on 10% of the individual's total indemnity received subsequent to 2002. These amounts are accrued as earned.

**8. TANGIBLE CAPITAL ASSETS**

	Land	Land Improvements	Parks	Buildings	Machinery & Equipment	Vehicles	Infrastructure	Library Materials	Work in Progress	Total
<b>2014</b>										
<b>Costs</b>										
Balance beginning of year	\$ 21,687	\$ 13,255	\$ 34,391	\$ 108,173	\$ 16,141	\$ 7,847	\$ 169,526	\$ 969	\$ 7,939	\$ 379,928
Additions	921	2,261	1,149	2,508	1,138	1,276	5,315	224	11,488	26,280
Disposals	-	-	1,389	129	731	142	1,491	220	7,939	12,041
Balance end of year	<u>\$ 22,608</u>	<u>\$ 15,516</u>	<u>\$ 34,151</u>	<u>\$ 110,552</u>	<u>\$ 16,548</u>	<u>\$ 8,981</u>	<u>\$ 173,350</u>	<u>\$ 973</u>	<u>\$ 11,488</u>	<u>\$ 394,167</u>
<b>Accumulated Depreciation</b>										
Balance beginning of year	\$ -	\$ 5,557	\$ 8,446	\$ 34,988	\$ 8,454	\$ 4,769	\$ 68,367	\$ 487	\$ -	\$ 131,068
Depreciation	-	889	1,155	4,214	1,763	469	2,555	225	-	11,270
Disposals	-	-	494	29	731	121	632	220	-	2,227
Balance end of year	<u>\$ -</u>	<u>\$ 6,446</u>	<u>\$ 9,107</u>	<u>\$ 39,173</u>	<u>\$ 9,486</u>	<u>\$ 5,117</u>	<u>\$ 70,290</u>	<u>\$ 492</u>	<u>\$ -</u>	<u>\$ 140,111</u>
<b>Net Book Value</b>	<u>\$ 22,608</u>	<u>\$ 9,070</u>	<u>\$ 25,044</u>	<u>\$ 71,379</u>	<u>\$ 7,062</u>	<u>\$ 3,864</u>	<u>\$ 103,060</u>	<u>\$ 481</u>	<u>\$ 11,488</u>	<u>\$ 254,056</u>

	Land	Land Improvements	Parks	Buildings	Machinery & Equipment	Vehicles	Infrastructure	Library Materials	Work in Progress	Total
<b>2013</b>										
<b>Costs</b>										
Balance beginning of year	\$ 13,094	\$ 12,300	\$ 19,224	\$ 91,642	\$ 15,796	\$ 7,770	\$ 166,490	\$ 2,084	\$ 5,215	\$ 333,615
Additions	8,605	955	15,167	18,427	2,603	453	3,650	168	7,939	57,967
Disposals	12	-	-	1,896	2,258	376	614	1,283	5,215	11,654
Balance end of year	<u>\$ 21,687</u>	<u>\$ 13,255</u>	<u>\$ 34,391</u>	<u>\$ 108,173</u>	<u>\$ 16,141</u>	<u>\$ 7,847</u>	<u>\$ 169,526</u>	<u>\$ 969</u>	<u>\$ 7,939</u>	<u>\$ 379,928</u>
<b>Accumulated Depreciation</b>										
Balance beginning of year	\$ -	\$ 4,775	\$ 7,516	\$ 32,731	\$ 8,798	\$ 4,587	\$ 66,460	\$ 1,434	\$ -	\$ 126,301
Depreciation	-	782	930	3,654	1,914	502	2,325	388	-	10,495
Disposals	-	-	-	1,397	2,258	320	418	1,335	-	5,728
Balance end of year	<u>\$ -</u>	<u>\$ 5,557</u>	<u>\$ 8,446</u>	<u>\$ 34,988</u>	<u>\$ 8,454</u>	<u>\$ 4,769</u>	<u>\$ 68,367</u>	<u>\$ 487</u>	<u>\$ -</u>	<u>\$ 131,068</u>
<b>Net Book Value</b>	<u>\$ 21,687</u>	<u>\$ 7,698</u>	<u>\$ 25,945</u>	<u>\$ 73,185</u>	<u>\$ 7,687</u>	<u>\$ 3,078</u>	<u>\$ 101,159</u>	<u>\$ 482</u>	<u>\$ 7,939</u>	<u>\$ 248,860</u>

**The Corporation of the City of North Vancouver  
Notes to Consolidated Financial Statements  
Year ended December 31, 2014  
(tabular amounts in thousands of dollars)**

**8. TANGIBLE CAPITAL ASSETS (con't)**

**(a) Work in Progress**

Work in progress having a value of \$11,488,000 (2013 - \$7,939,000) has not been amortized. Amortization of these assets will commence when the asset is in service.

**(b) Developer Contributed Tangible Capital Assets and Other Transfers**

Developer contributed tangible capital assets and other transfers have been recognized at their fair value at the date of contribution. Developer contributed tangible capital assets and other transfers of \$513,000 (2013 - \$15,416,000) have been recognized during the year.

**(c) Works of Art and Historic Assets**

The City manages and controls various works of art and non-operational historic assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded in the consolidated financial statements of the City.

**(d) Write-Down of Tangible Capital Assets**

There were no write-downs of tangible capital assets during the current or prior year.

**9. ACCUMULATED SURPLUS**

	2014 Actual	2013 Actual
Current Funds - general, water and sewer	\$ 22,226	\$ 20,861
Reserve fund	92,205	87,334
Capital fund	260,229	256,029
Accumulated surplus, end of year	<u>\$ 374,660</u>	<u>\$ 364,224</u>

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**9. ACCUMULATED SURPLUS (con't)**

The following reserve amounts are set aside for specific purposes:

**(a) Reserve Funds**

	Balance December 31, 2013	Contributions & Transfers	Earnings	Less Expenditures	Balance December 31, 2014
Machinery and Equipment					
Engineering	\$ 3,144	\$ 235	\$ 135	\$ 367	\$ 3,147
Fire	142	518	14	101	573
General	305	292	22	159	460
Computer	167	1,080	12	639	620
Building	2,488	297	92	540	2,337
Local Improvements	1,148	9	44	9	1,192
Affordable Housing	2,763	-	109	25	2,847
Tax Sale Lands	40,163	3	1,577	4,312	37,431
Waterworks	6,486	-	252	106	6,632
Parking	549	-	28	27	550
Civic Amenity	17,007	6,800	893	130	24,570
Justice Administration Accomodation	341	-	13	29	325
Streets DCC	204	36	9	-	249
Parks DCC	3	2,966	27	2,966	30
Lower Lonsdale Amenity	7,126	431	241	2,289	5,509
Lower Lonsdale Legacy	2,620	-	99	119	2,600
Infrastructure	1,385	2,851	58	2,633	1,661
Public Art	245	85	41	-	371
Marine Drive Community Amenity	295	-	11	1	305
Sustainable Transportation	419	88	16	70	453
Carbon Fund	334	81	12	84	343
<b>Total</b>	<b>\$ 87,334</b>	<b>\$ 15,772</b>	<b>\$ 3,705</b>	<b>\$ 14,606</b>	<b>\$ 92,205</b>

**(b) Appropriated and Unappropriated**

	2014	2013
Appropriated:		
General funds	\$ 9,456	\$ 8,871
Water fund	207	207
Sewer fund	7,710	6,789
Capital funds	6,173	7,169
Invested in Tangible Capital Assets	254,056	248,860
Unappropriated:		
General funds	4,042	4,085
Water fund	-	52
Sewer fund	811	857
	<b>\$ 282,455</b>	<b>\$ 276,890</b>

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**10. COMMITMENTS AND CONTINGENCIES**

**(a) Property Taxes**

The City is obliged to levy, collect and remit the property taxes on behalf of, and to finance the arrears of property taxes of, other bodies as follows:

Collections for and remittances to other governments	2014	2013
Provincial Government - Schools	\$ 32,016	\$ 31,763
Greater Vancouver Regional District	1,016	1,070
Greater Vancouver Transportation Authority	7,427	7,254
British Columbia Assessment Authority	1,183	1,152
Municipal Finance Authority	4	4
	\$ 41,646	\$ 41,243

The above amounts are excluded from the Property Value Tax in the consolidated financial statements.

**(b) Pension Liability**

The City 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 Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 641 contributors from the City of North Vancouver.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as of December 31, 2015 with results available in 2016. 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 of the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City paid \$3,392,000 (2013 - \$3,157,000) for employer contributions to the Plan in fiscal 2014.

**(c) Contingent Liabilities**

The City is currently engaged in or party to certain legal actions, assessment appeals and other existing conditions involving uncertainty which may result in material loss. A reasonable estimate of these future liabilities has been made where possible and is recorded in the financial statements as a liability. Where the outcomes of amounts or losses are uncertain, no amounts have been recorded.

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**10. COMMITMENTS AND CONTINGENCIES (con't)**

**(d) E-Comm**

The City is a member of Emergency Communications for British Columbia, Incorporated ("E-Comm"), an organization comprised predominately of member municipalities, for the purpose of providing emergency dispatch services. The City is represented on the board and as a class "A" shareholder has voting rights should the organization want to incur additional debt.

The E-Comm facility was constructed using debt as a financing mechanism and members are liable for a proportionate share of that debt. This debt is repaid by members through annual fees charged by E-Comm. Should E-Comm dissolve, the members would be liable for a proportionate share of any residual debt. Alternatively, should members choose to opt out of E-Comm they would be liable for a proportionate share of debt at the time of withdrawal.

The City holds 2 class "A" shares and one class "B" share.

**(e) Contractual Obligations**

During 2014 the City, in conjunction with the District of North Vancouver and the District of West Vancouver, entered into a new contract for recyclables collection for a period of 5 years commencing July 1, 2015. The City's portion of the annual contract costs is expected to be approximately \$1,250,000 for the years 2015 to 2020. The City is also eligible to receive an incentive from Multi-Materials BC (MMBC) of approximately \$55,000 per month (\$660,000 annually).

**11. TRUST FUNDS**

Certain assets have been conveyed or assigned to the City to be administered as directed by an agreement or statute. The City holds the assets for the benefit of, and stands in a fiduciary relationship to, the beneficiary. The Cemetery Trust Fund, totaling \$2,218,000 (2013 - \$2,060,000), which is administered by the City, has not been included with the City's accounts.

**12. SEGMENTED INFORMATION**

The City is a diversified municipal government entity in the Province of British Columbia that provides a wide range of services to its citizens. Certain functional areas have been combined and separately disclosed in the segmented information. The segments and the services they provide are as follows:

**General Government**

General Government provides the administrative and legislative services that support the various sectors of the City. Functions include financial planning and reporting, economic development and legislative services.

**Transportation and Transit**

The Transportation department aims to provide enhanced access to public transit, safe pedestrian and cyclist routes, enable accessible transportation for people with limited mobility and maintain existing infrastructure. These goals are achieved through street design, traffic signals and signs, street lighting and road maintenance activities.

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**12. SEGMENTED INFORMATION (con't)**

**Health, Social Services and Housing**

Health, Social Services and Housing encompasses a wide variety of City funded initiatives aimed at supporting the social structure and sustainability of the community. Included are cemetery operations, youth and family support services, seniors programs and homeless prevention initiatives.

**Development Services**

Development Services' focus is community planning, which includes land use guidelines, the management of City owned lands, heritage planning and development of the City's official community plan.

**Protective Services**

Protective Services is comprised of the North Vancouver RCMP detachment, the North Vancouver City Fire Department and bylaw enforcement. The North Vancouver RCMP detachment plays an integral role in the protection of North Vancouver residents and their property through crime prevention and detection, emergency response and victim services. The North Vancouver City Fire Department is responsible to provide fire suppression service, fire prevention services and fire safety education.

**Parks, Recreation and Culture**

Parks, Recreation and Culture provides access to recreation facilities, the operation and maintenance of the City's many parks and trails, the North Vancouver City Library and the City's participation in the North Vancouver Museum and Archives and the North Vancouver Office of Cultural Affairs.

**Water Utilities**

The Water Utility, in conjunction with Metro Vancouver, provides safe, clean, reliable water to the residents and businesses of the City of North Vancouver.

**Sewer Utilities**

The Sewer Utility collects waste water and transports it to trunk water mains and wastewater treatment plants operated by Metro Vancouver. In addition to the collection of wastewater, the Sewer Utility also manages the City's 150km storm sewerage system which diverts rainfall runoff from private property with an emphasis on flood prevention.

**Solid Waste**

The Solid Waste department provides curbside garbage, recycling and yard trimmings collection to the residents of the City of North Vancouver.

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**12. SEGMENTED INFORMATION (con't)**

	Revenues	Expenses					Total	Annual Surplus(Deficit)
		Wages & Benefits	Goods & Supplies	Services	Depreciation	Capitalized		
General government	\$ 68,970	\$ 10,961	\$ 4,426	\$ 3,097	\$ 3,393	\$ (4,361)	17,516	\$ 51,454
Transportation and transit	2,931	2,714	798	7,795	1,236	(6,324)	6,219	(3,288)
Health, social services and housing	324	464	50	1,846	-	(7)	2,353	(2,029)
Development services	4,744	3,898	27	653	-	-	4,578	166
Protective services	1,669	15,314	611	5,670	1,107	(118)	22,584	(20,915)
Parks, recreation and culture	6,893	12,801	948	10,530	4,040	(3,923)	24,396	(17,503)
Water utilities	9,230	2,006	6,205	1,110	787	(2,124)	7,984	1,246
Sewer utilities	8,744	1,266	240	6,130	637	(242)	8,031	713
Solid waste	4,632	1,251	28	2,691	70	-	4,040	592
2014	<u>\$ 108,137</u>	<u>\$ 50,675</u>	<u>\$ 13,333</u>	<u>\$ 39,522</u>	<u>\$ 11,270</u>	<u>\$ (17,099)</u>	<u>\$ 97,701</u>	<u>\$ 10,436</u>
2013	<u>\$ 131,347</u>	<u>\$ 49,380</u>	<u>\$ 15,142</u>	<u>\$ 34,991</u>	<u>\$ 10,495</u>	<u>\$ (16,663)</u>	<u>\$ 93,345</u>	<u>\$ 38,002</u>

**The Corporation of the City of North Vancouver**  
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**13. BUDGET FIGURES**

The audited budget figures presented in these consolidated financial statements are based upon the financial plan approved by Council as the Financial Plan for the Years 2014 to 2023 Bylaw, 2014, No. 8364 April 28, 2014. The table below reconciles the approved budget to the budget figures reported.

	<u>Financial Plan Bylaw</u>
Revenue per consolidated statement of operations	\$ 92,120
Less:	
Interagency Funds	(6,569)
Add:	
Transfer from other funds	216
Revenue per financial plan bylaw 8364	<u>85,767</u>
Expenses per consolidated statement of operations	93,991
Add:	
Transfer to other funds	9,290
Less:	
Interagency payments	(6,569)
Expenses per financial plan bylaw 8364	<u>96,712</u>
Deficit for the year	(10,945)
Reserves and capital:	
Capital expenditures	(96,425)
Depreciation	11,000
Transfers from reserves	67,330
External contributions	29,040
Annual budgeted Surplus per financial plan bylaw	<u>\$ -</u>