

**The Corporation of the City of
North Vancouver**
Consolidated Financial Statements
For the year ended December 31, 2023

Statement of Management Responsibility

The Council of the Corporation of the City of North Vancouver (“CNV”) has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of CNV. The consolidated financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems. Council annually reviews and accepts the consolidated financial statements.

CNV’s independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether CNV’s consolidated financial statements present fairly in all material respects the financial position of CNV as at December 31, 2023, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.



Larry Sawrenko

Chief Financial Officer

May 6, 2024



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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the City of North Vancouver and its controlled entities (the "City"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of operations, the consolidated statement of changes in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited Information

We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Schedules A and B of the City's consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the City audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

May 8, 2024

**The Corporation of the City of North Vancouver
Consolidated Statement of Financial Position
As at December 31, 2023 with comparative figures for 2022
(in thousands of dollars)**

	<u>2023</u>	<u>2022</u>
		Restated (note 16)
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 237,385	\$ 201,296
Investments (note 3)	62,054	96,217
Investment in Lonsdale Energy Corp. (note 4)	4,829	4,826
Due from other governments	7,731	5,087
Accounts receivable	8,773	10,242
Loan to Lonsdale Energy Corp. (note 5)	26,623	26,653
Interest receivable	7,182	6,990
	<u>354,577</u>	<u>351,311</u>
LIABILITIES		
Accounts payable and accrued liabilities	30,356	22,199
Deferred revenue	38,961	37,607
Deferred lease revenue (note 13)	48,911	49,421
Deferred development cost charges	27,815	21,824
Employee future benefits (note 6)	8,334	8,496
Advances and other liabilities	12,650	10,188
Asset retirement obligations (note 8)	2,742	2,649
	<u>169,769</u>	<u>152,384</u>
NET FINANCIAL ASSETS	<u>184,808</u>	<u>198,927</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	528,021	479,130
Inventories	978	948
Prepaid expenses	3,316	2,754
	<u>532,315</u>	<u>482,832</u>
ACCUMULATED SURPLUS (note 9)	<u>\$ 717,123</u>	<u>\$ 681,759</u>

Commitments and contingencies (note 10)

See accompanying notes to the consolidated financial statements



Larry Sawrenko
Chief Financial Officer

The Corporation of the City of North Vancouver
Consolidated Statement of Operations
Year ended December 31, 2023 with comparative figures for 2022
(in thousands of dollars)

	2023	2023	2022
	Budget		Restated (note 16)
	(notes 2(i) and 15)		
REVENUE			
Property value tax (note 10 (a))	\$ 75,705	\$ 76,274	\$ 72,159
Other levies	4,143	4,188	4,002
Licences and permits	5,436	7,898	7,165
Fines and fees	5,876	6,854	6,236
Rent	2,696	3,873	3,689
Interest, dividends and penalties	4,759	15,156	8,075
Sale of services	36,079	36,819	33,908
Rebate and recoveries	85	203	165
Grants and other	8,280	28,099	13,199
Developer contributions and other transfers	308	5,948	40,907
Gain (Loss) on disposition of assets		746	(1,143)
Lonsdale Energy Corp. income (note 4)		3	213
	<u>143,367</u>	<u>186,061</u>	<u>188,575</u>
EXPENSES			
General government	25,523	28,197	26,326
Transportation and transit	7,774	10,749	10,771
Health, social services and housing	3,069	2,984	2,796
Development services	8,760	9,604	7,716
Protective services	31,676	32,844	28,248
Parks, recreation and culture	35,811	37,143	34,396
Water utilities	12,053	12,378	11,724
Sewer utilities	12,514	13,054	12,201
Solid waste	4,098	3,744	3,254
	<u>141,278</u>	<u>150,697</u>	<u>137,432</u>
Total expenses (note 12)			
Annual surplus	2,089	35,364	51,143
Accumulated surplus beginning of year	<u>681,759</u>	<u>681,759</u>	<u>630,616</u>
Accumulated surplus end of year	<u>\$ 683,848</u>	<u>\$ 717,123</u>	<u>\$ 681,759</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2023 with comparative figures for 2022
(in thousands of dollars)**

	2023 Budget	2023	2022
	(notes 2(i) and 15)		Restated (note 16)
Annual surplus	\$ 2,089	\$ 35,364	\$ 51,143
Acquisition of tangible capital assets	(76,443)	(63,940)	(35,674)
Non-cash developer contributed assets	-	(2,094)	(1,540)
Proceeds on sale of tangible capital assets	-	1,029	120
Depreciation of tangible capital assets	17,700	16,860	17,975
Loss on disposition of tangible capital assets	-	(746)	1,143
	<u>(58,743)</u>	<u>(48,891)</u>	<u>(17,976)</u>
Acquisition of inventories	-	(1,336)	(1,173)
Acquisition of prepaid expenses	-	(3,356)	(3,741)
Use of inventories	-	1,306	971
Use of prepaid expenses	-	2,794	2,531
	<u>-</u>	<u>(592)</u>	<u>(1,412)</u>
Increase (decrease) in net financial assets	(56,654)	(14,119)	31,755
Net financial assets, beginning of year	<u>198,927</u>	<u>198,927</u>	<u>167,172</u>
Net financial assets, end of year	<u>\$ 142,273</u>	<u>\$ 184,808</u>	<u>\$ 198,927</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, 2023 with comparative figures for 2022
(in thousands of dollars)

	2023	2022
		Restated (note 16)
Cash provided by (used for):		
Operating Transactions		
Annual surplus	\$ 35,364	\$ 51,143
Items not involving cash:		
Depreciation expense	16,860	17,975
Accretion expense	93	89
Gain (Loss) on disposal of tangible capital assets	(746)	1,143
Non-cash developer contributed assets	(2,094)	(1,540)
Lonsdale Energy Corp. income	(3)	(213)
Changes in non-cash operating items:		
Increase in due from other governments	(2,644)	(1,125)
Decrease in accounts receivable	1,469	1,229
Change in loan to Lonsdale Energy Corp.	30	390
Decrease (increase) in interest receivable	(192)	1,730
Increase (decrease) in accounts payable and accrued liabilities	8,157	(481)
Increase in deferred revenue	1,354	3,349
Decrease in deferred lease revenue	(510)	(509)
Increase (decrease) in deferred development cost charges	5,991	(248)
Increase (decrease) in accrued employee future benefits	(162)	110
Increase in advances and other liabilities	2,462	111
Increase in inventories	(30)	(202)
Increase in prepaid expenses	(562)	(1,210)
	<u>64,837</u>	<u>71,741</u>
Capital Transactions		
Cash used to acquire tangible capital assets	(63,940)	(35,674)
Proceeds from sale of tangible capital assets	1,029	120
	<u>(62,911)</u>	<u>(35,554)</u>
Investing Transactions		
Decrease in investments	34,163	40,423
	<u>34,163</u>	<u>40,423</u>
Financing Transactions		
Repayment of long-term debt	-	(237)
	<u>36,089</u>	<u>76,373</u>
Increase in cash and cash equivalents	36,089	76,373
Cash and cash equivalents, beginning of year	201,296	124,923
Cash and cash equivalents, end of year	<u>\$ 237,385</u>	<u>\$ 201,296</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, 2023
(Tabular amounts in thousands of dollars)

1. OPERATIONS

The City of North Vancouver ("CNV") was incorporated in 1907 and operates under the provisions of the Community Charter and 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 services include administrative, protective, transportation, environmental, recreational, water and sanitary services.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Presentation

The consolidated financial statements include the accounts of all the funds of CNV, the accounts of the North Vancouver City Library, which is controlled by CNV, CNV's 33.94% proportionate share of the operations of the North Vancouver Recreation Commission, and CNV's 50% proportionate share of the operations of the North Vancouver Museum and Archives Commission. CNV's investment in Lonsdale Energy Corporation ("LEC"), a wholly owned government business enterprise, is accounted for using the modified equity method.

CNV has an agreement with the District of North Vancouver in the operation and management of the North Vancouver Recreation Commission, and CNV includes its proportionate share in CNV's consolidated financial statements. The current agreement specifies that the operating costs shall be paid 33.94% (2022 – 33.94%) by CNV and 66.06% (2022 – 66.06%) 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.

CNV also has an agreement with the District of North Vancouver in the operation and management of the North Vancouver Museum and Archives Commission, and CNV includes its proportionate share in CNV's consolidated financial statements. The current agreement specifies that the operating costs shall be paid 50% (2022 – 50%) by CNV and 50% (2022 – 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.

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

Taxes are recognized as revenue in the year that the taxes are authorized, the taxable event occurs and they are considered collectible. Through the British Columbia Assessments appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded. Levies imposed for Regional District services and other taxing authorities are not included.

Lease revenue is recognized on a straight-line basis over the term of the lease.

Charges for sewer, water and solid waste usage are recorded as user fees. Connection fees revenues are recognized when the connection has been established.

Sale of service and other revenue are recognized on an accrual basis.

(d) Deferred Revenue

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

(e) Deferred Lease Revenue

Deferred lease revenue consists of funds collected in advance of rental periods for long-term prepaid leases, which will be recognized as revenue on a straight-line basis over the term of the lease.

(f) Deferred 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.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash, highly liquid pooled high interest savings accounts with the Municipal Finance Authority.

(h) Investments

Investments include bank issued notes and bonds and Provincial bonds and debentures maturing after December 31, 2023 and are valued at the lower of cost or market value. Securities are recorded at their cost and written down to reflect losses in value that are other than temporary.

(i) Budget Figures

The budget figures are based on the five year financial plan adopted on April 24th, 2023.

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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 any stipulations that create liabilities are met.

(k) Employee Future Benefits

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

Sick leave and post-employment benefits also accrue to CNV'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.

(l) Long-term Debt

Long-term debt is recorded in the consolidated financial statements net of sinking fund payments and adjustments.

(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 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 – 100 years
Parks	Straight-line over useful life of each asset unit	10 – 75 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	3 – 25 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 amortized until put into use	

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Non-Financial Assets (continued)

(ii) Contributions of Tangible Capital Assets

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

(iii) Works of Art and Historic Assets

CNV and the Museum and Archives Commission 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.

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

CNV does not capitalize interest costs associated with the construction of a tangible capital asset.

(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.

(n) 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, estimated useful life of tangible capital assets, asset retirement obligations and measurement of contingent liabilities. Actual results could differ from these estimates.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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 related to expenses. See note 12.

(p) Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use or an unexpected event has occurred and the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) CNV 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 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.

(q) Asset Retirement Obligations

On January 1, 2023, CNV adopted public sector accounting standard 3280, Asset Retirement Obligations. This new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The standard was adopted on the modified retrospective basis at the date of adoption.

A liability is recognized when, as at the financial reporting date:

- i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) the past transaction or event giving rise to the liability has occurred;
- iii) it is expected that future economic benefits will be given up; and
- iv) a reasonable estimate of the amount can be made.

The resulting costs have been capitalized into the carrying amount of the related tangible capital assets and are being amortized on the same basis as the related tangible capital asset. Assumptions used in the calculations are reviewed annually.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial Instruments

CNV adopted public sector accounting standard 3450, Financial Instruments, effective January 1, 2023, on a prospective basis. Financial instruments classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held. Financial assets and financial liabilities, other than hedges, equity instruments quoted in an active market, and financial instruments designated at fair value, are measured at cost or amortized cost upon inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable, investments, other receivables, and accounts payable and accrued liabilities are measured at amortized cost using the effective interest rate method to determine interest revenue or expense in the Consolidated Statement of Operations for the period it is earned. Valuation allowances are made when collection is in doubt. Investments include bank issued notes and bonds and provincial bonds and debentures maturing after the current year. Investments are adjusted for any amortization of premiums or discounts. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are included in the carrying value of the related investments.

All financial assets recorded at cost or amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations. A financial liability or its part is de-recognized when it is extinguished.

3. INVESTMENTS

The fair value of investments at December 31, 2023 is \$65,962,000 (2022 - \$98,214,000). CNV's investment portfolio consists of Provincial and Canadian bank bonds with a cost of \$62,054,000 (2022 - \$96,217,000).

Financial instruments maturing between January 2024 to December 2024 range in yield from 2.10% to 3.13% (2023 – 1.05% to 3.11%). Investments maturing from January 2025 to May 2031 range in yield from 1.30% to 7.52%.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

4. INVESTMENT IN LONSDALE ENERGY CORPORATION (“LEC”)

CNV owns all the issued and outstanding shares of LEC, which was incorporated under the Business Corporations Act (British Columbia) on July 7, 2003. LEC operates a district energy system providing hydronic energy to residential, institutional and commercial buildings in the City of North Vancouver.

Summarized financial information relating to LEC is as follows:

	<u>2023</u>	<u>2022</u>
Cash and accounts receivable	\$ 4,050	\$ 3,002
Plant and equipment	40,969	38,420
Other assets	<u>732</u>	<u>767</u>
Total assets	<u>\$ 45,751</u>	<u>\$ 42,189</u>
Accounts payable and accrued liabilities	\$ 3,678	\$ 2,895
Deferred contributions	8,621	7,815
Debt	<u>28,623</u>	<u>26,653</u>
Total Liabilities	<u>\$ 40,922</u>	<u>\$ 37,363</u>
Shareholder’s equity	<u>\$ 4,829</u>	<u>\$ 4,826</u>
Total revenue	\$ 9,713	\$ 9,702
Total expenses	<u>9,710</u>	<u>9,489</u>
Net income	<u>\$ 3</u>	<u>\$ 213</u>

Included in CNV’s Consolidated Statement of Financial Position is “Investment in Lonsdale Energy Corp.” in the amount of \$4,829,000 (2022 - \$4,826,000) and a loan receivable in the amount of \$26,623,000 (note 5(a)) (2022 – \$26,653,000). Also, included in accounts receivable in CNV’s Consolidated Statement of Financial Position are receivables from LEC in the amount of \$1,067,000 (2022 - \$1,122,000).

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)**

5. LOAN TO LONSDALE ENERGY CORPORATION

The loan receivable balance of \$26,623,000 (2022 - \$26,653,000) consists of the following interest bearing promissory notes:

On August 1, 2018, CNV converted amounts due from LEC whereby LEC issued a 5 year promissory note to CNV in the amount of \$33,661,966. On July 15, 2019 and November 17, 2021, CNV's Council authorized LEC to borrow an additional \$1,681,000 and \$290,000 respectively. On August 1, 2023, a five-year demand term loan was issued by CNV to borrow a maximum of \$35,632,966. This promissory note replaced and nullified all previous promissory notes issued by CNV to LEC. The loan matures on August 1, 2028 and bears interest at 3.51% per annum. As at December 31, 2023 an amount of \$26,622,804 remains due to CNV. During the year, LEC drew \$1,050,000 (2022 - \$630,000) from this promissory note. After considering the principal payments of \$4,369,162 made to date, the remaining funding available to LEC under the terms of the agreement is \$4,641,000, which LEC expects to draw on for future asset construction.

Interest revenue of \$798,000 (2022 - \$704,000) and dividend revenue of \$45,900 (2022 - \$53,900) has been included in the Consolidated Statement of Operations.

At the maturity date of the loan to LEC, CNV may, at its discretion, extend the terms of the loan in whole or in part or LEC may repay the loan in whole or in part using either internal or external financing.

6. EMPLOYEE FUTURE BENEFITS

(a) Sick and Severance

Employees of CNV 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 CNV's future benefits was completed as at December 31, 2023.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

6. EMPLOYEE FUTURE BENEFITS (continued)

(a) Sick and Severance (continued)

Information regarding CNV's obligations for these benefits, including 100% of the North Vancouver City Library and its proportionate share of the North Vancouver Recreation Commission and North Vancouver Museum and Archives Commission, is as follows:

	2023	2022
Benefit obligation - beginning of the year	\$ 6,944	\$ 7,906
Add: Current service costs	597	731
Interest on accrued benefit obligation	322	206
Actuarial loss (gain)	1,023	(1,115)
Less: Benefits paid	(928)	(784)
Benefit obligation - end of the year	<u>\$ 7,958</u>	<u>\$ 6,944</u>
Add: Unamortized actuarial gain	<u>376</u>	<u>1,552</u>
Benefit liability - end of the year	<u>\$ 8,334</u>	<u>\$ 8,496</u>

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

	2023	2022
Discount rates	4.10%	4.50%
Future inflation rates	4.5% for 2024 and 2.5% thereafter	2.00%
Compensation increases, net of inflation	0.00% to 0.50%	2.58% to 4.63%

The unamortized actuarial gain is amortized over a period equal to the employees' average remaining service lifetime of eleven years for CNV (2022 - 11 years).

(b) Council Retirement Stipend

Starting 2005, Council Members are entitled to a retirement stipend based on 9.31% of the individual's total indemnity received subsequent to 2002. These amounts are accrued as earned and recorded in accounts payable and accrued liabilities.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

7. TANGIBLE CAPITAL ASSETS

2023	Land	Land Improvements	Parks	Buildings	Machinery & Equipment	Vehicles	Infrastructure	Library Materials	Work in Progress	Total
Costs										
Balance beginning of year	\$ 46,229	\$ 82,411	\$ 57,695	\$ 149,468	\$ 26,101	\$ 12,718	\$ 277,033	\$ 955	\$ 71,212	\$ 723,822
Additions and Adjustments	-	12	5,387	3,352	753	3,314	5,726	233	47,256	66,033
Disposals	-	-	-	-	-	1,528	101	228	-	1,857
Balance end of year	\$ 46,229	\$ 82,423	\$ 63,082	\$ 152,820	\$ 26,854	\$ 14,504	\$ 282,658	\$ 960	\$ 118,468	\$ 787,998
Accumulated Amortization										
Balance beginning of year	\$ -	\$ 21,509	\$ 20,113	\$ 77,363	\$ 19,476	\$ 6,309	\$ 99,444	\$ 478	\$ -	\$ 244,692
Amortization and Adjustments	-	2,201	2,158	4,496	1,531	917	5,343	214	-	16,860
Disposals	-	-	-	-	-	1,287	60	228	-	1,575
Balance end of year	\$ -	\$ 23,710	\$ 22,271	\$ 81,859	\$ 21,007	\$ 5,939	\$ 104,727	\$ 464	\$ -	\$ 259,977
Net Book Value	\$ 46,229	\$ 58,713	\$ 40,811	\$ 70,961	\$ 5,847	\$ 8,565	\$ 177,931	\$ 496	\$ 118,468	\$ 528,021
2022										
	Land	Land Improvements	Parks	Buildings (restated)	Machinery & Equipment	Vehicles	Infrastructure	Library Materials	Work in Progress	Total
Cost										
Balance beginning of year	\$ 44,909	\$ 82,368	\$ 55,657	\$ 149,690	\$ 24,018	\$ 12,585	\$ 250,762	\$ 942	\$ 71,357	\$ 692,288
Adjustment relating to recognition of Asset Retirement Obligation (note 8)				339						339
Balance beginning of year, restated	\$ 44,909	\$ 82,368	\$ 55,657	\$ 150,029	\$ 24,018	\$ 12,585	\$ 250,762	\$ 942	\$ 71,357	\$ 692,627
Additions	1,320	50	3,160	121	3,243	1,474	27,773	218	(145)	37,214
Disposals	-	7	1,122	682	1,160	1,341	1,502	205	-	6,019
Balance end of year	\$ 46,229	\$ 82,411	\$ 57,695	\$ 149,468	\$ 26,101	\$ 12,718	\$ 277,033	\$ 955	\$ 71,212	\$ 723,822
Accumulated Amortization										
Balance beginning of year	\$ -	\$ 19,083	\$ 19,281	\$ 72,475	\$ 18,134	\$ 6,611	\$ 95,150	\$ 467	\$ -	\$ 231,201
Adjustment relating to recognition of Asset Retirement Obligation (note 8)				272						272
Balance beginning of year, restated	\$ -	\$ 19,083	\$ 19,281	\$ 72,747	\$ 18,134	\$ 6,611	\$ 95,150	\$ 467	\$ -	\$ 231,473
Amortization expense	-	2,433	1,918	4,976	2,502	760	5,170	216	-	17,975
Disposals	-	7	1,086	360	1,160	1,062	876	205	-	4,756
Balance end of year	\$ -	\$ 21,509	\$ 20,113	\$ 77,363	\$ 19,476	\$ 6,309	\$ 99,444	\$ 478	\$ -	\$ 244,692
Net Book Value	\$ 46,229	\$ 60,902	\$ 37,582	\$ 72,105	\$ 6,625	\$ 6,409	\$ 177,589	\$ 477	\$ 71,212	\$ 479,130

(a) Work in Progress

Work in progress having a cost of \$118,468,000 (2022 - \$71,212,000) 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 of \$2,094,000 (2022 - \$1,540,000) have been recognized during the year.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

8. ASSET RETIREMENT OBLIGATIONS

CNV owns several buildings known to have asset retirement obligations at their retirement. Estimated costs have been discounted to the present value using a discount rate of 3.5% per annum.

The transition and recognition of asset retirement obligations involved a change to the buildings tangible capital assets and the restatement of prior year figures (see note 16).

Balances of the asset retirement obligation are as follows:

2023	Balance at December 31, 2023
Balance beginning of year	\$ 2,649
Accretion expense	93
Balance end of year	\$ 2,742

2022	Balance at December 31, 2022
Balance beginning of year	\$ -
Adjustment relating to recognition of Asset Retirement Obligation	2,560
Opening balance, restated	\$ 2,560
Accretion expense	89
Balance end of year	\$ 2,649

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

9. ACCUMULATED SURPLUS

	2023	2022
		Restated (note 16)
General funds – general, water and sewer & drainage (a)	\$ 64,868	\$ 55,002
Reserve fund (b)	99,206	124,527
Capital fund (c)	553,049	502,230
Accumulated surplus, end of year	<u>\$ 717,123</u>	<u>\$ 681,759</u>

(a) General funds – general, water and sewer

	2023	2022
Appropriated:		
General fund	\$ 23,071	\$ 21,867
Water fund	7,105	4,112
Sewer & Drainage fund	14,220	14,049
Unappropriated:		
General fund	11,688	9,094
Water fund	4,212	3,478
Sewer & Drainage fund	3,743	690
General funds – COVID-19 Safe Restart Grant	829	1,712
	<u>\$ 64,868</u>	<u>\$ 55,002</u>

(b) Reserve Funds

	Balance December 31, 2022	Contributions & Transfers	Earnings	Expenditures	Balance December 31, 2023
Machinery and Equipment					
Engineering	\$ 3,220	\$ -	\$ 291	\$ 868	\$ 2,643
Fire	367	233	42	214	428
General	52	-	7	38	21
Computer	96	38	5	96	43
Building	141	-	-	67	74
Local Improvements	802	1	54	2	855
Affordable Housing	10,626	509	618	3,605	8,148
Tax Sale Lands	35,066	-	2,515	796	36,785
Waterworks	4,935	-	336	-	5,271
Parking	6	-	-	-	6
Civic Amenity	64,256	10,435	6,455	53,599	27,547
Justice Administration Accommodation	72	-	-	16	56
Streets DCC	-	1,041	3	1,044	-
Parks DCC	-	121	-	121	-
Lower Lonsdale Amenity	8	-	-	8	-
Lower Lonsdale Legacy	2,672	-	179	88	2,763
Infrastructure	831	-	638	55	1,414
Public Art	635	85	45	36	729
Sustainable Transportation	190	88	14	48	244
Carbon Fund	552	301	45	80	818
Growing Communities Fund	-	10,986	375	-	11,361
Total	<u>\$ 124,527</u>	<u>\$ 23,838</u>	<u>\$ 11,622</u>	<u>\$ 60,781</u>	<u>\$ 99,206</u>

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

9. ACCUMULATED SURPLUS (continued)

(c) Capital Fund

	2023	2022
		Restated (note 16)
Invested in tangible capital assets	\$ 525,280	\$ 476,481
Appropriated capital funds	27,769	25,749
	<u>\$ 553,049</u>	<u>\$ 502,230</u>

10. COMMITMENTS AND CONTINGENCIES

(a) Property Taxes

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

	2023	2022
Tax collected	\$ 133,575	\$ 127,265
Less collections for and remittances to other bodies:		
Provincial Government - Schools	\$ 42,797	\$ 41,153
Greater Vancouver Regional District	2,187	2,029
Greater Vancouver Transportation Authority	10,214	9,878
British Columbia Assessment Authority	1,595	1,538
Municipal Finance Authority	8	8
BIA Lower Lonsdale Society	500	500
	<u>\$ 57,301</u>	<u>\$ 55,106</u>
Property Value Tax	<u>\$ 76,274</u>	<u>\$ 72,159</u>

(b) Pension Liability

CNV 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 43,000 contributors from local governments.

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

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)**

10. COMMITMENTS AND CONTINGENCIES (continued)

(b) Pension Liability (continued)

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. CNV paid \$5,143,000 (2022 - \$4,851,000) for employer contributions to the plan in fiscal 2023. The next valuation will be as at December 31, 2024.

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

(c) Contingent Liabilities

CNV 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 or amounts or losses are uncertain, management has determined that there are no potential material amounts involved.

(d) E-Comm

CNV 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. CNV 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.

CNV holds 2 class "A" shares and one class "B" share.

(e) Contractual Obligations

As at December 31, 2023 CNV had entered into various construction contracts for a total outstanding value of \$140,300,000.

11. TRUST FUNDS

Certain assets have been conveyed or assigned to CNV to be administered as directed by an agreement or statute. CNV holds the assets for the benefit of, and stands in a fiduciary relationship to, the beneficiary. The Cemetery Trust Fund, totaling \$3,810,000 (2022 - \$3,648,000), which is administered by CNV, has not been included with CNV's accounts.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

12. SEGMENTED INFORMATION

CNV 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 CNV. Functions include financial planning and reporting, economic development and legislative services.

Transportation and Transit

The Transportation and Transit division aims to provide enhanced access to public transit, safe pedestrian and cyclist routes, 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.

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 CNV'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 for providing fire suppression service, fire prevention services and fire safety education. Bylaw Services is responsible for the enforcement and education of the City's bylaws and conflict resolution.

Parks, Recreation and Culture

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

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 & Drainage Utilities

The Sewer & Drainage 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 CNV's 150km storm drainage system which diverts rainfall runoff with an emphasis on flood prevention.

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)**

12. SEGMENTED INFORMATION (continued)

Solid Waste

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

The Consolidated Statement of Operations by segment and services is as follows:

	Revenues	Expenses						Annual Surplus (Deficit)
		Wages & Benefits	Goods & Supplies	Services	Amortization	Capitalized	Total	
General government	\$ 113,398	\$ 20,268	\$ 5,298	\$ 4,508	\$ 4,052	\$ (5,929)	\$ 28,197	\$ 85,201
Transportation and transit	6,863	3,494	838	10,387	3,784	(7,754)	10,749	(3,886)
Health, social services and housing	469	473	90	2,419	2	-	2,984	(2,515)
Development services	10,654	7,115	36	2,453	-	-	9,604	1,050
Protective services	2,272	21,081	918	10,194	826	(175)	32,844	(30,572)
Parks, recreation and culture	13,054	18,783	1,805	56,558	6,450	(46,453)	37,143	(24,089)
Water utilities	16,663	2,047	8,887	1,864	827	(1,247)	12,378	4,285
Sewer utilities	19,163	2,087	454	11,682	979	(2,148)	13,054	6,109
Solid waste	3,525	1,900	81	1,723	40	-	3,744	(219)
2023	<u>\$ 186,061</u>	<u>\$ 77,248</u>	<u>\$ 18,407</u>	<u>\$ 101,788</u>	<u>\$ 16,960</u>	<u>\$ (63,706)</u>	<u>\$ 150,697</u>	<u>\$ 35,364</u>
2022 (Restated)	<u>\$ 188,575</u>	<u>\$ 68,358</u>	<u>\$ 17,660</u>	<u>\$ 68,797</u>	<u>\$ 18,062</u>	<u>\$ (35,445)</u>	<u>\$ 137,432</u>	<u>\$ 51,143</u>

13. DEFERRED LEASE REVENUE

In 2020, CNV entered into an agreement for the Harry Jerome Neighborhood Lands for a lease term of 99 years. Included in deferred revenue is \$48,911,000 (2022 - \$49,421,000) in relation to this lease.

14. FINANCIAL RISK MANAGEMENT

CNV has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. CNV has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk

Credit risk is the risk of financial loss to CNV if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from accounts receivable made up of property tax and utilities and other non-property tax related balances.

For property tax and utility balances, outstanding amounts are transferred to the property tax account associated with the invoiced real property at the end of each fiscal year and form all or part of the tax arrears for the property. CNV is required by the Local Government Act to conduct an annual tax sale by offering for sale by public auction each parcel of real property on which taxes are delinquent. Registered charge holders have the full right to redeem the property. To redeem the property, the charge holder must remit the full upset price, plus interest on the purchase price at a rate set by the Province, within one year of the tax sale.

For other account receivable balances, CNV maintains allowances for potential credit losses, with results to date within CNV's expectations. In making estimates in respect of the allowance for doubtful accounts, current economic conditions, historical information, reasons for the accounts being past due, and operational nature of invoices are all considered in the determination

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

14. FINANCIAL RISK MANAGEMENT (continued)

of when to record allowances for past due accounts. The same factors are considered when determining whether to write off amounts charged to the allowance account against amounts receivable.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The market risks to which CNV is exposed are foreign exchange risks and interest rate risks.

(i) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of financial instruments, or future cash flows associated with the instruments, will fluctuate in Canadian dollar value due to changes in foreign exchange rates.

The functional currency of CNV is the Canadian dollar. CNV receives some US dollar payments and incurs some US dollar operating and capital costs. These US dollar transactions represent an insignificant volume and value of total overall transactions, resulting in minimal risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. CNV manages such risk by adoption of an investment policy and adherence to this policy and the Community Charter. Investments are in pooled funds with the Municipal Finance Authority in a diversified portfolio in accordance with CNV's investment policy, which include preservation of capital, minimization of default and interest rate risk, sufficient liquidity to meet operating and capital requirements, and generation of a stable return on investments. Investments include GICs and High Interest Savings Accounts not subject to market fluctuations. It is management's opinion that CNV is not exposed to significant market risk arising from its financial instruments.

(c) Liquidity risk

Liquidity risk is the risk that CNV will not be able to meet its financial obligations as they become due. For its accounts payables, CNV manages liquidity risk by holding assets that can be readily converted into cash and by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to CNV's reputation.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

15. BUDGET FIGURES

The budget figures presented in these consolidated financial statements include 100% of the North Vancouver City Library and CNV's proportionate share of the North Vancouver Recreation Commission and North Vancouver Museum and Archives Commission. The financial plan was approved by Council as the Financial Plan for the Years 2023 to 2027 Bylaw, 2023, No. 8962 April 24th, 2023. The table below reconciles the approved budget to the budget figures reported.

	<u>Financial Plan Bylaw</u>
Revenue per Statement of Operations	\$ 143,367
Less:	
Budget adjustments for consolidation	(137)
Transfers from reserve	(2,894)
Interagency funds	<u>(6,573)</u>
	<u>(9,604)</u>
Revenue per Financial Plan Bylaw	<u>\$ 133,763</u>
Expenses per Statement of Operations	141,278
Adjustments:	
Decrease for capital expenditures	(7,918)
Increase for non-capital projects	<u>2,748</u>
Budget adjustments for consolidation	5,123
Decrease for interagency payments	<u>(6,573)</u>
	<u>(6,620)</u>
Expenses per Financial Plan Bylaw	<u>\$ 134,658</u>
Deficit for the year	(895)
Reserves and capital:	
Capital expenditures	(76,443)
Depreciation	17,700
Equity	(19,525)
Transfers from reserves	50,444
External contributions	<u>28,719</u>
Annual budgeted surplus per Financial Plan Bylaw	<u><u>\$ -</u></u>

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

16. PRIOR PERIOD ADJUSTMENT

On January 1, 2023, CNV adopted public sector accounting standard 3280, Asset Retirement Obligations. This new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The standard was adopted on the modified retrospective basis at the date of adoption.

The impact of the prior period adjustment on the December 31, 2022 comparative amounts is as follows:

	<u>As Previously Reported</u>	<u>Increase / (Decrease)</u>	<u>As Restated</u>
Consolidated Statement of Financial Position			
Asset retirement obligation liability	\$ -	\$ 2,649	\$ 2,649
Tangible capital assets - cost	723,483	339	723,822
Tangible capital assets - accumulated amortization	244,414	278	244,692
Accumulated surplus	684,347	(2,588)	681,759
Consolidated Statement of Operations			
General government expense	26,231	95	26,326
Annual surplus	51,238	(95)	51,143
Accumulated surplus, beginning of year	633,109	(2,493)	630,616
Accumulated surplus, end of year	684,347	(2,588)	681,759
Consolidated Statement of Changes in Net Financial Assets			
Annual surplus	51,238	(95)	51,143
Depreciation of tangible capital assets	17,969	6	17,975
Increase (decrease) in net financial assets	31,844	(89)	31,755
Net financial assets, beginning of year	169,732	(2,560)	167,172
Net financial assets, end of year	201,576	(2,649)	198,927
Consolidated Statement of Cash Flows			
Annual surplus	51,238	(95)	51,143
Depreciation expense	17,969	6	17,975
Accretion expense	-	89	89
Note 9 - Accumulated Surplus			
(c) Capital fund	504,818	(2,588)	502,230
Invested in tangible capital assets	479,069	(2,588)	476,481

17. COMPARATIVE INFORMATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

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The Corporation of the City of North Vancouver
Schedule A & B - Unaudited
Year ended December 31, 2023
(Tabular amounts in thousands of dollars)

Schedule A: COVID-19 Safe Restart Grant

	<u>2023</u>
2022 Grant Funding Balance	\$ 1,712
Grant Expenditures:	
Business Continuity	(128)
Community Resiliency & Recovery	(223)
City Services	(521)
Response & Emerging Issues	<u>(11)</u>
2023 Grant Funding Balance, December 31, 2023	<u>\$ 829</u>

Schedule B: Growing Communities Fund

	<u>2023</u>
2023 Grant Funding Balance	\$ 10,986
Interest Earned	375
Grant Expenditures	<u>-</u>
2023 Grant Funding Balance, December 31, 2023	<u>\$ 11,361</u>