

**Attachment 2**

2023 Financial Statements (Draft)

Financial Statements of

**CORPORATION OF THE CITY OF  
NEW WESTMINSTER**

And Independent Auditor's Report thereon

Year ended December 31, 2023

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Corporation of the City of New Westminster ("City") have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Preparation and fair presentation of the financial statements is the responsibility of the City.

City's Council ensures management fulfills its responsibilities for financial reporting, budgeting and internal controls by approving bylaws and policies, reviewing financial reports and financial statements, and having discussions with the City's auditors.

The City maintains a system of internal and administrative controls designed to provide reliable and accurate financial information and to ensure assets of the City are appropriately accounted for and adequately safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements. These systems are monitored and evaluated by management.

The audit firm of KPMG LLP, appointed by City Council, has expressed its opinion that the financial statements prepared by management fairly present, in all material respects, the financial position of the City as at December 31, 2023, and the results of 2023 operations in accordance with PSAS.

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Mayor

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Chief Administrative Officer

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2023

	2023	Restated (Note 2(b)) 2022
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents (Note 3)	\$ 112,938,725	\$ 247,710,100
Accounts Receivable		
Property Taxes	6,109,855	4,088,524
Other	29,752,994	18,366,973
Due from Other Governments	1,287,644	1,539,618
Investments (Note 4)	278,348,844	105,213,072
	<b>428,438,062</b>	<b>376,918,287</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 5)	54,407,285	49,599,959
Due to Other Governments	11,606,493	4,023,787
Prepaid Taxes	12,314,362	11,656,505
Deferred Revenue and Deposits (Note 6)	35,786,577	42,805,785
Deferred Development Cost Charges (Note 7)	21,455,928	21,406,086
Employee Benefit Plans (Note 9)	12,545,275	11,981,535
Long-Term Debt (Note 10)	166,859,642	175,240,333
	<b>314,975,562</b>	<b>316,713,990</b>
<b>NET FINANCIAL ASSETS</b>	<b>113,462,500</b>	<b>60,204,297</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 11)	881,724,658	830,838,748
Inventory of Supplies	3,967,762	2,907,271
Prepaid Expenses	3,749,444	3,184,829
	<b>889,441,864</b>	<b>836,930,848</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 1,002,904,364</b>	<b>\$ 897,135,145</b>

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Contingencies (Note 17)  
Commitments (Note 19)  
Contractual Rights (Note 20)

The accompanying notes are an integral part of these financial statements.

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Shehzad Somji, CPA, CGA  
CFO/Director of Finance

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2023

	2023 Budget (Note 1(f))	2023	Restated (Note 2(b)) 2022
<b>REVENUE</b>			
Municipal Taxation and Other Levies (Note 14)	\$ 105,142,044	\$ <b>104,953,729</b>	\$ 98,172,725
Utility Rates	110,552,518	<b>108,852,895</b>	103,835,965
Sale of Services	14,800,342	<b>19,178,447</b>	16,616,825
Grants from Other Governments (Note 15)	24,886,822	<b>25,066,571</b>	5,998,736
Contributed Tangible Capital Assets (Note 11(b))	-	<b>745,455</b>	7,087,759
Contributions	22,680,034	<b>16,894,445</b>	11,587,519
Other Revenue (Note 16)	23,442,639	<b>74,626,096</b>	53,191,038
	<u>301,504,399</u>	<u><b>350,317,638</b></u>	<u>296,490,567</u>
<b>EXPENSES</b>			
Police Services	37,265,948	<b>37,957,634</b>	35,027,650
Parks and Recreation	19,874,730	<b>25,275,786</b>	22,035,220
Fire Services	18,796,522	<b>19,135,714</b>	17,555,830
Climate Action, Planning and Development	7,853,813	<b>7,718,819</b>	7,636,049
Engineering Services	32,091,172	<b>34,631,922</b>	32,229,075
General Government	37,968,108	<b>39,615,360</b>	32,459,758
Library	5,143,555	<b>4,364,484</b>	4,522,490
Utility Operations	76,390,248	<b>75,848,700</b>	72,056,351
	<u>235,384,096</u>	<u><b>244,548,419</b></u>	<u>223,522,423</u>
<b>ANNUAL SURPLUS</b>	66,120,303	<b>105,769,219</b>	72,968,144
Accumulated Surplus, beginning of year	897,135,145	<b>897,135,145</b>	824,167,001
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 963,255,448</u>	<u><b>\$ 1,002,904,364</b></u>	<u>\$ 897,135,145</u>

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The accompanying notes are an integral part of these financial statements.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the Year Ended December 31, 2023**

	2023 Budget (Note 1(f))	2023	Restated (Note 2(b)) 2022
<b>ANNUAL SURPLUS</b>	\$ 66,120,303	\$ 105,769,219	\$ 72,968,144
Acquisition of Tangible Capital Assets	(173,237,487)	(77,621,989)	(94,805,711)
Contributed Tangible Capital Assets	-	(745,455)	(7,087,759)
Proceeds from Disposal of Tangible Capital Assets	-	1,164,112	1,203,077
Amortization of Tangible Capital Assets	27,730,000	26,084,925	24,679,419
Net Loss (Gain) on Disposal of Tangible Capital Assets	-	232,497	(836,991)
Acquisition of Inventory of Supplies	-	(1,060,491)	(535,513)
(Acquisition) Consumption of Prepaid Expenses	-	(564,615)	337,734
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(79,387,184)	53,258,203	(4,077,600)
Net Financial Assets, beginning of year	60,204,297	60,204,297	64,281,897
<b>NET FINANCIAL ASSETS, end of year</b>	<u>\$ (19,182,887)</u>	<u>\$ 113,462,500</u>	<u>\$ 60,204,297</u>

The accompanying notes are an integral part of these financial statements.

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**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2023

	2023	Restated (Note 2(b)) 2022
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual Surplus	\$ 105,769,219	\$ 72,968,144
Items not involving cash:		
Amortization of Tangible Capital Assets	26,084,925	24,679,419
Net Loss (Gain) on Disposal of Tangible Capital Assets	232,497	(836,991)
Contributed Tangible Capital Assets	(745,455)	(7,087,759)
Capital Expenditures Funded from Development Cost Charges	(3,198,421)	(1,138,655)
Long Term Debt Actuarial Reduction	(944,494)	(783,756)
Change in non-cash operating items:		
Accounts Receivable	(13,407,352)	2,923,772
Due From Other Governments	251,974	2,121,069
Accounts Payable and Accrued Liabilities	4,807,326	21,848,350
Due to Other Governments	7,582,706	(1,572,241)
Prepaid Taxes	657,857	(515,622)
Deferred Revenue and Deposits	(7,019,208)	11,847,853
Employee Benefit Plans	563,740	(923,038)
Inventory of Supplies	(1,060,491)	(535,513)
Prepaid Expenses	(564,615)	337,734
	<u>119,010,208</u>	<u>123,332,766</u>
<b>FINANCING ACTIVITIES</b>		
Development Cost Charge Receipts and Interest	3,248,263	3,341,409
Long-Term Debt Repayments	(7,436,197)	(6,920,070)
Proceeds from Issuance of Long-Term Debt	-	122,430,000
	<u>(4,187,934)</u>	<u>118,851,339</u>
<b>CAPITAL ACTIVITIES</b>		
Proceeds from Disposal of Tangible Capital Assets	1,164,112	1,203,077
Cash Used to Acquire Tangible Capital Assets	(77,621,989)	(94,805,711)
	<u>(76,457,877)</u>	<u>(93,602,634)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of Investments	(173,135,772)	(2,617,892)
	<u>(173,135,772)</u>	<u>(2,617,892)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(134,771,375)</b>	<b>145,963,579</b>
Cash and Cash Equivalents, beginning of year	<u>247,710,100</u>	<u>101,746,521</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 112,938,725</b>	<b>\$ 247,710,100</b>

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The accompanying notes are an integral part of these financial statements.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The Corporation of the City of New Westminster (the “City”) is a local government in the Province of British Columbia. The City prepares its financial statements in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. The accounting policies of the City include the following:

- (a) **Basis of Presentation**  
These financial statements include the accounts of all the funds of the City and the Library and Police Boards.
- (b) **Cash and Cash Equivalents**  
Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90 days at acquisition.
- (c) **Employee Future Benefits**  
The City and its employees make contributions to the Municipal Pension Plan. These 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 service 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.
- (d) **Deferred Revenue**  
Deferred revenue represents licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and / or projects have not been constructed. These amounts will be recognized as revenue in the fiscal year the services are performed and / or the projects are constructed.
- (e) **Development Cost Charges (DCCs)**  
Development cost charges are deferred upon receipt and recognized as revenue only to the extent used to finance related authorized capital projects.
- (f) **Budget**  
Budget data presented in these financial statements is based on the City’s Five Year Financial Plan for the years 2023 – 2027, adopted by Council on April 24, 2023.
- (g) **Government Transfers**  
Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably assured.
- (h) **Non-Financial Assets**  
Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) Non-Financial Assets (continued)

(i) Tangible Capital Assets

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

Major Asset Category	Useful Life
Building	10 - 70 years
Vehicles and Equipment	3 - 50 years
Park Improvements	5 - 80 years
Engineering Structures	15 - 100 years
Electrical Distribution System	5 - 100 years

Annual amortization is charged in the year that assets are available for productive use. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

(ii) Contributions of Tangible Capital Assets

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

(iii) Works of Art and Historic Assets

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

(iv) Natural Resources

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

(v) Interest Capitalization

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

(vi) Leased Tangible Capital Assets

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

(vii) Inventory of Supplies

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

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) Non-Financial Assets (continued)

(viii) Prepaid Expenses

Prepaid expenses are recorded as assets in these financial statements.

(i) Reserves and Reserve Funds

(i) Reserves Set Aside by Council

Reserves set aside by Council are surpluses from the current operations to finance future capital and maintenance projects. These internally restricted funds are not available for unrestricted purposes without the approval of Council.

(ii) Statutory Reserves

Statutory reserves are funds that have been internally restricted by Council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

(j) Revenue Recognition

Taxation revenue is recorded at the time property tax bills are issued. Restricted revenues are recognized as revenue when the funds have been spent in accordance with the restrictions. Unrestricted contributions are recognized when received and collection is reasonably assured. Utility rates, sale of services and other revenues are recognized when earned.

(k) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenue and expenses during the reporting period.

Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

(l) Segment Disclosures

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information.

(m) Liability for Contaminated Sites

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

(i) An environmental standard exists;

(ii) Contamination exceeds the environmental standard;

(iii) The City 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.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(n) Financial Instruments

Financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and long-term debt.

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

Unrealized changes in fair value are recognized on the statement of remeasurement gains and losses. They are recorded in the statement of operations and accumulated surplus when they are realized. The City does not have any financial instruments recorded as fair value. As a result, the City does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and accumulated surplus.

(o) Asset Retirement Obligations

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

- (i) There is a legal obligation to incur retirement costs in relation to retirement 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.

Measurement of the asset retirement obligation is based on best estimate of future cash flows that will be required to settle the liability. The estimate includes costs directly attributable to the asset retirement activities. The estimated costs are recorded as a liability and capitalized into the carrying value of tangible capital assets, which are being amortized in accordance with the tangible capital asset amortization policy. The liability is reviewed at each financial reporting date and changes to the original or subsequent estimate of cash flows are recorded as an adjustment to the liability and related tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**2. ADOPTION OF NEW ACCOUNTING STANDARDS**

(a) PS 3450 Financial Instruments and Related Standards

Effective January 1, 2023, the City adopted PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. Under PS 3450, financial instruments are included in the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the city's accounting policy choices.

Adoption of these standards did not have any impact on the amount presented in these financial statements.

(b) PS 3280 Asset Retirement Obligations

Effective January 1, 2023, the City adopted the new PSAS 3280 Asset Retirement Obligations (ARO). The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets.

Upon initial recognition, the estimated undiscounted asset retirement cost is added to the carrying value of tangible capital assets and a corresponding amount is recorded as an ARO liability. The standard was applied on a modified retroactive basis. Accumulated surplus was adjusted for amortization expenses for ARO assets and expenses related to unrecognized assets or assets no longer in productive use.

The estimated asset retirement liability was based on professional judgement supplemented by recent experiences, third-party quotes and independent expert advice and reports.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2023

**2. ADOPTION OF NEW ACCOUNTING STANDARDS (continued)**

(b) PS 3280 Asset Retirement Obligations (continued)

<b>Impact of adoption of PS3280 Asset Retirement Obligations</b>	2022 Previously stated	Adjustment	<b>2022 Restated</b>
<b>Statement of Financial Position:</b>			
Accounts Payable and Accrued Liabilities	\$ 37,200,046	\$ 12,399,913	\$ <b>49,599,959</b>
Total Liabilities	304,314,077	12,399,913	<b>316,713,990</b>
Net Financial Assets	72,604,210	(12,399,913)	<b>60,204,297</b>
Tangible capital assets	826,640,070	4,198,678	<b>830,838,748</b>
Total Non-Financial Assets	832,732,170	4,198,678	<b>836,930,848</b>
Accumulated surplus	905,336,380	(8,201,235)	<b>897,135,145</b>
<b>Statement of Operations:</b>			
Engineering Services	31,990,323	238,752	<b>32,229,075</b>
Utility Operations	72,035,590	20,761	<b>72,056,351</b>
Total Expenses	223,262,910	259,513	<b>223,522,423</b>
Annual Surplus	73,227,657	(259,513)	<b>72,968,144</b>
Accumulated surplus, beginning of year	832,108,723	(7,941,722)	<b>824,167,001</b>
Accumulated surplus, end of year	905,336,380	(8,201,235)	<b>897,135,145</b>
<b>Statement of Change in Net Financial Assets:</b>			
Annual Surplus	73,227,657	(259,513)	<b>72,968,144</b>
Amortization of Tangible Capital Assets	24,419,906	259,513	<b>24,679,419</b>
Net Financial Assets, beginning of year	76,681,810	(12,399,913)	<b>64,281,897</b>
Net Financial Assets, end of year	72,604,210	(12,399,913)	<b>60,204,297</b>
<b>Statement of Cash Flows:</b>			
Annual Surplus	73,227,657	(259,513)	<b>72,968,144</b>
Amortization of Tangible Capital Assets	24,419,906	259,513	<b>24,679,419</b>
Accounts Payable and Accrued Liabilities	9,448,437	12,399,913	<b>21,848,350</b>
Cash provided by operating activities	110,932,853	12,399,913	<b>123,332,766</b>
Cash and Cash Equivalents, beginning of year	114,146,434	(12,399,913)	<b>101,746,521</b>
<b>Note 9 - Tangible Capital Assets:</b>			
Cost			
Balance, beginning of year	1,100,459,339	11,178,007	<b>1,111,637,346</b>
Balance, end of year	1,195,084,081	11,178,007	<b>1,206,262,088</b>
Accumulated Amortization			
Balance, beginning of year	350,926,747	6,719,816	<b>357,646,563</b>
Amortization	24,419,906	259,513	<b>24,679,419</b>
Balance, end of year	368,444,011	6,979,329	<b>375,423,340</b>
Net Book Value	826,640,070	4,198,678	<b>830,838,748</b>
<b>Note 15 - Segmented Information:</b>			
Expenses			
Amortization	24,419,906	259,513	<b>24,679,419</b>
Total Expenses	223,262,910	259,513	<b>223,522,423</b>
Annual Surplus (Deficit)	73,227,657	(259,513)	<b>72,968,144</b>

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2023

**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in general operating accounts and \$104,178,942 (2022 \$116,558,517) in high interest saving accounts.

**4. INVESTMENTS**

Investments consists of \$170,000,000 (2022 - nil) in Guaranteed Income Certificates with maturities of one year or less and investment in MFA pooled investment funds.

	<b>2023</b>	<b>2022</b>
MFA - Government Focused Ultra-Short Bond Fund 2023 Yield - 2.64% (2022 - 2.58%)	<b>\$ 48,714,540</b>	\$ 47,503,662
MFA – Short Term Bond Fund 2023 Yield - 3.39% (2022 - 2.57%)	<b>48,454,990</b>	46,908,563
MFA - Pooled Mortgage Fund 2023 Yield - 3.70% (2022 - 3.13%)	<b>11,179,314</b>	10,800,847
	<b>108,348,844</b>	105,213,072
Guaranteed Income Certificates (weighted average interest rate - 6.12%)	<b>170,000,000</b>	-
	<b>\$ 278,348,844</b>	<b>\$ 105,213,072</b>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2023</b>	<b>Restated 2022</b>
Trade and Other Liabilities	<b>\$ 42,007,372</b>	\$ 37,200,046
Asset Retirement Obligations (Note 2(b))	<b>12,399,913</b>	12,399,913
	<b>54,407,285</b>	49,599,959

Following adoption of PS 3280, the City recognized asset retirement obligations (ARO) either through acquisition, construction or development of tangible capital assets or through recognizing obligations to various contracts and agreements. Settlement of outstanding obligations is estimated to range from 2024 – 2095.

Changes to the City's asset retirement obligation liability in the year are as follows:

	<b>2023</b>	<b>2022</b>
Opening balance	<b>\$ 12,399,913</b>	\$ 12,399,913
ARO liability incurred	230,000	-
ARO liability settled	(230,000)	-
Adjustment to estimate	-	-
Closing balance	<b>\$ 12,399,913</b>	\$ 12,399,913

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

**6. DEFERRED REVENUE AND DEPOSITS**

	Balance, beginning of year	Amount Received	Amount Recognized	Balance, end of year
Parks and Recreation Fees	\$ 1,527,990	\$ 3,215,642	\$ (3,157,409)	\$ 1,586,223
Future Capital Works	33,739,854	7,734,742	(10,982,873)	30,491,723
Other Deferred Revenue	7,537,941	9,158,845	(12,988,155)	3,708,631
	<b>\$ 42,805,785</b>	<b>\$ 20,109,229</b>	<b>\$ (27,128,437)</b>	<b>\$ 35,786,577</b>

**7. DEFERRED DEVELOPMENT COST CHARGES**

	Balance, beginning of year	Third Party Contributions	Interest Allocation	Capital Expenses	Balance, end of year
Queensborough Drainage	\$ 5,213	\$ -	\$ 242	\$ (4,604)	\$ 851
Queensborough Transportation *	(2,039,245)	-	(94,825)	-	(2,134,070)
Queensborough Parkland	3,999,760	-	185,989	(199,276)	3,986,473
Queensborough Water	658,206	-	30,607	(19,645)	669,168
Queensborough Sanitary	901,814	-	41,934	(8,298)	935,450
Mainland Drainage	424,800	38,611	19,753	(377,190)	105,974
Mainland Transportation	3,569,346	492,387	165,975	(147,280)	4,080,428
Mainland Parkland	10,734,500	1,419,930	499,154	(384,476)	12,269,108
Mainland Water	1,586,927	112,002	73,792	(838,962)	933,759
Mainland Sanitary	1,564,765	189,950	72,762	(1,218,690)	608,787
	<b>\$ 21,406,086</b>	<b>\$ 2,252,880</b>	<b>\$ 995,383</b>	<b>\$ (3,198,421)</b>	<b>\$ 21,455,928</b>

\* Development Cost Charge Expenditure Bylaws authorize borrowing from other DCC Reserves to cover the deficit in the Queensborough Transportation DCC Reserve. The other DCC Reserves will be repaid with interest at the earlier of when the funds are required to complete DCC capital works or when sufficient Queensborough Transportation DCCs are collected.

**8. PENSION PLAN**

The City and its employees contribute to the Municipal Pension Plan (a jointly trusted 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. Based on the latest (2022) Municipal Pension Plan annual report, the plan had 240,549 active members who worked for 971 employers as of December 31, 2022. The total membership was 421,666.

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

The most recent actuarial valuation for the Municipal Pension Plan was completed as at December 31, 2021. It was determined the plan is fully funded with a surplus of \$3.76 billion. The next valuation will be as at December 31, 2024, with results available in 2025.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**8. PENSION PLAN (continued)**

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.

The City paid \$8,045,030 (2022 - \$7,850,054) for employer contributions to the plan in fiscal 2023.

**9. EMPLOYEE BENEFIT PLANS**

The City provides certain post-employment benefits, compensated absences, and termination benefits to its employees. These benefits include accumulated non-vested sick leave and post-employment disability benefits.

	2023	2022
Accrued Benefit Obligation, beginning of year	\$ 10,761,100	\$ 12,686,000
Current service cost	611,600	782,200
Interest cost	391,200	257,400
Long term disability (gain) expense	609,400	(167,500)
Benefits paid	(940,700)	(1,825,400)
Amortization of actuarial loss or (gain)	1,505,000	(971,600)
Accrued Benefit Obligation, end of year	12,937,600	10,761,100
Other employee benefit liabilities	65,575	87,635
Unamortized actuarial gain (loss)	(457,900)	1,132,800
Accrued Benefit Liability, end of year	\$ 12,545,275	\$ 11,981,535

Actuarial gains and losses are amortized over the expected average remaining service period of the related employee group commencing the year after the gain or loss arises. A full update to the actuarial valuation of the accrued benefit liability was performed to determine the City's accrued benefit obligation as at December 31, 2023.

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life of 12 years (2022 - 12 years) for active members expected to receive benefits under the plan.

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2023	2022
Discount rate	4.10%	4.50%
Expected future inflation rate	4.50%	2.50%
Expected wage and salary range increases	2.50% - 7.90%	3.00% - 4.63%

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**10. LONG-TERM DEBT**

The City receives debt financing through the MFA in accordance with the Community Charter to finance certain capital expenses. Gross debt of \$202,364,914 (2022 - \$202,364,914) less sinking fund credits and actuarial adjustments of \$35,505,272 (2022 - \$27,124,581) is presented as net debt of \$166,859,642 (2022 - \$175,240,333). Interest expense for long-term debt in 2023 was \$6,744,932 (2022 \$3,177,181).

	<u>2023</u>	<u>2022</u>
Police Building, Bylaw 6603, 2.25%, due 2024	\$ 564,637	\$ 1,131,594
Moody Park Pool, Bylaw 7209, 2.90%, due 2028	1,298,239	1,531,862
Moody Park Pool, Bylaw 7209, 1.28%, due 2030	182,518	206,535
Westminster Pier Park Development Bylaw 7377, 3.65%, due 2026	1,544,680	2,023,743
Westminster Pier Park Development Bylaw 7377, 2.00% due 2032	899,550	999,500
Civic Facilities, Road Maintenance and Park Development Loan Authorization Bylaw 7528, 2.60%, due 2036	8,977,217	9,533,672
New Westminster Substation Loan Authorization Bylaw 7604, 2.20% due 2035	16,659,403	17,803,145
New Westminster Civic Infrastructure Loan Authorization Bylaw 7842, 2.24%, due 2039	18,673,641	19,580,282
New Westminster Civic Infrastructure Loan Authorization Bylaw 7842, 4.09%, due 2042	3,693,285	3,830,000
Queensborough Electrical Substation Loan Authorization Bylaw 8041, 4.09%, due 2042	24,107,603	25,000,000
New Westminster Aquatics and Community Centre Infrastructure Loan Authorization Bylaw 8073, 4.09%, due 2042	90,258,869	93,600,000
	<u>\$ 166,859,642</u>	<u>\$175,240,333</u>

Estimated repayments on long-term debt for the next five years and thereafter are as follows:

2024	8,647,766
2025	8,358,783
2026	8,645,068
2027	8,386,284
2028	8,658,859
Thereafter	<u>124,162,881</u>
	<u>\$ 166,859,642</u>

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11. TANGIBLE CAPITAL ASSETS

	Assets Under Construction						Engineering Structures			Electrical Distribution System	2023 Total	Restated (Note 2(b)) 2022 Total
	Construction	Land	Building	Vehicles / Equipment	Park Improvements	Engineering Structures	Water	Sewer				
Balance, beginning of year	\$ 109,001,761	\$ 212,939,453	\$ 202,036,634	\$ 41,792,365	\$ 78,942,797	\$ 252,040,468	\$ 69,381,650	\$ 134,342,903	\$ 105,784,057	\$ 1,206,262,088	\$ 1,111,637,346	
Transfers	(34,864,188)	-	811,060	553,928	114,927	4,271,985	18,362	5,571,829	23,522,097	-	-	
Additions	41,616,085	-	1,068,075	4,514,358	6,090,991	2,476,160	3,456,208	9,754,995	9,390,572	78,367,444	101,893,470	
Disposals	-	(1,174)	(6,029,780)	(1,391,279)	(85,754)	(23,476)	(21,510)	-	(283,945)	(7,836,918)	(7,268,728)	
Balance, end of year	115,753,658	212,938,279	197,885,989	45,469,372	85,062,961	258,765,137	72,834,710	149,669,727	138,412,781	1,276,792,614	1,206,262,088	
<b>ACCUMULATED AMORTIZATION</b>												
Balance, beginning of year	\$ -	\$ -	\$ 94,948,262	\$ 25,205,586	\$ 41,945,313	\$ 131,892,008	\$ 15,666,333	\$ 32,274,555	\$ 33,491,283	\$ 375,423,340	\$ 357,646,563	
Amortization	-	-	5,985,096	3,861,286	2,173,937	7,509,081	968,683	2,252,753	3,334,089	26,084,925	24,679,419	
Disposals	-	-	(4,656,167)	(1,369,457)	(85,754)	(23,476)	(21,510)	-	(283,945)	(6,440,309)	(6,902,642)	
Balance, end of year	-	-	96,277,191	27,697,415	44,033,496	139,377,613	16,613,506	34,527,308	36,541,427	395,067,956	375,423,340	
<b>NET BOOK VALUE</b>												
As at December 31, 2023	\$ 115,753,658	\$ 212,938,279	\$ 101,608,798	\$ 17,771,957	\$ 41,029,465	\$ 119,387,524	\$ 56,221,204	\$ 115,142,419	\$ 101,871,354	\$ 881,724,658		
<b>NET BOOK VALUE</b>												
As at December 31, 2022	\$ 109,001,761	\$ 212,939,453	\$ 107,088,372	\$ 16,586,779	\$ 36,997,484	\$ 120,148,460	\$ 53,715,317	\$ 102,068,348	\$ 72,292,774	\$ 830,838,748		

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**For the Year Ended December 31, 2023**

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**11. TANGIBLE CAPITAL ASSETS (continued)**

- (a) Assets under construction  
Assets under construction having a value of \$115,753,658 (2022 – \$109,001,761) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- (b) Contributed tangible capital assets  
Contributed capital assets have been recognized at fair market value at the date of contribution. Included in the additions to tangible capital assets is \$745,455 of contributed assets received during the year (2022 – \$7,087,759).
- (c) Works of art and historic assets  
The City manages and controls various works of art and non-operational historic assets including buildings, artifacts, painting and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

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**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**12. ACCUMULATED SURPLUS**

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	Restated (Note 2(b)) 2022
<b>Surplus:</b>		
Invested in Tangible Capital Assets (a)	\$ 740,574,773	\$ 718,012,768
Invested in Inventory of Supplies	3,967,762	2,907,271
Invested in Prepaid Expenses	3,749,444	3,184,829
<b>Reserves:</b>		
<b>Reserves set aside by Council:</b>		
Affordable Housing	2,004,685	1,627,899
Childcare Amenity	1,869	1,786
Community Amenity	8,135,485	7,357,817
Community Development	7,401,935	4,324,360
Community Endowment	5,213,864	4,982,192
Computer Replacement	1,077,393	872,025
Environment/Childcare Grants	213,486	204,000
Equipment Replacement	12,870,582	11,542,810
Facility Maintenance	6,173,686	6,083,020
Facility Replacement - Massey Theatre	10,870,661	8,992,731
General Amenity	447,442	427,560
General Fund Provisions	5,133,525	(1,296,280)
Off street Parking Provisions	1,659,597	1,714,330
Public Art	858,823	865,526
Climate Action	43,981,187	31,848,130
Growing Communities Grant	15,445,768	-
Parks Reserve	22,325,933	-
Electrical Fund Provisions	42,233,502	36,127,800
Water Fund Provisions	19,769,752	16,451,104
Sewer Fund Provisions	33,774,494	29,068,079
Solid Waste Fund Provisions	223,457	(860,949)
<b>Statutory Reserves:</b>		
Cemetery Reserve	927,212	890,997
Construction of Municipal Works	10,405,356	8,406,418
Parking Cash in Lieu	1,216,493	1,252,531
Park Land Acquisition	334,163	319,315
Tax Sale Land	1,912,035	1,827,076
<b>Total Reserves</b>	<b>254,612,385</b>	<b>173,030,277</b>
<b>Total Accumulated Surplus</b>	<b>\$1,002,904,364</b>	<b>\$ 897,135,145</b>

- (a) Invested in tangible capital assets is comprised of tangible capital assets of \$881,724,658 (2022 restated - \$830,838,748) less net proceeds from debt spent on tangible capital assets of \$141,149,884 (2022 - \$112,825,980).

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**13. TRUST FUNDS**

The Amateur Sports Fund, Irving House Bequeaths and Election Surplus are not reported in these financial statements. The following is a summary of Trust Fund transactions for the year:

	Balance, beginning of year	Interest Allocation	Expenses and Transfer (Net)	Balance, end of year
Amateur Sports Fund	\$ 242,911	\$ 11,295	\$ -	\$ 254,206
Irving House Bequeaths	117,104	5,445	-	122,549
Election Surplus	1,406	65	-	1,472
	<b>\$ 361,421</b>	<b>\$ 16,806</b>	<b>\$ -</b>	<b>\$ 378,227</b>

**14. MUNICIPAL TAXATION AND OTHER LEVIES**

In addition to levying and collecting property taxes for municipal purposes, the City also collects taxes from its citizens on behalf of other governments. The following table illustrates the amounts collected and the amounts transferred to other governments. These amounts collected on behalf of other governments are not reflected on the City's financial statements.

	2023	%	2022	%
Gross Taxation and Levies	<b>\$ 161,815,720</b>	<b>100.00</b>	\$ 150,082,182	100.00
Less: Collections on Behalf of Other Governments				
Metro Vancouver Regional District	<b>2,034,795</b>	1.26	1,797,304	1.20
BC Assessment Authority	<b>1,367,604</b>	0.85	1,255,001	0.84
Municipal Finance Authority	<b>7,628</b>	< 0.01	6,682	< 0.01
Province of British Columbia - School Taxes	<b>43,928,919</b>	27.14	40,051,811	26.68
South Coast British Columbia Transportation Authority	<b>9,060,402</b>	5.60	8,352,389	5.57
Business Improvement Levies	<b>462,643</b>	0.29	446,270	0.30
	<b>56,861,991</b>	<b>35.14</b>	51,909,457	34.59
Municipal Taxation and Levies	<b>\$ 104,953,729</b>	<b>64.86</b>	\$ 98,172,725	65.41

**15. GRANTS FROM OTHER GOVERNMENT**

Grants from other governments include:

	2023	2022
Federal	<b>\$ 860,539</b>	\$ 1,629,462
Provincial and Regional	<b>24,206,032</b>	4,369,274
	<b>\$ 25,066,571</b>	\$ 5,998,736

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**16. OTHER REVENUE**

Other Revenue includes:

	<b>2023</b>	<b>2022</b>
Licenses, Permits and Fines	<b>\$ 13,588,047</b>	\$ 10,401,932
Interest and Penalties	<b>19,117,703</b>	8,543,417
Gain on Disposal of Tangible Capital Assets	<b>1,141,116</b>	1,116,030
Sale of Low Carbon Fuels Credits	<b>8,471,047</b>	26,395,700
Westminster Pier Park Fire Insurance Proceeds	<b>24,950,000</b>	-
Other	<b>7,358,183</b>	6,733,959
	<b>\$ 74,626,096</b>	\$ 53,191,038

**17. CONTINGENCIES**

- (a) The loan agreements with the Metro Vancouver Regional District and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the authorities' obligations in respect of such borrowing, the resulting deficiency becomes a joint and several liability of the City and the other participants.
- (b) The City obtains long-term debt instruments through the MFA. The City is also required to execute demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The demand notes are contingent in nature and are not reflected in the accounts. Details of the contingent demand notes at December 31 are as follows:

	<b>2023</b>	<b>2022</b>
Police Building, Bylaw 6603	<b>\$ 233,776</b>	\$ 233,776
Moody Park Pool, Bylaw 7209	<b>142,759</b>	142,759
Westminster Pier Park, Bylaw 7377	<b>253,681</b>	253,681
Civic Facilities, Road Maintenance and Park Development, Bylaw 7528	<b>258,507</b>	258,507
New Westminster Substation, Bylaw 7604	<b>463,277</b>	463,277
New Westminster Civic Infrastructure, Bylaw 7842	<b>546,385</b>	546,385
Queensborough Electrical Substation, Bylaw 8041	<b>703,263</b>	703,263
New Westminster Aquatics and Community Centre Infrastructure, Bylaw 8073	<b>2,633,018</b>	2,633,018
	<b>\$ 5,234,666</b>	\$ 5,234,666

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. CONTINGENCIES (continued)**

- (c) The City is a shareholder of E-Comm, Emergency Communications for British Columbia Incorporated (E-Comm) whose services include: regional 9-1-1 call centre for the Metro Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has one Class A share and one Class B share and the Police Board has one Class A share. There are 37 Class A shares and 18 Class B shares issued and outstanding as at December 31, 2023. As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date.
- (d) The City, as a member of the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District is jointly and severally liable for the net capital liabilities of these Districts. Any liability which may arise as a result of the above noted contingency will be accounted for in the period in which the required payment is made.

**18. SEGMENTED INFORMATION**

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including Police Services, Parks and Recreation Services, Fire Services, Climate Action, Planning and Development Services, Engineering Services, General Government Services, Library, and Utility Operations which includes Water Supply Services, Electrical Distribution Services, Sewer and Drainage Services, and Solid Waste Services. For management reporting purposes, the City's operations and activities are organized and reported by Service Areas. Service Areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions and limitations.

City Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

***General Government Services – Legislative Services, Administration, Cultural Services, Communications, Finance, Information Technology, Human Resources, Legal Services, Economic Development, and Grants in Aid***

The Departments and Divisions within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying and collecting taxes and utilities; acquiring, disposing and managing City assets; developing and maintaining information technology systems and applications; ensuring effective financial management and communication; administering City grants; managing the Anvil Centre and cultural services; developing an effective labour force; administering collective agreements and payroll; economic development; monitoring and reporting performance; and ensuring that high quality City service standards are met.

***Police Services***

The mandate of Police Services is to keep the community safe by enforcing the law, and by preventing and reducing crime.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**18. SEGMENTED INFORMATION (continued)**

***Parks and Recreation Services***

Parks and Recreation is responsible for providing, facilitating the development of, and maintaining high quality parks, and recreation facilities and programs.

***Library Services***

The New Westminster Public Library is responsible for providing library resources and services to the community.

***Fire Services***

The mandate of Fire Services is to protect life, property and the environment through the provision of emergency response and planning, inspections, code enforcement and public education, ensuring safety for the public.

***Climate Action, Planning and Development***

Climate Action, Planning and Development is responsible for preparing land use plans, bylaws and policies for sustainable development of the City, for reviewing and approving new development, building permits and inspections and climate action.

***Engineering Services – Engineering Operations and Administration, Cemetery, Parking and Towing Services, Animal Services, Vehicle Fleet Services, Works Yards***

Engineering Services is responsible for planning, building, operating and maintaining the City's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for parking, towing, cemetery operations, animal control and fleet services.

***Utility Operations - Water Supply Services, Electrical Distribution Services, Sewer and Drainage Services, and Solid Waste Services***

The Water Utility operates and distributes drinking water, and maintains water mains and pump stations. The Electrical Distribution Utility is responsible for the distribution of electricity to the City's citizens and businesses and the City's fibre optic network system. The Sewer and Drainage Utility is responsible for the disposal of sanitary sewage and drainage, as well as the network of sewer mains, storm sewers and pump stations. The Solid Waste Utility is responsible for garbage collection, green waste collection and recycling.

CORPORATION OF THE CITY OF NEW WESTMINSTER  
 NOTES TO THE FINANCIAL STATEMENTS  
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18. SEGMENTED INFORMATION (continued)  
 SEGMENTED REVENUES AND EXPENSES

	Police Services	Parks and Recreation	Fire Services	Climate Action, Planning and Development	Engineering Services	General Government	Library	Utility Operations	2023	Restated (Note 2(b)) 2022	2023 Budget
<b>REVENUE</b>											
Municipal Taxation and Other Levies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,939,325	\$ -	\$ 14,404	\$ 104,953,729	\$ 98,172,725	\$ 105,142,044
Utility Rates	-	-	-	-	-	-	-	108,852,895	108,852,895	103,835,965	110,552,518
Sale of Services	6,461,378	4,508,742	70,028	129,481	5,701,864	520,954	37,714	1,748,286	19,178,447	16,616,825	14,800,342
Grants from Other Governments	2,039,016	333,540	19,091	924,217	4,641,208	16,472,198	159,743	477,558	25,066,571	5,998,736	24,886,822
Contributed Tangible Capital Assets	-	-	-	-	390,880	-	-	354,575	745,455	7,087,759	-
Contributions	-	466,894	-	460,482	3,059,061	6,978,168	-	5,929,840	16,894,445	11,587,519	22,680,034
Other Revenue	23,959	170,847	53,347	9,230,187	3,379,800	60,379,729	233	1,387,994	74,626,096	53,191,038	23,442,639
Total Revenue	\$ 8,524,353	\$ 5,480,023	\$ 142,466	\$ 10,744,367	\$ 17,172,813	\$ 189,290,374	\$ 197,690	\$ 118,765,552	\$ 350,317,638	\$ 296,490,567	\$ 301,504,399
<b>EXPENSES</b>											
Salaries, Benefits and Training	\$ 31,173,836	\$ 15,953,081	\$ 17,300,353	\$ 5,862,565	\$ 16,076,134	\$ 18,328,069	\$ 3,063,102	\$ 6,206,430	\$ 113,963,570	\$ 102,677,913	\$ 110,632,744
Contracted Services	5,074,744	2,086,588	855,897	1,661,451	4,770,493	2,563,200	154,647	4,337,963	21,504,983	20,546,171	15,558,244
Supplies and Materials	1,026,298	1,575,074	394,940	122,800	4,562,787	3,032,320	422,604	929,354	12,066,177	11,792,712	11,861,844
Interest and Bank Charges	-	-	-	-	-	5,153,503	-	1,964,818	7,118,321	3,240,335	6,763,495
Cost of Sales	-	351,187	-	-	17,550	1,696,096	-	77	2,064,910	1,331,325	1,669,662
Grants	30,907	-	-	72,003	-	873,930	-	-	976,840	1,036,836	1,222,550
Insurance and Claims	-	-	-	-	313,898	3,889,868	-	-	4,203,766	4,073,599	4,235,583
Utility Purchases and Levies	-	-	-	-	-	-	-	55,191,315	55,191,315	53,865,074	55,709,974
Amortization	651,849	3,936,243	584,524	-	8,891,060	4,078,374	724,131	7,218,743	26,084,924	24,679,419	27,730,000
Loss on Disposal of Tangible Capital Assets	-	1,373,613	-	-	-	-	-	-	1,373,613	279,039	-
Total Expenses	\$ 37,957,634	\$ 25,275,786	\$ 19,135,714	\$ 7,718,819	\$ 34,631,922	\$ 39,615,360	\$ 4,364,484	\$ 75,848,700	\$ 244,548,419	\$ 223,522,423	\$ 235,384,096
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (29,433,281)	\$ (19,795,763)	\$ (18,993,248)	\$ 3,025,548	\$ (17,459,109)	\$ 149,675,014	\$ (4,166,794)	\$ 42,916,852	\$ 105,769,219	\$ 72,968,144	\$ 66,120,303

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
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**19. COMMITMENTS**

In January 2012, the City entered into an operating agreement with BC Hydro for the New Westminster Substation. The agreement commits the City to reimburse BC Hydro for all costs relating to operating, maintaining and upgrading the substation. The initial term of the agreement was effective until March 31, 2015 with subsequent five-year renewal periods until such time as either party serves written notice of termination at least one year prior to the end of the current five-year term. On March 31, 2020 the term of the agreement was automatically extended until March 31, 2025.

**20. CONTRACTUAL RIGHTS**

The City has various contracts with organizations that are expected to result in the following revenues over the next five years that are either to provide services to or acquire capital assets for the community, or are for the use of City assets through property, fibre optic network and advertising space agreements.

	<u>2023</u>
2024	\$ 12,599,814
2025	\$ 4,605,616
2026	\$ 2,633,537
2027	\$ 2,404,460
2028	\$ 1,344,610

Certain contractual rights are not included in the above schedule as the amounts received vary from period to period and cannot be reasonably estimated.

**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments include cash and cash equivalents, investments, receivables, payables and debt. The City has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk, foreign exchange risk and liquidity risk.

(a) Credit Risk

Credit risk refers to the potential for the City to incur financial losses if a third party fails to fulfill its contractual obligations. Primarily, credit risk stems from the City's cash and cash equivalents, investments, and receivables.

Cash and cash equivalents are held with banks and counterparties that have high credit ratings and minimal market risk. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The City mitigates credit risk in its investments by adhering to minimum credit quality standard (A1 to A1+ for short-term investments and A- to AAA for long-term investments) of Standard & Poor's rating (or equivalent). The maximum exposure is limited to the amount presented on the Statement of Financial Position.

Accounts receivable mainly consists of property taxes, utilities, trade and other receivables.

**CORPORATION OF THE CITY OF NEW WESTMINSTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

(b) Interest Rate Risk

Changes in interest rates may affect the City's future cash flows or fair market value of financial instruments. Investments are purchased with the intention to hold until maturity and not driven by speculative fluctuations in interest rates. The City structures its investment portfolio to align with planned liquidity requirements for ongoing operations and capital needs.

The City invested funds in Guaranteed Income Certificates where interest rates are locked in until maturity. The City is exposed to interest rate risk when these securities are up for renewal. The City also invested in MFA pooled investment funds where the market value is subject to interest rate fluctuations. Management regularly monitors economic and interest rate conditions and may make recommendations, if necessary, to Council to re-balance the City's investment portfolio in order to mitigate any potential risks and manage financial resources effectively.

The City adheres to prudent fiscal stewardship by maintaining debt at a manageable level and acquiring only fixed-rate debt debenture which protects the City's fiscal position from unexpected increases in interest rates.

(c) Foreign Exchange Risk

The City has limited foreign exchange risk due to the fact that its primary business activities are conducted in Canada using Canadian currency.

The City's investments and debt portfolio has no exposure to foreign exchange risk as the securities held, debt principal and interest payments are denominated in Canadian currency.

(d) Liquidity Risk

Liquidity risk is the risk that the City will encounter difficulty in meeting its financial obligations as they come due. The City manages liquidity risk through effective financial and contract management. Management regularly monitors actual and forecasted cash flows required for operating, financing and capital activities.

The City maintains strong liquidity by preserving a reasonable level of cash and cash equivalents and investing in short-term investments maturing in a year or less. The City also contributes to a sinking fund for long-term debt in accordance with the actuarial requirements to ensure that the City is meeting its debt retirement obligations at maturity.

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	General Fund	Electrical Utility Fund	Water Utility Fund	Sewer Utility Fund	Solid Waste Utility Fund	2023	Restated (Note 2(b)) 2022
<b>FINANCIAL ASSETS</b>							
Cash and Cash Equivalents	\$ 112,938,725	\$ -	\$ -	\$ -	\$ -	\$ 112,938,725	\$ 247,710,100
Accounts Receivable							
Property Taxes	6,109,855	-	-	-	-	6,109,855	4,088,524
Other	21,251,971	6,422,473	437,857	1,339,448	301,245	29,752,994	18,366,973
Due from Other Governments	1,203,923	-	-	83,721	-	1,287,644	1,539,618
Investments	278,348,844	-	-	-	-	278,348,844	105,213,072
	419,853,318	6,422,473	437,857	1,423,169	301,245	428,438,062	376,918,287
<b>LIABILITIES</b>							
Accounts Payable	53,908,609	498,676	-	-	-	54,407,285	49,599,959
Due to Other Governments	11,606,493	-	-	-	-	11,606,493	4,023,787
Prepaid Taxes	12,314,362	-	-	-	-	12,314,362	11,656,505
Deferred Revenue and Deposits	35,631,007	155,570	-	-	-	35,786,577	42,805,785
Deferred Development Cost Charges	18,308,764	-	1,602,928	1,544,236	-	21,455,928	21,406,086
Employee Benefit Plans	12,545,275	-	-	-	-	12,545,275	11,981,535
Long-Term Debt	112,669,969	54,189,673	-	-	-	166,859,642	175,240,333
Due to/(from) Other Funds	103,621,335	(42,973,605)	(23,988,651)	(35,365,148)	(1,293,931)	-	-
	360,605,814	11,870,314	(22,385,723)	(33,820,912)	(1,293,931)	314,975,562	316,713,990
<b>NET FINANCIAL ASSETS</b>	59,247,504	(5,447,841)	22,823,580	35,244,081	1,595,176	113,462,500	60,204,297
<b>NON-FINANCIAL ASSETS</b>							
Tangible Capital Assets	588,396,986	117,237,058	57,853,727	117,581,569	655,318	881,724,658	830,838,748
Inventory of Supplies	588,931	3,182,646	163,488	32,697	-	3,967,762	2,907,271
Prepaid Expenses	3,749,444	-	-	-	-	3,749,444	3,184,829
	592,735,361	120,419,704	58,017,215	117,614,266	655,318	889,441,864	836,930,848
<b>ACCUMULATED SURPLUS</b>	\$ 651,982,865	\$ 114,971,863	\$ 80,840,795	\$ 152,858,347	\$ 2,250,494	\$ 1,002,904,364	\$ 897,135,145

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	General Fund	Electrical Utility Fund	Water Utility Fund	Sewer Utility Fund	Solid Waste Utility Fund	2023	Restated (Note 2(b)) 2022	2023 Budget
<b>REVENUE</b>								
Municipal Taxation and Other Levies	\$ 104,939,325	\$ -	\$ -	\$ 14,404	\$ -	\$ 104,953,729	\$ 98,172,725	105,142,044
Utility Rates		58,854,308	16,884,444	28,019,592	5,094,551	108,852,895	103,835,965	110,552,518
Sale of Services	17,430,161	141,855	391,471	1,214,960	-	19,178,447	16,616,825	14,800,342
Grants from Other Governments	24,589,013	-	-	477,558	-	25,066,571	5,998,736	24,886,822
Contributed Tangible Capital Assets	390,880	8,000	100,900	245,675	-	745,455	7,087,759	-
Contributions	10,964,605	2,330,216	858,607	2,741,017	-	16,894,445	11,587,519	22,680,034
Other Revenue	73,238,101	360,315	-	-	1,027,680	74,626,096	53,191,038	23,442,639
	231,552,085	61,694,694	18,235,422	32,713,206	6,122,231	350,317,638	296,490,567	301,504,399
<b>EXPENSES</b>								
Police Services	37,957,634	-	-	-	-	37,957,634	35,027,650	37,265,948
Parks and Recreation	25,275,786	-	-	-	-	25,275,786	22,035,220	19,874,730
Fire Services	19,135,714	-	-	-	-	19,135,714	17,555,830	18,796,522
Climate Action, Planning and Development	7,718,819	-	-	-	-	7,718,819	7,636,049	7,853,813
Engineering Services	34,631,922	-	-	-	-	34,631,922	32,229,075	32,091,172
General Government	39,615,360	-	-	-	-	39,615,360	32,459,758	37,968,108
Library	4,364,484	-	-	-	-	4,364,484	4,522,490	5,143,555
Utility Operations	-	44,229,723	10,004,023	17,293,360	4,321,594	75,848,700	72,056,351	76,390,248
	168,699,719	44,229,723	10,004,023	17,293,360	4,321,594	244,548,419	223,522,423	235,384,096
<b>ANNUAL SURPLUS</b>	62,852,366	17,464,971	8,231,399	15,419,846	1,800,637	105,769,219	72,968,144	66,120,303
Interfund Transfers:								
From Electrical Fund to Current Fund	2,500,000	(2,500,000)	-	-	-	-	-	-
From Electrical Fund to Provision for Future Exp.	3,500,000	(3,500,000)	-	-	-	-	-	-
Other Transfers	1,582,549	1,261,777	(948,334)	(1,183,590)	(712,402)	-	-	-
<b>INCREASE (DECREASE) IN SURPLUS</b>	70,434,915	12,726,748	7,283,065	14,236,256	1,088,235	105,769,219	72,968,144	66,120,303
Accumulated Surplus, beginning of year	581,547,950	102,245,115	73,557,730	138,622,091	1,162,259	897,135,145	824,167,001	897,135,145
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 651,982,865	\$ 114,971,863	\$ 80,840,795	\$ 152,858,347	\$ 2,250,494	\$ 1,002,904,364	\$ 897,135,145	\$ 963,255,448

CORPORATION OF THE CITY OF NEW WESTMINSTER  
 STATEMENT OF RESERVES  
 For the Year Ended December 31, 2023

SUPPLEMENTAL SCHEDULE III (UNAUDITED)

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	Restated (Note 2(b)) Balances, Beginning of Year	Transfer from (to) Operating or Reserves	Interest Allocation	Proceeds from Disposal	Transfers For Capital Programs	Balances, End of Year
<b>RESERVES SET ASIDE BY COUNCIL</b>						
Affordable Housing	\$ 1,627,899	\$ 440,069	\$ 75,697	\$ -	\$ (138,980)	\$ 2,004,685
Childcare Amenity	1,786	-	83	-	-	1,869
Community Amenity	7,357,817	160,000	342,138	-	275,530	8,135,485
Community Development	4,324,360	3,589,845	201,083	-	(713,353)	7,401,935
Community Endowment	4,982,192	-	231,672	-	-	5,213,864
Computer Replacement	872,025	350,006	40,549	-	(185,187)	1,077,393
Environment/Childcare Grants	204,000	-	9,486	-	-	213,486
Equipment Replacement	11,542,810	2,245,852	536,741	51,491	(1,506,312)	12,870,582
Facility Maintenance	6,083,020	2,724,515	282,860	-	(2,916,709)	6,173,686
Facility Replacement - Massey Theatre	8,992,731	2,069,015	418,162	-	(609,247)	10,870,661
General Amenity	427,560	-	19,882	-	-	447,442
General Fund Provisions	(1,296,280)	14,012,861	-	-	(7,583,056)	5,133,525
Offstreet Parking Provisions	1,714,330	-	-	-	(54,733)	1,659,597
Public Art	865,526	171,416	40,247	-	(218,366)	858,823
Climate Action	31,848,130	10,707,341	1,480,938	-	(55,222)	43,981,187
Growing Communities Grants	-	15,850,000	552,769	-	(957,001)	15,445,768
Parks Reserve	-	22,257,992	231,919	-	(163,978)	22,325,933
Electrical Fund Provisions	36,127,800	11,267,981	-	-	(5,162,279)	42,233,502
Water Fund Provisions	16,451,104	7,091,337	-	-	(3,772,689)	19,769,752
Sewer Fund Provisions	29,068,079	13,141,234	-	-	(8,434,819)	33,774,494
Solid Waste Fund Provisions	(860,949)	1,126,745	-	-	(42,339)	223,457
	160,333,940	107,206,209	4,464,226	51,491	(32,238,740)	239,817,126
<b>STATUTORY RESERVES</b>						
Cemetery Reserve	890,997	36,215	-	-	-	927,212
Construction of Municipal Works	8,406,418	79,136	390,898	1,112,621	416,283	10,405,356
Parking Cash in Lieu	1,252,531	-	58,243	-	(94,281)	1,216,493
Park Land Acquisition	319,315	-	14,848	-	-	334,163
Tax Sale Land	1,827,076	-	84,959	-	-	1,912,035
	12,696,337	115,351	548,948	1,112,621	322,002	14,795,259
<b>TOTAL RESERVES</b>	<b>\$ 173,030,277</b>	<b>\$ 107,321,560</b>	<b>\$ 5,013,174</b>	<b>\$ 1,164,112</b>	<b>\$ (31,916,738)</b>	<b>\$ 254,612,385</b>

**SUPPLEMENTAL SCHEDULE IV (UNAUDITED)**

**CORPORATION OF THE CITY OF NEW WESTMINSTER  
RESTART GRANT SCHEDULE  
As of December 31, 2023**

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**BC COVID-19 SAFE RESTART GRANT**

In November, 2020 the City received \$6,052,000 from the Province of British Columbia for funding operations impacted by COVID-19. The Safe Restart Grant can be used over multiple years to fund increased costs and lower revenues as a result of COVID-19. The City has recognized the grant as revenue in 2020 and has used up all the funds to offset impacts from the pandemic by the end of 2023.

	<b>2023</b>
Safe Restart Grant Received	<u><b>\$ 6,052,000</b></u>
Costs offset	
Support for vulnerable persons	<b>125,053</b>
Education and enforcement	<b>36,454</b>
Community support programs	<b>31,601</b>
Emergency management centre response	<u><b>225,810</b></u>
Total of Costs	<u><b>418,918</b></u>
Casino and other revenue shortfall offset	<u><b>5,633,082</b></u>
Unused Grant Funding	<u><u><b>\$ -</b></u></u>

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**SUPPLEMENTAL SCHEDULE V (UNAUDITED)**

**CORPORATION OF THE CITY OF NEW WESTMINSTER  
GROWING COMMUNITIES FUND GRANT SCHEDULE  
As of December 31, 2023**

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**Growing Communities Fund**

In March 2023, the City received \$15,850,000 from the Province of B.C. relating to the Growing Communities Fund grant. The Growing Communities Fund grant is one-time grant that can be used to address the City's infrastructure and amenity needs.

The grant was placed in a separated dedicated reserve fund and interest earned is allocated back to the reserve fund.

	<b>2023</b>
Grant received during the year	<u><b>15,850,000</b></u>
Interest earned	<b>552,769</b>
Less eligible spending:	
Local roads improvements and upgrades	<b>116,063</b>
Walking infrastructure improvements	<b>753,529</b>
Transit improvements	<u><b>87,409</b></u>
	<b>957,001</b>
Balance, end of year	<u><u><b>15,445,768</b></u></u>

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