

**The Corporation of the City of
North Vancouver**
Consolidated Financial Statements
For the year ended December 31, 2020

Statement of Management Responsibility

The Council of the Corporation of the City of North Vancouver (“City”) has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of the City. 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 approves the consolidated financial statements.

The City's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether the City's consolidated financial statements present fairly in all material respects the financial position of the City as at December 31, 2020, 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.



Acting Director of Finance

Leslie Garber

May 10, 2021



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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 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, 2020 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, 2020, and its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Schedule A of the City's consolidated financial statements.

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 10, 2021

**The Corporation of the City of North Vancouver
Consolidated Statement of Financial Position
As at December 31, 2020 with comparative figures for 2019
(in thousands of dollars)**

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash	\$ 116,691	\$ 9,929
Temporary investments (note 3(a))	55,589	52,994
Portfolio investments (note 3(b))	102,501	139,269
Investment in Lonsdale Energy Corp. (note 4)	3,947	2,709
Due from other governments	3,872	4,561
Accounts receivable	11,053	8,365
Loan to Lonsdale Energy Corp. (note 5)	26,518	25,623
Interest receivable	12,418	13,145
	<u>332,589</u>	<u>256,595</u>
LIABILITIES		
Accounts payable and accrued liabilities	39,355	24,888
Deferred revenue	32,132	30,218
Deferred lease revenue (note 13)	51,925	-
Deferred development cost charges	21,963	23,323
Long-term debt (note 6)	465	684
Employee future benefits (note 7)	8,229	8,150
Advances and other liabilities	10,351	10,447
	<u>164,420</u>	<u>97,710</u>
NET FINANCIAL ASSETS	<u>168,169</u>	<u>158,885</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	445,625	414,093
Inventories	703	631
Prepaid expenses	1,828	1,745
	<u>448,156</u>	<u>416,469</u>
ACCUMULATED SURPLUS (note 9)	<u>\$ 616,325</u>	<u>\$ 575,354</u>

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



Acting Director of Finance
Leslie Garber

The Corporation of the City of North Vancouver
Consolidated Statement of Operations
Year ended December 31, 2020 with comparative figures for 2019
(in thousands of dollars)

	2020 Budget	2020	2019
	(notes 2(i) and 14)		
REVENUE			
Property value tax	\$ 65,669	\$ 65,928	\$ 62,521
Parcel taxes	3,529	3,571	3,204
Licences and permits	4,192	4,949	4,856
Fines and fees	5,126	4,799	5,157
Rent	1,428	1,874	2,191
Interest, dividends and penalties	2,147	6,059	6,477
Sale of services	28,698	26,331	29,896
Rebate and recoveries	85	638	58
Grants and other	7,347	19,430	11,276
Developer contributions and other transfers	275	25,063	5,203
Loss on disposition of assets	-	(823)	(427)
Lonsdale Energy Corp. income (note 4)	-	1,238	595
	<u>118,496</u>	<u>159,057</u>	<u>131,007</u>
Total revenue (note 12)			
EXPENSES			
General government	19,023	22,078	19,818
Transportation and transit	6,746	8,317	8,279
Health, social services and housing	2,754	2,764	2,685
Development services	6,191	5,406	6,340
Protective services	28,581	27,229	27,259
Parks, recreation and culture	30,383	28,084	30,210
Water utilities	10,516	9,719	9,964
Sewer utilities	10,177	10,538	9,598
Solid waste	3,856	3,951	4,226
	<u>118,227</u>	<u>118,086</u>	<u>118,379</u>
Total expenses (note 12)			
Annual surplus	269	40,971	12,628
Accumulated surplus beginning of year	<u>575,354</u>	<u>575,354</u>	<u>562,726</u>
Accumulated surplus end of year	<u>\$ 575,623</u>	<u>\$ 616,325</u>	<u>\$ 575,354</u>

See accompanying notes to the consolidated financial statements

**The Corporation of the City of North Vancouver
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2020 with comparative figures for 2019
(in thousands of dollars)**

	2020 Budget	2020	2019
	(notes 2(i) and 14)		
Annual surplus	\$ 269	\$ 40,971	\$ 12,628
Acquisition of tangible capital assets	(83,934)	(34,303)	(26,315)
Non-cash developer contributed assets	-	(14,499)	(1,085)
Proceeds on sale of tangible capital assets	-	34	70
Depreciation of tangible capital assets	15,700	16,413	15,350
Loss on disposition of tangible capital assets	-	823	427
	<u>(68,234)</u>	<u>(31,532)</u>	<u>(11,553)</u>
Acquisition of inventories		(1,156)	(1,347)
Acquisition of prepaid expenses	-	(1,807)	(1,707)
Use of inventories	-	1,083	1,372
Use of prepaid expenses	-	1,725	1,581
	<u>-</u>	<u>(155)</u>	<u>(101)</u>
Increase (decrease) in net financial assets	(67,965)	9,284	974
Net financial assets, beginning of year	<u>158,885</u>	<u>158,885</u>	<u>157,911</u>
Net financial assets, end of year	<u>\$ 90,920</u>	<u>\$ 168,169</u>	<u>\$ 158,885</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, 2020 with comparative figures for 2019
(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
Cash provided by (used for):		
Operating Transactions		
Annual surplus	\$ 40,971	\$ 12,628
Items not involving cash:		
Depreciation expense	16,413	15,350
Loss on disposal of tangible capital assets	823	427
Non-cash developer contributed assets	(14,499)	(1,085)
Lonsdale Energy Corp. income	(1,238)	(595)
Changes in non-cash operating items:		
Decrease (increase) in due from other governments	689	(1,019)
(Increase) decrease in accounts receivable	(2,688)	2,362
Increase in loan to Lonsdale Energy Corp.	(895)	(2,329)
Decrease in interest receivable	727	1,065
Increase in accounts payable and accrued liabilities	14,467	7,822
Increase in deferred revenue	1,914	2,483
Increase in deferred lease revenue	51,925	-
(Decrease) increase in deferred development cost charges	(1,360)	1,041
Increase in accrued employee future benefits	79	29
Decrease in advances and other liabilities	(96)	(46)
(Increase) decrease in inventories	(72)	25
Increase in prepaid expenses	(83)	(126)
	<u>107,077</u>	<u>38,032</u>
Capital Transactions		
Cash used to acquire tangible capital assets	(34,303)	(26,315)
Proceeds from sale of tangible capital assets	34	70
	<u>(34,269)</u>	<u>(26,245)</u>
Investing Transactions		
Decrease in temporary investments	(2,595)	(9,076)
Increase in portfolio investments	36,768	633
	<u>34,173</u>	<u>(8,443)</u>
Financing Transactions		
Repayment of long-term debt	(219)	(211)
	<u>106,762</u>	<u>3,133</u>
Increase in cash	106,762	3,133
Cash, beginning of year	<u>9,929</u>	<u>6,796</u>
Cash, end of year	<u>\$ 116,691</u>	<u>\$ 9,929</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, 2020
(tabular amounts in thousands of dollars)

1. OPERATIONS

The City of North Vancouver (the “City”) 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 include administrative, protective, transportation, environmental, recreational, water and sanitary services.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Presentation

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

The City has an agreement with the District of North Vancouver in the operation and management of the North Vancouver Recreation Commission, and the City includes its proportionate share in the City’s consolidated financial statements. The current agreement specifies that the operating costs shall be paid 33.94% (2019 – 33%) by the City and 66.06% (2019 – 67%) by the District of North Vancouver. Each municipality is responsible for its own facilities and pays 100% of all capital costs relating to improvement, expansion and replacement of buildings or facility equipment.

The City also has an agreement with the District of North Vancouver in the operation and management of the North Vancouver Museum and Archives Commission, and the City includes its proportionate share in the City’s consolidated financial statements. The current agreement specifies that the operating costs shall be paid 50% (2019 – 50%) by the City and 50% (2019 – 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, 2020
(tabular amounts in thousands of dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

(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) 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) Temporary Investments

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

(h) Portfolio Investments

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

(i) Budget Figures

The budget figures are based on the ten year financial plan adopted on April 27th, 2020.

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

(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

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

(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 depreciated until put into use	

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)**

(m) Non-Financial Assets (cont'd)

(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

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

(iv) Natural Resources

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

(v) Interest Capitalization

The City does not capitalize interest costs associated with the 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 and estimated useful life of tangible capital assets. Actual results could differ from these estimates.

(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.

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)**

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

(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) 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.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

3. INVESTMENTS

(a) Temporary Investments

The fair value of temporary investments at December 31, 2020 was \$60,316,506 (2019 - \$54,943,973). These investments range in maturity date from January 7, 2021 to December 22, 2021, and range in yield from 0.85% to 5.26%.

(b) Portfolio Investments

The fair value of portfolio investments at December 31, 2020 was \$116,309,955 (2019 - \$151,360,972). These investments range in maturity from January 15, 2022 to May 15, 2031, and range in yield from 1.34% to 7.52%.

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

The City 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 Lonsdale and Marine Drive – Harbourside areas of the City of North Vancouver.

Summarized financial information relating to LEC is as follows:

	<u>2020</u>	<u>2019</u>
Cash and accounts receivable	\$ 3,316	\$ 2,230
Plant and equipment	36,179	34,762
Other assets	<u>653</u>	<u>659</u>
Total assets	<u>\$ 40,148</u>	<u>\$ 37,651</u>
Accounts payable and accrued liabilities	\$ 1,878	\$ 1,346
Deferred contributions	7,340	7,289
Debt	<u>26,983</u>	<u>26,307</u>
Total Liabilities	<u>\$ 36,201</u>	<u>\$ 34,942</u>
Shareholder's equity	<u>\$ 3,947</u>	<u>\$ 2,709</u>
Total revenue	\$ 7,282	\$ 5,964
Total expenses	<u>6,044</u>	<u>5,369</u>
Net income	<u>\$ 1,238</u>	<u>\$ 595</u>

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

4. INVESTMENT IN LONSDALE ENERGY CORPORATION (“LEC”) (con’t)

Included in the City’s consolidated statement of financial position is “Investment in Lonsdale Energy Corp.” in the amount of \$3,947,000 (2019 - \$2,709,000) and a loan receivable in the amount of \$26,518,000 (note 5) (2019 – 25,623,000). Also, included in accounts receivable in the City’s consolidated statement of financial position are receivables from LEC in the amount of \$524,000 (2019 - \$522,000).

5. LOAN TO LONSDALE ENERGY CORPORATION (“LEC”)

The loan receivable balance of \$26,518,000 (2019 - \$25,623,000) consists of the following interest bearing promissory notes:

On August 1, 2018, the City converted amounts due from LEC whereby LEC issued a 5 year promissory note to the City in the amount of \$33,662,000 bearing interest at 2.65%. The promissory note to the City has been partially drawn upon with a balance owing at December 31, 2020 of \$26,518,000 (2019 - \$25,623,000).

All loans are due with a 12 month notice period and bear interest at 2.65% (2019 – 2.65%). Interest revenue of \$693,000 (2019 - \$649,000) and Dividend revenue of \$34,000 (2019 - \$30,000) has been included in the consolidated statement of operations.

At the maturity date of the loan to LEC, the City 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. LONG-TERM DEBT

The City has financed the expansion of LEC by assuming debt on behalf of LEC through the Municipal Finance Authority in accordance with the Community Charter. Debt principal is reported net of repayments and actuarial adjustments. The City carries no other long-term debt. The total debt issued and outstanding as at December 31, 2020 was \$465,077 (2019 - \$684,288).

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

6. LONG-TERM DEBT (con't)

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

	<u>2020</u>
2021	\$ 227,979
2022	<u>237,098</u>
	<u>\$ 465,077</u>

Interest expense of \$6,000 (2019 - \$6,000) has been included in the Consolidated Statement of Operations. The interest rate on long-term debt is 0.3% per annum.

7. EMPLOYEE FUTURE BENEFITS

(a) Sick and Severance

Employees of the City are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an actuarial valuation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of the City's future benefits was completed as at December 31, 2020.

Information regarding the City'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:

	<u>2020</u>	<u>2019</u>
Benefit obligation - beginning of the year	\$ 7,815	\$ 7,604
Add: Current service costs	793	646
Interest on accrued benefit obligation	222	257
Less: Actuarial (gain) loss	598	130
Benefits paid	<u>(923)</u>	<u>(822)</u>
Benefit obligation - end of the year	\$ 8,505	\$ 7,815
Add: Unamortized actuarial gain	<u>(276)</u>	335
Accrued benefit liability - end of the year	<u>\$ 8,229</u>	<u>\$ 8,150</u>

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

7. EMPLOYEE FUTURE BENEFITS (con't)

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

	2020	2019
Discount rates	2.10%	2.70%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.58% to 4.63%	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 the City.

(b) Council Retirement Stipend

Starting 2005, Council Members are entitled to a retirement stipend based on 9.98% of the individual's total indemnity received subsequent to 2002. These amounts are accrued as earned and recorded in accounts payable and accrued liabilities.

8. TANGIBLE CAPITAL ASSETS

2020	Land	Land Improvements	Parks	Buildings	Machinery & Equipment	Vehicles	Infrastructure	Library Materials	Work in Progress	Total
Cost										
Balance as at December 31, 2019	\$ 38,909	\$ 76,101	\$ 50,357	\$ 126,685	\$ 21,584	\$ 11,327	\$ 239,874	\$ 952	\$ 49,339	\$ 615,128
Additions	5,000	6,256	5,469	15,108	2,007	810	5,634	180	57,677	98,141
Disposals	-	-	318	-	209	270	1,188	203	49,339	51,527
Balance as at December 31, 2020	\$ 43,909	\$ 82,357	\$ 55,508	\$ 141,793	\$ 23,382	\$ 11,867	\$ 244,320	\$ 929	\$ 57,677	\$ 661,742
Accumulated Depreciation										
Balance as at December 31, 2019	\$ -	\$ 14,322	\$ 15,829	\$ 61,812	\$ 15,771	\$ 6,088	\$ 86,748	\$ 465	\$ -	\$ 201,035
Depreciation expense	-	2,333	1,786	5,184	1,529	620	4,746	215	-	16,413
Disposals	-	-	250	-	209	217	452	203	-	1,331
Balance as at December 31, 2020	\$ -	\$ 16,655	\$ 17,365	\$ 66,996	\$ 17,091	\$ 6,491	\$ 91,042	\$ 477	\$ -	\$ 216,117
Net Book Value										
December 31, 2020	\$ 43,909	\$ 65,702	\$ 38,143	\$ 74,797	\$ 6,291	\$ 5,376	\$ 153,278	\$ 452	\$ 57,677	\$ 445,625
2019										
Cost										
Balance as at December 31, 2018	\$ 38,909	\$ 63,348	\$ 49,700	\$ 125,709	\$ 19,708	\$ 10,901	\$ 232,731	\$ 930	\$ 46,888	\$ 588,824
Additions	-	12,753	657	1,262	1,232	899	7,913	233	49,339	74,288
Disposals	-	-	-	286	(644)	473	770	211	46,888	47,984
Balance as at December 31, 2019	\$ 38,909	\$ 76,101	\$ 50,357	\$ 126,685	\$ 21,584	\$ 11,327	\$ 239,874	\$ 952	\$ 49,339	\$ 615,128
Accumulated Depreciation										
Balance as at December 31, 2018	\$ -	\$ 12,219	\$ 14,126	\$ 57,170	\$ 13,644	\$ 5,944	\$ 82,721	\$ 460	\$ -	\$ 186,284
Depreciation expense	-	2,103	1,703	4,925	1,483	546	4,374	216	-	15,350
Disposals	-	-	-	283	(644)	402	347	211	-	599
Balance as at December 31, 2019	\$ -	\$ 14,322	\$ 15,829	\$ 61,812	\$ 15,771	\$ 6,088	\$ 86,748	\$ 465	\$ -	\$ 201,035
Net Book Value										
December 31, 2019	\$ 38,909	\$ 61,779	\$ 34,528	\$ 64,873	\$ 5,813	\$ 5,239	\$ 153,126	\$ 487	\$ 49,339	\$ 414,093

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)**

8. TANGIBLE CAPITAL ASSETS (con't)

(a) Work in Progress

Work in progress having a value of \$57,677,000 (2019 - \$49,339,000) has not been amortized. Amortization of these assets will commence when the asset is in service.

(b) Developer Contributed Tangible Capital Assets and Other Transfers

Developer contributed tangible capital assets and other transfers have been recognized at their estimated fair value at the date of contribution. Developer contributed tangible capital assets and other transfers of \$14,499,000 (2019 - \$1,085,000) have been recognized during the year.

(c) Works of Art and Historic Assets

The City 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. These assets are not recorded in the consolidated financial statements of the City.

(d) Write-Down of Tangible Capital Assets

There were no write-downs during the current or prior year.

9. ACCUMULATED SURPLUS

	2020	2019
Current Funds – general, water and sewer	\$ 46,081	\$ 36,718
Reserve fund	107,826	107,552
Capital fund	462,418	431,084
Accumulated surplus, end of year	\$ 616,325	\$ 575,354

(a) Current Funds – general, water and sewer

	2020	2019
Appropriated:		
General funds	\$ 14,247	\$ 13,298
General funds – COVID-19 Grant (Schedule A)	5,359	-
Water fund	1,975	1,857
Sewer fund	9,825	9,675
Unappropriated:		
General funds	13,270	10,722
Sewer funds	715	476
Water fund	690	690
	\$ 46,081	\$ 36,718

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

9. ACCUMULATED SURPLUS (con't)

(b) Reserve Funds

	Balance December 31, 2019	Contributions & Transfers	Earnings	Less Expenditures	Balance December 31, 2020
Machinery and Equipment					
Engineering	\$ 3,862	\$ 415	\$ 117	\$ 844	\$ 3,550
Fire	873	-	27	170	730
General	95	-	9	41	63
Computer	201	38	5	127	117
Building	326	-	9	58	277
Local Improvements	828	4	24	62	794
Affordable Housing	4,896	1,320	163	74	6,305
Tax Sale Lands	35,241	-	1,084	689	35,636
Waterworks	4,556	-	135	-	4,691
Parking	39	-	6	45	-
Civic Amenity	51,885	7,907	1,982	10,073	51,701
Justice Administration Accommodation	123	-	4	1	126
Streets DCC	-	3,178	-	3,178	-
Parks DCC	-	1,288	-	1,288	-
Lower Lonsdale Amenity	70	-	-	-	70
Lower Lonsdale Legacy	2,660	-	78	76	2,662
Infrastructure	638	-	226	698	166
Public Art	547	-	15	58	504
Marine Drive Community Amenity	190	-	-	190	-
Sustainable Transportation	278	-	7	98	187
Carbon Fund	244	20	7	24	247
Water DCC	-	-	-	-	-
Sanitary DCC	-	-	-	-	-
Drainage DCC	-	-	-	-	-
Total	\$ 107,552	\$ 14,170	\$ 3,898	\$ 17,794	\$ 107,826

(c) Capital Fund

	2020	2019
Capital fund		
Invested in tangible capital assets	\$ 445,625	\$ 414,093
Appropriated Capital funds	16,793	16,991
Total	\$ 462,418	\$ 431,084

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

10. COMMITMENTS AND CONTINGENCIES

(a) Property Taxes

The City 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:

Collections for and remittances to other bodies	2020	2019
Provincial Government - Schools	\$ 28,135	\$ 39,123
Greater Vancouver Regional District	1,719	1,460
Greater Vancouver Transportation Authority	9,499	8,917
British Columbia Assessment Authority	1,525	1,448
Municipal Finance Authority	7	7
BIA Lower Lonsdale Society	495	498
	\$ 41,380	\$ 51,453

(b) Pension Liability

The City 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, 2018, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 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 most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$4,385,000 (2019 - \$4,259,000) for employer contributions to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)**

(b) Pension Liability (con't)

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

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

(d) E-Comm

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

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

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

(e) Contractual Obligations

As at December 31, 2020 the City had entered into various construction contracts for a total outstanding value of \$13.3M.

(f) Construction Loan Guarantee

On February 14, 2017 the City entered an agreement as a loan guarantor for the British Columbia Photography and Media Society for a demand construction bridge loan to a maximum of \$5M not to exceed five years.

11. TRUST FUNDS

Certain assets have been conveyed or assigned to the City to be administered as directed by an agreement or statute. The City holds the assets for the benefit of, and stands in a fiduciary relationship to, the beneficiary. The Cemetery Trust Fund, totaling \$3,201,000 (2019 - \$3,045,000), which is administered by the City, has not been included with the City's accounts.

**The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)**

12. SEGMENTED INFORMATION

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

General Government

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

Transportation and Transit

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

Health, Social Services and Housing

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

Development Services

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

Protective Services

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

Parks, Recreation and Culture

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

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

12. SEGMENTED INFORMATION (con't)

Water Utilities

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

Sewer Utilities

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

Solid Waste

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

	Revenues	Expenses					Total	Annual Surplus(Deficit)
		Wages & Benefits	Goods & Supplies	Services	Depreciation	Capitalized		
General government	\$ 109,148	\$ 14,346	\$ 4,623	\$ 4,935	\$ 4,696	\$ (6,522)	\$ 22,078	\$ 87,070
Transportation and transit	5,720	2,745	963	16,350	3,219	(14,960)	8,317	(2,597)
Health, social services and housing	462	386	91	2,238	-	49	2,764	(2,302)
Development services	5,826	4,740	28	638	-	-	5,406	420
Protective services	1,320	18,244	704	7,768	695	(182)	27,229	(25,909)
Parks, recreation and culture	7,389	13,015	1,404	13,991	6,065	(6,391)	28,084	(20,695)
Water utilities	12,063	2,049	7,679	1,991	890	(2,890)	9,719	2,344
Sewer utilities	13,826	1,904	599	10,594	848	(3,407)	10,538	3,288
Solid waste	3,303	1,729	48	2,174	-	-	3,951	(648)
2020	\$ 159,057	\$ 59,158	\$ 16,139	\$ 60,679	\$ 16,413	\$ (34,303)	\$ 118,086	\$ 40,971
2019	\$ 131,007	\$ 62,226	\$ 16,505	\$ 50,613	\$ 15,350	\$ (26,315)	\$ 118,379	\$ 12,628

13. DEFERRED LEASE REVENUE

During the year the City entered into an agreement for the Harry Jerome Neighborhood Lands and included in Deferred Revenue is \$51.9M for a lease term of 99 years.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

14. BUDGET FIGURES

The budget figures presented in these consolidated financial statements include 100% of the North Vancouver City Library and its 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 2020 to 2029 Bylaw, 2020, No. 8771 April 27th, 2020. The table below reconciles the approved budget to the budget figures reported.

	<u>Financial Plan Bylaw</u>	
Revenue per Statement of Operations	\$ 118,496	
Less:		
Budget Adjustments for Consolidation	\$ (2,607)	
Transfers from Reserve	(1,296)	
Interagency Funds	<u>(5,138)</u>	(9,041)
Revenue per financial plan bylaw 8771		<u>109,455</u>
Expenses per Statement of Operations	118,227	
Add:		
Transfer to other funds	(3,154)	
Less:		
Budget Adjustments for consolidation	1,594	
Interagency payments	<u>(5,138)</u>	(3,544)
Expenses per financial plan bylaw 8771		<u>111,529</u>
Deficit for the year		(2,074)
Reserves and capital:		
Capital expenditures	(83,934)	
Depreciation	15,700	
Equity	(8,975)	
Transfers from reserves	60,135	
External contributions	<u>19,148</u>	
Annual budgeted Surplus per financial plan bylaw	<u>\$ 0</u>	

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

15. COVID-19 IMPACT

Subsequent to the prior year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be specific impact on the City, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the City's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the City is still unknown. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The City's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The City will continue to focus on collecting receivables, managing expenditures, and, if necessary, leveraging existing reserves and available credit facilities, a revenue anticipation borrowing bylaw, 2020, No. 8749 was also authorized to borrow up to \$35M to ensure it is able to continue providing essential services to its citizens.

The Corporation of the City of North Vancouver
Schedule A – Unaudited
Year ended December 31, 2020
(tabular amounts in thousands of dollars)

SCHEDULE A: COVID-19 Safe Restart Grant

General funds – COVID-19 Safe Restart Grant	2020
Grant Funding Received	<u>\$ 5,434</u>
Grant Expenditure:	
Information Technology	<u>(75)</u>
	<u>\$ 5,359</u>