

**The Corporation of the City of
North Vancouver**

**Consolidated Financial Statements
For the year ended December 31, 2024**

Statement of Management Responsibility

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

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

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

CNV's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether CNV's consolidated financial statements present fairly in all material respects the financial position of CNV as at December 31, 2024, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

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



Larry Sawrenko

Chief Financial Officer

May 7, 2025

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the City of North Vancouver and its controlled entities (the "City"), which comprise the consolidated statement of financial position as at December 31, 2024 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, 2024, and its consolidated results of operations, its changes in consolidated net financial assets, its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Unaudited Information

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

Other Information

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

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

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



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

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

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 7, 2025

The Corporation of the City of North Vancouver
Consolidated Statement of Financial Position
As at December 31, 2024 with comparative figures for 2023
(in thousands of dollars)

| | 2024 | 2023 |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | \$ 212,705 | \$ 237,385 |
| Investments (note 3) | 55,362 | 68,927 |
| Investment in Lonsdale Energy Corp. (note 4) | 5,071 | 4,829 |
| Due from other governments | 7,219 | 7,731 |
| Accounts receivable | 10,709 | 8,773 |
| Loan to Lonsdale Energy Corp. (note 5) | 26,318 | 26,623 |
| Interest receivable | 750 | 309 |
| | <u>318,134</u> | <u>354,577</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 30,062 | 30,356 |
| Deferred revenue (note 13 (a)) | 45,660 | 38,961 |
| Deferred lease revenue (note 13 (b)) | 48,402 | 48,911 |
| Deferred development cost charges | 30,018 | 27,815 |
| Employee future benefits (note 6) | 8,555 | 8,334 |
| Advances and other liabilities | 18,066 | 12,650 |
| Debt (note 14) | 873 | - |
| Asset retirement obligations (note 8) | 2,829 | 2,742 |
| | <u>184,465</u> | <u>169,769</u> |
| NET FINANCIAL ASSETS | <u>133,669</u> | <u>184,808</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (note 7) | 599,653 | 528,021 |
| Inventories | 1,013 | 978 |
| Prepaid expenses | 2,195 | 3,316 |
| | <u>602,861</u> | <u>532,315</u> |
| ACCUMULATED SURPLUS (note 9) | <u>\$ 736,530</u> | <u>\$ 717,123</u> |

Commitments and contingencies (note 10)

See accompanying notes to the consolidated financial statements



Chief Financial Officer
Larry Sawrenko

The Corporation of the City of North Vancouver
Consolidated Statement of Operations
Year ended December 31, 2024 with comparative figures for 2023
(in thousands of dollars)

| | 2024 | 2024 | 2023 |
|---|---------------------|-------------------|-------------------|
| | Budget | | |
| | (notes 2(i) and 16) | | |
| REVENUE | | | |
| Property value tax (note 10 (a)) | \$ 80,941 | \$ 81,899 | \$ 76,274 |
| Other levies | 5,564 | 5,621 | 4,188 |
| Licences and permits | 6,036 | 4,723 | 7,898 |
| Fines and fees | 6,449 | 6,110 | 6,854 |
| Rent | 2,889 | 3,584 | 3,873 |
| Interest, dividends and penalties | 5,136 | 14,427 | 15,156 |
| Sale of services | 39,649 | 41,785 | 36,819 |
| Rebate and recoveries | 85 | 116 | 203 |
| Grants and other | 9,140 | 17,682 | 28,099 |
| Developer contributions and other transfers | 499 | 4,608 | 5,948 |
| Gain on disposition of assets | - | 1,231 | 746 |
| Lonsdale Energy Corp. income (note 4) | - | 242 | 3 |
| | <u>156,388</u> | <u>182,028</u> | <u>186,061</u> |
| EXPENSES | | | |
| General government | 26,047 | 28,465 | 28,197 |
| Transportation and transit | 8,596 | 13,414 | 10,749 |
| Health, social services and housing | 3,322 | 3,144 | 2,984 |
| Development services | 9,311 | 8,872 | 9,604 |
| Protective services | 34,539 | 35,880 | 32,844 |
| Parks, recreation and culture | 39,140 | 41,846 | 37,143 |
| Water utilities | 13,170 | 13,140 | 12,378 |
| Sewer & drainage utilities | 14,643 | 14,081 | 13,054 |
| Solid waste | <u>4,242</u> | <u>3,779</u> | <u>3,744</u> |
| Total expenses (note 12) | <u>153,010</u> | <u>162,621</u> | <u>150,697</u> |
| Annual surplus | 3,378 | 19,407 | 35,364 |
| Accumulated surplus beginning of year | <u>717,123</u> | <u>717,123</u> | <u>681,759</u> |
| Accumulated surplus end of year | <u>\$ 720,501</u> | <u>\$ 736,530</u> | <u>\$ 717,123</u> |

See accompanying notes to the consolidated financial statements

The Corporation of the City of North Vancouver
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2024 with comparative figures for 2023
(in thousands of dollars)

| | 2024 Budget | 2024 | 2023 |
|--|------------------------|-------------------|-------------------|
| | (notes 2(i) and 16) | | |
| Annual surplus | \$ 3,378 | \$ 19,407 | \$ 35,364 |
| Acquisition of tangible capital assets | (145,086) | (87,079) | (63,940) |
| Non-cash developer contributed assets | - | (2,887) | (2,094) |
| Proceeds on sale of tangible capital assets | - | 1,994 | 1,029 |
| Amortization of tangible capital assets | 19,500 | 17,571 | 16,860 |
| Gain on disposition of tangible capital assets | - | (1,231) | (746) |
| | <u>(125,586)</u> | <u>(71,632)</u> | <u>(48,891)</u> |
| Acquisition of inventories | - | (1,222) | (1,334) |
| Acquisition of prepaid expenses | - | (3,072) | (3,356) |
| Use of inventories | - | 1,187 | 1,306 |
| Use of prepaid expenses | - | 4,193 | 2,794 |
| | <u>-</u> | <u>1,086</u> | <u>(592)</u> |
| Decrease in net financial assets | (122,208) | (51,139) | (14,119) |
| Net financial assets, beginning of year | <u>184,808</u> | <u>184,808</u> | <u>198,927</u> |
| Net financial assets, end of year | <u>\$ 62,600</u> | <u>\$ 133,669</u> | <u>\$ 184,808</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, 2024 with comparative figures for 2023
(in thousands of dollars)

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Cash provided by (used for): | | |
| Operating Transactions | | |
| Annual surplus | \$ 19,407 | \$ 35,364 |
| Items not involving cash: | | |
| Amortization expense | 17,571 | 16,860 |
| Accretion expense | 96 | 93 |
| Gain on disposal of ARO | (9) | - |
| Gain on disposal of tangible capital assets | (1,231) | (746) |
| Non-cash developer contributed assets | (2,887) | (2,094) |
| Lonsdale Energy Corp. income | (242) | (3) |
| Changes in non-cash operating items: | | |
| Decrease (increase) in due from other governments | 512 | (2,644) |
| Decrease (increase) in accounts receivable | (1,936) | 1,469 |
| Change in loan to Lonsdale Energy Corp. | 305 | 30 |
| Increase in interest receivable | (441) | (192) |
| Increase (decrease) in accounts payable and accrued liabilities | (294) | 8,157 |
| Increase in deferred revenue | 6,699 | 1,354 |
| Decrease in deferred lease revenue | (509) | (510) |
| Increase in deferred development cost charges | 2,203 | 5,991 |
| Increase (decrease) in accrued employee future benefits | 221 | (162) |
| Increase in advances and other liabilities | 5,416 | 2,462 |
| Decrease in inventories | (35) | (30) |
| Decrease (increase) in prepaid expenses | 1,121 | (562) |
| | <u>45,967</u> | <u>64,837</u> |
| Capital Transactions | | |
| Cash used to acquire tangible capital assets | (87,079) | (63,940) |
| Proceeds from sale of tangible capital assets | 1,994 | 1,029 |
| | <u>(85,085)</u> | <u>(62,911)</u> |
| Investing Transactions | | |
| Decrease in investments | 13,565 | 34,163 |
| | <u>13,565</u> | <u>34,163</u> |
| Financing Transactions | | |
| Increase in debt | 873 | - |
| | <u>873</u> | <u>-</u> |
| Increase (decrease) in cash and cash equivalents | (24,680) | 36,089 |
| Cash and cash equivalents, beginning of year | 237,385 | 201,296 |
| Cash and cash equivalents, end of year | <u>\$ 212,705</u> | <u>\$ 237,385</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, 2024
(Tabular amounts in thousands of dollars)

1. OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Presentation

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

CNV has an agreement with the District of North Vancouver in the operation and management of the North Vancouver Recreation Commission, and CNV includes its proportionate share in CNV's consolidated financial statements. The current agreement specifies that the operating costs shall be paid 33.94% (2023 – 33.94%) by CNV and 66.06% (2023 – 66.06%) by the District of North Vancouver. Each municipality is responsible for its own facilities and pays 100% of all capital costs relating to improvement, expansion and replacement of buildings or facility equipment.

CNV also has an agreement with the District of North Vancouver in the operation and management of the North Vancouver Museum and Archives Commission, and CNV includes its proportionate share in CNV's consolidated financial statements. The current agreement specifies that the operating costs shall be paid 50% (2023 – 50%) by CNV and 50% (2023 – 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 as specified below. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services.

(c) Revenue Recognition

On January 1, 2024, CNV adopted public sector accounting standard 3400, Revenue, on a prospective basis. PS 3400 proposes a framework describing two categories of revenue – transactions with performance obligations and transactions with no performance obligations.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition (continued)

Revenue from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the organization satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenue from transactions without performance obligation is recognized at realizable value when the organization has the authority to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

Property value 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 in the revenues of CNV.

License and permit revenues are recognized when CNV's performance obligations are satisfied.

Rent 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 and recognized as the service is provided. Connection fees revenues are recognized when the connection has been established.

Sale of service and other revenue are recognized on an accrual basis when the service is provided or control of the goods is transferred.

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.

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.

(d) Deferred Revenue

Deferred revenue consists of prepaid property taxes, prepaid business licenses, unspent portion of restricted grants 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.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Deferred Development Cost Charges

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

(g) Cash and cash equivalents

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

(h) Investments

Investments include bank issued notes and bonds and Provincial bonds and debentures maturing after December 31, 2024 and are valued at the lower of cost or market value. Securities are recorded at their cost and written down to reflect losses in value that are other than temporary.

(i) Budget Figures

The budget figures are based on the financial plan adopted by Council as the "Financial Plan for the Years 2024 to 2028 Bylaw, 2024, No. 9016" on April 22nd, 2024.

(j) Employee Future Benefits

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

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

(k) Debt

Interest on debt is charged to current operations. Interest charges are accrued for the period from the date of the latest interest payment to the end of the year. Debt issued through the Municipal Finance Authority is recorded in the consolidated financial statements net of sinking fund payments and adjustments.

(l) 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.

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Non-Financial Assets (continued)

(i) Tangible Capital Assets

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

| | | |
|-----------------------|---|----------------|
| Land improvements | Straight-line over useful life of each asset unit | 10 – 100 years |
| Parks | Straight-line over useful life of each asset unit | 10 – 75 years |
| Buildings | Straight-line over useful life of each asset unit | 10 – 100 years |
| Machinery & equipment | Straight-line over useful life of each asset unit | 3 – 25 years |
| Vehicles | Straight-line over useful life of each asset unit | 6 – 25 years |
| Infrastructure | Straight-line over useful life of each asset unit | 7 – 100 years |
| Library materials | Straight-line over useful life of each asset unit | 2 – 5 years |
| Work in progress | Not amortized until put into use | |

(ii) Works of Art and Historic Assets

CNV and the Museum and Archives Commission manages and controls various works of art and non-operational historic assets, including buildings, artifacts, paintings and sculptures located at City sites and public display areas.

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

(iii) Natural Resources

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

(iv) Interest Capitalization

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

(v) 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.

(vi) Inventories

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

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Estimates

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

(n) 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 (note 12).

(o) Asset Retirement Obligations

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

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

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

(p) Financial Instruments

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

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

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

3. INVESTMENTS

The fair value of investments at December 31, 2024 is \$54,264,000 (2023 - \$65,962,000). CNV's investment portfolio consists of provincial governments and Canadian bank bonds with an amortized cost of \$55,362,000 (2023 - \$68,927,000).

Financial instruments maturing between January 2025 to December 2025 range in yield from 1.30% to 7.52% (2024 – 2.10% to 3.13%). Investments maturing from January 2026 to May 2031 range in yield from 1.40% to 3.36%.

No investments valued at market value were revalued in 2024, so a Consolidated Statement of Remeasurement Gains and Losses is not applicable.

4. INVESTMENT IN LONSDALE ENERGY CORPORATION ("LEC")

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

Summarized financial information relating to LEC is as follows:

| | 2024 | 2023 |
|--|------------------|------------------|
| Cash and accounts receivable | \$ 4,952 | \$ 4,050 |
| Plant and equipment | 49,886 | 40,969 |
| Other assets | 1,438 | 732 |
| Total assets | <u>\$ 56,276</u> | <u>\$ 45,751</u> |
| Accounts payable and accrued liabilities | \$ 4,810 | \$ 3,678 |
| Deferred contributions | 12,037 | 8,621 |
| Debt | 34,358 | 28,623 |
| Total Liabilities | <u>\$ 51,205</u> | <u>\$ 40,922</u> |
| Shareholder's equity | <u>\$ 5,071</u> | <u>\$ 4,829</u> |
| | 2024 | 2023 |
| Total revenue | \$ 10,651 | \$ 9,713 |
| Total expenses | 10,409 | 9,710 |
| Net income | <u>\$ 242</u> | <u>\$ 3</u> |

Included in CNV's Consolidated Statement of Financial Position is "Investment in Lonsdale Energy Corp." in the amount of \$5,071,000 (2023 - \$4,829,000) and a loan receivable in the amount of \$26,318,000 (2023 – \$26,623,000) (note 5(a)). Also included in accounts receivable in CNV's Consolidated Statement of Financial Position are receivables from LEC in the amount of \$1,040,000 (2023 - \$1,067,000).

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

5. LOAN TO LONSDALE ENERGY CORPORATION

The loan receivable balance of \$26,318,000 (2023 - \$26,623,000) consists of the following interest bearing promissory notes:

On August 1, 2018, CNV converted amounts due from LEC whereby LEC issued a 5 year promissory note to CNV in the amount of \$33,661,966. On July 15, 2019 and November 17, 2021, CNV's Council authorized LEC to borrow an additional \$1,681,000 and \$290,000 respectively.

On August 1, 2023, a five-year demand term loan was issued by CNV to borrow a maximum of \$35,632,966. This promissory note replaced and nullified all previous promissory notes issued by CNV to LEC. The loan matures on August 1, 2028 and bears interest at 3.51% per annum.

As at December 31, 2024 an amount of \$26,317,804 remains due to CNV. During the year, LEC drew \$715,000 (2023 - \$1,050,000) from this promissory note. After considering the principal payments of \$5,389,162 made to date, the remaining funding available to LEC under the terms of the agreement is \$3,926,000, which LEC expects to draw on for future asset construction. At the maturity date of the loan to LEC, CNV may, at its discretion, extend the terms of the loan in whole or in part or LEC may repay the loan in whole or in part using either internal or external financing.

Interest revenue of \$949,000 (2023 - \$798,000) and dividend revenue of \$54,000 (2023 - \$45,900) has been included in the Consolidated Statement of Operations.

6. EMPLOYEE FUTURE BENEFITS

(a) Sick and Severance

Employees of CNV are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an actuarial valuation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of CNV's future benefits was completed as at December 31, 2024.

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

| | 2024 | 2023 |
|--|-----------------|-----------------|
| Benefit obligation - beginning of the year | \$ 7,958 | \$ 6,944 |
| Add: Current service costs | 708 | 597 |
| Interest on accrued benefit obligation | 337 | 322 |
| Actuarial loss (gain) | (169) | 1,023 |
| Less: Benefits paid | (659) | (928) |
| Benefit obligation - end of the year | \$ 8,175 | \$ 7,958 |
| Add: Unamortized actuarial gain | 380 | 376 |
| Benefit liability - end of the year | <u>\$ 8,555</u> | <u>\$ 8,334</u> |

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6. EMPLOYEE FUTURE BENEFITS (continued)

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

| | 2024 | 2023 |
|--|-----------------------------------|-----------------------------------|
| Discount rates | 4.30% | 4.10% |
| Future inflation rates | 3.5% for 2024 and 2.0% thereafter | 4.5% for 2024 and 2.0% thereafter |
| Compensation increases, net of inflation | 0.0% to 1.9% | 0.0% to 0.5% |

The unamortized actuarial gain is amortized over a period equal to the employees' average remaining service lifetime of 12 years for CNV (2023 - 11 years).

(b) Council Retirement Stipend

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

7. TANGIBLE CAPITAL ASSETS

| 2024 | Land | Land Improvements | Parks | Buildings | Machinery & Equipment | Vehicles | Infrastructure | Library Materials | Work in Progress | Total |
|---------------------------------|-----------|-------------------|-----------|------------|-----------------------|-----------|----------------|-------------------|------------------|------------|
| Costs | | | | | | | | | | |
| Balance beginning of year | \$ 46,229 | \$ 82,423 | \$ 63,082 | \$ 152,820 | \$ 26,854 | \$ 14,504 | \$ 282,658 | \$ 960 | \$ 118,468 | \$ 787,998 |
| Additions and Adjustments | - | - | - | 1,196 | - | 976 | 15,853 | 246 | 86,860 | 105,131 |
| Disposals and Transfers | 1 | - | - | 23 | - | 482 | 1,923 | 214 | 15,165 | 17,808 |
| Balance end of year | \$ 46,228 | \$ 82,423 | \$ 63,082 | \$ 153,993 | \$ 26,854 | \$ 14,998 | \$ 296,588 | \$ 992 | \$ 190,163 | \$ 875,321 |
| Accumulated Amortization | | | | | | | | | | |
| Balance beginning of year | \$ - | \$ 23,710 | \$ 22,271 | \$ 81,859 | \$ 21,007 | \$ 5,939 | \$ 104,727 | \$ 464 | \$ - | \$ 259,977 |
| Amortization and Adjustments | - | 2,137 | 2,148 | 4,514 | 1,334 | 1,012 | 6,209 | 217 | - | 17,571 |
| Disposals | - | - | - | 23 | - | 411 | 1,232 | 214 | - | 1,880 |
| Balance end of year | \$ - | \$ 25,847 | \$ 24,419 | \$ 86,350 | \$ 22,341 | \$ 6,540 | \$ 109,704 | \$ 467 | \$ - | \$ 275,668 |
| Net Book Value | \$ 46,228 | \$ 56,576 | \$ 38,663 | \$ 67,643 | \$ 4,513 | \$ 8,458 | \$ 186,884 | \$ 525 | \$ 190,163 | \$ 599,653 |

| 2023 | Land | Land Improvements | Parks | Buildings | Machinery & Equipment | Vehicles | Infrastructure | Library Materials | Work in Progress | Total |
|---------------------------------|-----------|-------------------|-----------|------------|-----------------------|-----------|----------------|-------------------|------------------|------------|
| Cost | | | | | | | | | | |
| Balance beginning of year | \$ 46,229 | \$ 82,411 | \$ 57,695 | \$ 149,468 | \$ 26,101 | \$ 12,718 | \$ 277,033 | \$ 955 | \$ 71,212 | \$ 723,822 |
| Additions and Adjustments | - | 12 | 5,387 | 3,352 | 753 | 3,314 | 5,726 | 233 | 47,256 | 66,033 |
| Disposals | - | - | - | - | - | 1,528 | 101 | 228 | - | 1,857 |
| Balance end of year | \$ 46,229 | \$ 82,423 | \$ 63,082 | \$ 152,820 | \$ 26,854 | \$ 14,504 | \$ 282,658 | \$ 960 | \$ 118,468 | \$ 787,998 |
| Accumulated Amortization | | | | | | | | | | |
| Balance beginning of year | \$ - | \$ 21,509 | \$ 20,113 | \$ 77,363 | \$ 19,476 | \$ 6,309 | \$ 99,444 | \$ 478 | \$ - | \$ 244,692 |
| Amortization and Adjustments | - | 2,201 | 2,158 | 4,496 | 1,531 | 917 | 5,343 | 214 | - | 16,860 |
| Disposals | - | - | - | - | - | 1,287 | 60 | 228 | - | 1,575 |
| Balance end of year | \$ - | \$ 23,710 | \$ 22,271 | \$ 81,859 | \$ 21,007 | \$ 5,939 | \$ 104,727 | \$ 464 | \$ - | \$ 259,977 |
| Net Book Value | \$ 46,229 | \$ 58,713 | \$ 40,811 | \$ 70,961 | \$ 5,847 | \$ 8,565 | \$ 177,931 | \$ 496 | \$ 118,468 | \$ 528,021 |

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7. TANGIBLE CAPITAL ASSETS (continued)

(a) Work in Progress

Work in progress having a cost of \$190,163,000 (2023 - \$118,468,000) 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 such as roads, sidewalks, street lighting and other infrastructure of \$2,887,000 (2023 - \$2,094,000) have been recognized during the year.

8. ASSET RETIREMENT OBLIGATIONS

CNV owns several buildings known to have asset retirement obligations at their retirement. Estimated costs have been discounted to the present value using a discount rate of 3.5% per annum (2023 – 3.5%).

Balances of the asset retirement obligations are as follows:

| | 2024 | 2023 |
|---------------------------|----------|----------|
| Balance beginning of year | \$ 2,742 | \$ 2,649 |
| Accretion expense | 96 | 93 |
| Disposal of ARO | (9) | - |
| Balance end of year | \$ 2,829 | \$ 2,742 |

9. ACCUMULATED SURPLUS

| | 2024 | 2023 |
|---|------------|------------|
| General funds – general, water and sewer & drainage (a) | \$ 72,016 | \$ 64,868 |
| Reserve fund (b) | 77,190 | 148,117 |
| Capital fund (c) | 635,726 | 553,049 |
| Prepaid lease revenue not yet recognized | (48,402) | (48,911) |
| Accumulated surplus, end of year | \$ 736,530 | \$ 717,123 |

The prepaid lease revenue not yet recognized is available to temporarily finance specific operations until planned revenues are received. The proceeds from the prepaid lease (note 13 (b)) have been utilized for the construction of the Harry Jerome Community Recreation Centre.

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9. ACCUMULATED SURPLUS (continued)

(a) General funds – general, water and sewer

| | 2024 | 2023 |
|---|------------------|------------------|
| Appropriated: | | |
| General fund | \$ 20,999 | \$ 23,071 |
| Water fund | 6,304 | 7,105 |
| Sewer & Drainage fund | 15,707 | 14,220 |
| Unappropriated: | | |
| General fund | 13,445 | 11,688 |
| Water fund | 7,238 | 4,212 |
| Sewer & Drainage fund | 7,918 | 3,743 |
| General funds – COVID-19 Safe Restart Grant | 405 | 829 |
| | <u>\$ 72,016</u> | <u>\$ 64,868</u> |

(b) Reserve Funds

| | Balance December 31, 2023 | Contributions & Transfers | Earnings | Expenditures | Balance December 31, 2024 |
|--------------------------------------|------------------------------|------------------------------|------------------|------------------|------------------------------|
| Machinery and Equipment | | | | | |
| Engineering | \$ 2,643 | \$ 73 | \$ 268 | \$ 581 | \$ 2,403 |
| Fire | 428 | 236 | 28 | 280 | 412 |
| General | 21 | - | 4 | - | 25 |
| Computer | 43 | 38 | 4 | - | 85 |
| Building | 74 | - | - | 45 | 29 |
| Local Improvements | 855 | 1 | 51 | 1 | 906 |
| Affordable Housing | 8,148 | - | 245 | 8,073 | 320 |
| Tax Sale Lands | 36,785 | - | 2,240 | 1,901 | 37,124 |
| Waterworks | 5,271 | - | 315 | - | 5,586 |
| Parking | 6 | - | - | - | 6 |
| Civic Amenity | 76,458 | 3,835 | 2,986 | 76,285 | 6,993 |
| Justice Administration Accommodation | 56 | - | - | 21 | 35 |
| Streets DCC | - | 1,158 | - | 1,158 | - |
| Parks DCC | - | 1,248 | - | 1,248 | - |
| Lower Lonsdale Legacy | 2,763 | - | 160 | 179 | 2,744 |
| Infrastructure | 1,414 | - | 683 | 449 | 1,648 |
| Public Art | 729 | 115 | 46 | 23 | 867 |
| Sustainable Transportation | 244 | 88 | 13 | 123 | 222 |
| Carbon Fund | 818 | 65 | 750 | 442 | 1,191 |
| Growing Communities Fund | 11,361 | - | 671 | 227 | 11,805 |
| Housing Accelerator Fund | - | - | 4,789 | - | 4,789 |
| Total | <u>\$ 148,117</u> | <u>\$ 6,857</u> | <u>\$ 13,253</u> | <u>\$ 91,036</u> | <u>\$ 77,190</u> |

(c) Capital Fund

| | 2024 | 2023 |
|-------------------------------------|-------------------|-------------------|
| Invested in tangible capital assets | \$ 595,951 | \$ 525,280 |
| Appropriated capital funds | 39,775 | 27,769 |
| | <u>\$ 635,726</u> | <u>\$ 553,049</u> |

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10. COMMITMENTS AND CONTINGENCIES

(a) Property Value Taxes

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

| | 2024 | 2023 |
|---|------------------|------------------|
| Tax collected | \$ 143,008 | \$ 133,575 |
| Less collections for and remittances to other bodies: | | |
| Provincial Government - Schools | \$ 44,170 | \$ 42,797 |
| Greater Vancouver Regional District | 2,407 | 2,187 |
| Greater Vancouver Transportation Authority | 12,392 | 10,214 |
| British Columbia Assessment Authority | 1,633 | 1,595 |
| Municipal Finance Authority | 8 | 8 |
| BIA Lower Lonsdale Society | 499 | 500 |
| | <u>\$ 61,109</u> | <u>\$ 57,301</u> |
| Property Value Tax | <u>\$ 81,899</u> | <u>\$ 76,274</u> |

(b) Pension Liability

CNV and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024. CNV paid \$5,895,000 (2023 - \$5,143,000) for employer contributions while employees contributed \$5,195,000 (2023 - \$4,565,000) to the plan in fiscal 2024.

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

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Notes to Consolidated Financial Statements
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10. COMMITMENTS AND CONTINGENCIES (continued)

(c) Contingent Liabilities

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

(d) E-Comm

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

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

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

(e) Contractual Rights and Obligations

As at December 31, 2024 CNV had entered into various construction contracts for a total outstanding value of \$116,600,000 (2023 - \$140,300,000).

Land Leases

In 1978, CNV entered into 3 land lease agreements as the lessor with private sector entities as lessees, allowing the private sector entities to construct multi-unit residential premises on CNV's land. At the end of the lease, CNV will be required to pay the leaseholders consideration equal to the fair market value of the improvements, if CNV determines that the improvements have value (with no value attributable to the land), when the ownership transfers back to CNV. The amount to be paid as compensation is not currently determinable, as the fair market value of the improvements at the end of the lease terms is reliant upon factors outside of the control of CNV. The land leases are set to end in 2058.

Private Sector Leases

CNV has also entered into lease agreements with private sector entities to allow those entities to construct buildings on CNV owned land. In return, CNV received basic rent and the land and buildings will be surrendered back to CNV with no compensation payable by CNV. The timing of the end of lease terms range from 2077 to 2121.

| Lessee | Premise |
|--|----------------------------------|
| The Shipyards Development Ltd. | 125 Victory Ship Way |
| Darwin/Minto Properties (M4 at Lonsdale Square) Ltd. (name changed to Lonsdale Square Property Ltd. in January 2025) | 126 East 21 st Street |
| SRZ North (North Vancouver) Ltd. | 2141 Eastern Avenue |

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10. COMMITMENTS AND CONTINGENCIES (continued)

(e) Contractual Rights and Obligations (continued)

Not for Profit Leases

CNV had entered into lease agreements as the lessor with various not-for-profit organizations and other government entities as lessees. Upon expiration the leases, ownership of the buildings constructed by the lessees transfer to CNV. The timing of the end of lease terms range from 2026 to 2086, if all options to renew are exercised.

| Lessee | Premise |
|---|--|
| Quay View Housing Society | 150 West 2 nd Street |
| Entre Nous Femmes Housing Society | 1800 Rufus Drive |
| Greater Vancouver Housing Corporation | 601 West Keith Road |
| The Lookout Emergency Aid Society | 705 West 2 nd Street |
| Creekside Housing Co-operative | 710 West 15 th Street |
| Catalyst Community Developments Society | 221 East 2 nd Street and 144 St. Georges Avenue |
| North Shore Health Region | 1601 Forbes Avenue |
| British Columbia Photography and Media Arts Society | 105 Carrie Cates |

11. TRUST FUNDS

Certain assets have been conveyed or assigned to CNV to be administered as directed by an agreement or statute. CNV holds the assets for the benefit of, and stands in a fiduciary relationship to, the beneficiary. The Cemetery Trust Fund, totaling \$3,974,000 (2023 - \$3,810,000), which is administered by CNV, has not been included with CNV's accounts.

12. SEGMENTED INFORMATION

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

General Government

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

Transportation and Transit

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

Health, Social Services and Housing

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

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Notes to Consolidated Financial Statements
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12. SEGMENTED INFORMATION (continued)

Development Services

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

Protective Services

Protective Services is comprised of the North Vancouver RCMP detachment, the North Vancouver City Fire Department and bylaw enforcement. The North Vancouver RCMP detachment plays an integral role in the protection of North Vancouver residents and their property through crime prevention and detection, emergency response and victim services. The North Vancouver City Fire Department is responsible for providing fire suppression service, fire prevention services and fire safety education. Bylaw Services is responsible for the enforcement and education of CNV's bylaws and conflict resolution.

Parks, Recreation and Culture

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

Water Utilities

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

Sewer & Drainage Utilities

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

Solid Waste

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

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

| | Revenues | Expenses | | | | | | Annual Surplus (Deficit) |
|-------------------------------------|------------|------------------|------------------|------------|-------------------------------|-------------|------------|-----------------------------|
| | | Wages & Benefits | Goods & Supplies | Services | Amortization and Accretion | Capitalized | Total | |
| General government | \$ 112,907 | \$ 22,389 | \$ 5,090 | \$ 3,989 | \$ 2,219 | \$ (5,222) | \$ 28,465 | \$ 84,442 |
| Transportation and transit | 2,701 | 4,057 | 955 | 6,619 | 4,400 | (2,617) | 13,414 | (10,713) |
| Health, social services and housing | 499 | 522 | 75 | 2,553 | 4 | (10) | 3,144 | (2,645) |
| Development services | 6,923 | 7,293 | 37 | 1,542 | - | - | 8,872 | (1,949) |
| Protective services | 2,023 | 21,506 | 827 | 12,864 | 833 | (150) | 35,880 | (33,857) |
| Parks, recreation and culture | 13,264 | 19,759 | 2,720 | 84,084 | 8,117 | (72,834) | 41,846 | (28,582) |
| Water utilities | 18,613 | 2,371 | 9,697 | 4,201 | 978 | (4,107) | 13,140 | 5,473 |
| Sewer & drainage utilities | 21,381 | 1,959 | 186 | 12,747 | 1,082 | (1,893) | 14,081 | 7,300 |
| Solid waste | 3,620 | 1,807 | 25 | 1,905 | 42 | - | 3,779 | (159) |
| 2024 | \$ 181,931 | \$ 81,663 | \$ 19,612 | \$ 130,504 | \$ 17,675 | \$ (86,833) | \$ 162,621 | \$ 19,310 |
| 2023 | \$ 186,061 | \$ 77,248 | \$ 18,407 | \$ 101,788 | \$ 16,960 | \$ (63,706) | \$ 150,697 | \$ 35,364 |

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13. DEFERRED REVENUE

(a) Deferred revenue

| | 2024 | 2023 |
|---|-----------|-----------|
| Deposits and contributions for future use | \$ 29,103 | \$ 25,933 |
| Prepaid property taxes and utilities | 11,675 | 11,085 |
| Prepaid licenses and permits | 3,103 | 181 |
| Other | 1,779 | 1,762 |
| Total | \$ 45,660 | \$ 38,961 |

The adoption of PS 3400 resulted in a 2024 adjustment of \$2,915,000 to increase license and permit deferred revenue.

(b) Deferred lease revenue

In 2020, CNV entered into an agreement for the Harry Jerome Neighborhood Lands for a lease term of 99 years. Deferred lease revenue is comprised of \$48,402,000 (2023 - \$48,911,000) in relation to this lease.

14. DEBT

CNV obtains debt through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures:

| Bylaw | Use | Year of Maturity | Current Interest Rate | Net debt 2023 | Additions | Net debt 2024 |
|-------|--|------------------|-----------------------|---------------|-----------|---------------|
| 9032 | North Shore Neighborhood House | 2029 | 4.05% | - | \$ 873 | \$ 873 |
| 9032 | Kings Mill Walk Park | 2029 | - | - | - | - |
| 9032 | 1600 Eastern Park | 2029 | - | - | - | - |
| 8909 | Harry Jerome Community Recreation Centre | 2027 | - | - | - | - |
| | | | | - | \$ 873 | \$ 873 |

Loan authorization bylaws 9032 and 8909 are for temporary interim borrowing loans (up to 5 years) with interest-only payments. After the interim period is complete, they will transfer into long-term debt with annual interest and principal payments.

The maximum borrowing for each use is as follows:

| Use | Total Authorized |
|--|------------------|
| North Shore Neighborhood House | \$ 49,500 |
| Kings Mill Walk Park | 4,300 |
| 1600 Eastern Park | 1,900 |
| Harry Jerome Community Recreation Centre | 109,000 |
| Total Loan Authorization: | \$ 164,700 |

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15. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

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

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

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

(b) Market risk

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

(i) Foreign exchange risk

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

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. CNV manages such risk by adoption of an investment policy and adherence to this policy and the Community Charter. Investments are in pooled funds with the Municipal Finance Authority in a diversified portfolio in accordance with CNV's investment policy, which include preservation of capital, minimization of

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15. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

default and interest rate risk, sufficient liquidity to meet operating and capital requirements, and generation of a stable return on investments. Investments include GICs and High Interest Savings Accounts not subject to market fluctuations.

It is management's opinion that CNV is not exposed to significant market risk arising from its financial instruments.

(c) Liquidity risk

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

16. BUDGET FIGURES

The budget figures presented in these consolidated financial statements include 100% of the North Vancouver City Library and CNV's proportionate share of the North Vancouver Recreation Commission and North Vancouver Museum and Archives Commission. The financial plan was approved by Council as the Financial Plan for the Years 2024 to 2028 Bylaw, 2024, No. 9016 April 22nd, 2024. The table below reconciles the approved budget to the budget figures reported.

| | | <u>Financial Plan Bylaw</u> |
|--------------------------------------|----------------|-----------------------------|
| Revenue per Statement of Operations | | \$ 156,388 |
| Less: | | |
| Budget adjustments for consolidation | 5,170 | |
| Transfers from reserve | (8,096) | |
| Interagency funds | <u>(7,503)</u> | |
| | | <u>(10,429)</u> |
| Revenue per Financial Plan Bylaw | | <u>\$ 145,959</u> |
| Expenses per Statement of Operations | | 153,010 |
| Adjustments: | | |
| Decrease for capital expenditures | (15,520) | |
| Increase for non-capital projects | 11,788 | |
| Budget adjustments for consolidation | 13,571 | |
| Decrease for interagency payments | <u>(7,503)</u> | |
| | | <u>2,335</u> |
| Expenses per Financial Plan Bylaw | | <u>\$ 155,345</u> |
| Deficit for the year | | <u>(9,386)</u> |

The Corporation of the City of North Vancouver
Notes to Consolidated Financial Statements
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

16. BUDGET FIGURES (continued)

| | |
|--|-------------|
| Reserves and capital: | |
| Capital expenditures | (145,086) |
| Depreciation | 19,500 |
| Equity | (19,281) |
| Transfers from reserves | 133,206 |
| External contributions | 23,045 |
| Debt Servicing | (1,998) |
| Annual budgeted surplus per Financial Plan Bylaw | <u>\$ -</u> |

17. COMPARATIVE INFORMATION

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

The Corporation of the City of North Vancouver
Schedule A, B & C - Unaudited
Year ended December 31, 2024
(Tabular amounts in thousands of dollars)

Schedule A: COVID-19 Safe Restart Grant

| | 2024 |
|---|--------|
| 2023 Grant Funding Balance | \$ 829 |
| Grant Expenditures: | |
| Business Continuity | (42) |
| Community Resiliency & Recovery | (120) |
| City Services | (262) |
| 2024 Grant Funding Balance, December 31, 2024 | \$ 405 |

Schedule B: Growing Communities Fund

| | 2024 |
|---|-----------|
| 2023 Grant Funding Balance | \$ 11,361 |
| Interest Earned | 671 |
| Grant Expenditures | (228) |
| 2024 Grant Funding Balance, December 31, 2024 | \$ 11,804 |

Schedule C: Local Government Housing Initiatives Funding

| | 2024 |
|---|--------|
| 2024 Grant Funding Received | \$ 431 |
| Grant Expenditures | (69) |
| 2024 Grant Funding Balance, December 31, 2024 | \$ 362 |