

Consolidated Financial Statements of

**THE CORPORATION OF THE DISTRICT
OF NORTH VANCOUVER**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of The Corporation of the District of North Vancouver

Opinion

We have audited the consolidated financial statements of The Corporation of the District of North Vancouver (the "District"), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2025 and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Financial Statements***" section of our auditor's report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the 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 audit opinion.



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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report and 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 the 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 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 District'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 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 District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a matter that achieves fair presentation.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

May 12, 2026

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Financial Position


December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash and cash equivalents (note 2)	\$ 41,955,185	\$ 106,862,619
Investments (note 2)	318,838,840	235,843,963
Taxes receivable	9,167,977	7,174,855
Accounts receivable	11,287,645	6,383,759
Due from governments (note 3)	20,927,105	3,583,006
Municipal Finance Authority ("MFA") debt reserve deposit	888,661	862,824
Inventories held for resale	237,883	229,103
	<u>403,303,296</u>	<u>360,940,129</u>
Liabilities:		
Accounts payable and accrued liabilities (note 4)	32,655,625	23,744,921
Due to governments (note 5)	25,149,948	26,927,644
Restricted revenue (note 6)	24,961,360	23,691,081
Deferred revenue (note 7)	51,008,340	30,814,104
Debt (note 8)	39,881,031	43,212,589
Post-employment benefits (note 9)	12,080,578	11,608,187
Asset retirement obligation (note 11)	4,339,070	4,621,478
Deposits and other liabilities	26,595,573	28,904,292
	<u>216,671,525</u>	<u>193,524,296</u>
Net financial assets	186,631,771	167,415,833
Non-financial assets:		
Prepaid expenses	2,018,643	2,337,133
Inventories held for consumption	1,945,646	1,648,686
Tangible capital assets (note 10)	998,238,223	958,396,875
Other assets	3,375	7,831
	<u>1,002,205,887</u>	<u>962,390,525</u>
Accumulated surplus (note 12)	<u>\$ 1,188,837,658</u>	<u>\$ 1,129,806,358</u>

Commitments and contingencies (note 14)

Contractual rights (note 18)

See accompanying notes to consolidated financial statements.


Rick Danyluk, CPA, CMA
GM, Finance & CFO

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 17)	2025	2024
Revenue:			
Taxation (note 13)	\$ 145,459,323	\$ 148,179,946	\$ 137,396,242
Sales, fees, and user charges:			
Water	37,228,953	36,771,249	35,563,409
Sewer	43,218,667	43,448,050	36,704,766
Solid waste	9,329,791	9,199,122	8,889,140
Parks, recreation and culture	17,125,146	17,825,585	16,394,941
Other	36,353,372	41,591,130	33,739,711
Transfer from governments:			
Federal Government	437,672	37,926	3,075,739
Provincial Government	2,173,235	4,320,152	6,472,621
Regional Government	4,387,304	4,780,083	2,282,694
Investment income	6,980,830	14,336,268	14,962,455
Land sales and other contributions	6,615,119	15,072,739	9,116,240
	<u>309,309,412</u>	<u>335,562,250</u>	<u>304,597,958</u>
Expenses (note 16):			
General government	42,232,351	62,612,344	57,906,028
Protective services	66,631,514	62,041,123	60,114,213
Solid waste removal services	9,103,525	9,258,597	8,369,181
Social services	6,188,081	5,185,512	4,799,053
Development services	9,848,102	9,638,137	8,582,355
Transport and other services	13,206,770	12,315,471	12,552,631
Parks, recreation and cultural services	60,425,645	56,381,152	52,280,911
Water utility services	26,721,696	23,327,189	22,611,375
Sewer utility services	37,076,980	35,771,425	23,338,953
	<u>271,434,664</u>	<u>276,530,950</u>	<u>250,554,700</u>
Annual surplus	37,874,748	59,031,300	54,043,258
Accumulated surplus, beginning of year	1,129,806,358	1,129,806,358	1,075,763,100
Accumulated surplus, end of year (note 12)	\$ 1,167,681,106	\$ 1,188,837,658	\$ 1,129,806,358

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 59,031,300	\$ 54,043,258
Items not involving cash:		
Amortization of tangible capital assets	26,038,322	25,330,485
Accretion expense	146,253	149,471
Loss on disposal of tangible capital assets	794,694	824,701
Amortization of other assets	4,456	8,445
Contributed tangible capital assets	(2,440,987)	(7,130,839)
Gain on disposal of asset retirement obligation	(88,892)	-
Changes in non-cash operating working capital:		
Taxes receivable	(1,993,122)	(1,345,707)
Accounts receivable	(4,903,886)	2,066,407
Due from governments	(17,344,099)	477,481
Inventories held for resale	(8,780)	(3,302)
Prepaid expenses	318,490	221,175
Inventories held for consumption	(296,960)	(32,178)
Accounts payable and accrued liabilities	8,910,704	(4,605,748)
Due to governments	(1,777,696)	(4,581,905)
Restricted revenue	1,270,279	(3,316,116)
Deferred revenue	20,194,236	762,167
Post-employment benefits	472,391	420,663
Deposits and other liabilities	(2,308,719)	(2,878,112)
Net change in cash provided by operating activities	86,017,984	60,410,346
Capital activities:		
Cash used to acquire tangible capital assets	(64,573,146)	(70,101,889)
Net change in cash used in capital activities	(64,573,146)	(70,101,889)
Investing activities:		
Net change in investments	(82,994,877)	67,005,312
Net change in cash provided by (used in) investing activities	(82,994,877)	67,005,312
Financing activities:		
Proceeds from debt	-	20,000,000
Debt repayment	(3,331,558)	(2,517,814)
MFA debt reserve deposit	(25,837)	(224,401)
Net change in cash provided by financing activities	(3,357,395)	17,257,785
Increase (decrease) in cash and cash equivalents	(64,907,434)	74,571,554
Cash and cash equivalents, beginning of year	106,862,619	32,291,065
Cash and cash equivalents, end of year	\$ 41,955,185	\$ 106,862,619
Non-cash transactions, related to asset retirement obligations:		
Tangible capital assets	\$ (339,769)	\$ (834,927)

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 17)	2025	2024
Annual surplus	\$ 37,874,748	\$ 59,031,300	\$ 54,043,258
Contributed tangible capital assets (note 10(a))	-	(2,440,987)	(7,130,839)
Asset retirement obligation	-	339,769	834,927
Acquisition of tangible capital assets	(96,622,615)	(64,573,146)	(70,101,889)
Amortization of tangible capital assets	-	26,038,322	25,330,485
Loss on disposal of tangible capital assets	-	794,694	824,701
	(96,622,615)	(39,841,348)	(50,242,615)
Amortization of other assets	-	4,456	8,445
Acquisition of inventories held for consumption	-	(1,945,646)	(1,648,686)
Acquisition of prepaid expenses	-	(2,018,643)	(2,337,133)
Use of inventories held for consumption	-	1,648,686	1,616,508
Use of prepaid expenses	-	2,337,133	2,558,308
	-	25,986	197,442
Change in net financial assets	(58,747,867)	19,215,938	3,998,085
Net financial assets, beginning of year	167,415,833	167,415,833	163,417,748
Net financial assets, end of year	\$ 108,667,966	\$ 186,631,771	\$ 167,415,833

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

The Corporation of the District of North Vancouver (the "District") was incorporated in 1891 and operates under the provision of the Community Charter and the *Local Government Act* of British Columbia. The District's principal activities include the provision of local government services to residents and businesses of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water and sewer services.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements 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 of Canada.

(b) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in net financial assets of the reporting entity.

The reporting entity is comprised of all organizations that are controlled by the District. The consolidated financial statements reflect the consolidation of the District's funds with the financial position and results of operations of the District of North Vancouver Municipal Public Library and the District's proportionate interest in the North Vancouver Recreation & Culture Commission, North Vancouver Museum and Archives Commission, and North Shore Emergency Management Office.

Inter-entity and inter-fund balances and transactions have been eliminated on consolidation.

(c) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information. Consolidated financial statements report financial activities by major service. Segment disclosures provide information on the District's services delivered by department.

(d) Revenue recognition:

Revenue, unless specified below, is recognized when the District has provided goods or services through exchange transactions with performance obligations, based on each distinct good or service. Revenue is also recognized in non-exchange transactions such as fees, where there is no direct transfer of goods or services (voluntary and/or involuntary). Specific revenue recognitions are detailed below:

(i) Property taxes, penalties and interest relating to property taxes:

The Community Charter provides the District with the ability to impose and enforce collection of property taxes and levies, and to introduce penalties and interest. Property taxes are calculated based on the British Columbia Assessment Authority's ("BCAA") assessment value and annually approved tax rates set by Council. Taxation revenue is recorded at the time property tax bills are issued. Annual property tax levies and payments-in-lieu of taxes are recorded as taxes for municipal services in the year which they are levied. The BCAA's appeal process may affect current year property assessments by supplementary roll adjustments. Adjustments on taxes are recognized in the year when the appeals are settled.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Revenue recognition (continued):

(i) Property taxes, penalties and interest relating to property taxes (continued):

Property taxes collected in advance of the taxation year to which it relates is recorded in deferred revenue. Amounts collected on behalf of other governments and entities are recorded in the District's consolidated financial statements on a net basis.

The District is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

(ii) Contributed asset revenue:

Tangible capital assets from developers are a condition of the development approval process. PSAB rules require municipalities to recognize as revenue the fair value of the tangible capital assets when they are made available for use and received by the District.

The delivery of the contributed tangible capital assets is dependent upon the developer. The revenue is recognized on the Consolidated Statement of Operations with an increase in tangible capital assets on the Consolidated Statement of Financial Position of the same amount. Contributed asset revenue represents the fair value of assets received. It is not a source of funding available to meet current operating expenditures or obligations.

(iii) Deferred revenues:

Deferred revenues represent the receipt of funds for which the provision of services occurs in the future. These revenues may only be used in the conduct of certain services, in the completion of specific work. Revenue will be recognized once the performance obligations are satisfied.

(iv) Restricted revenue and Development cost charges ("DCC's"):

The District collects development cost charges in accordance with Council-approved bylaws to finance growth-related projects including parks and engineering infrastructure, which includes roads, drainage, sewer and water. DCC's must be spent on projects within defined area boundaries and are recognized as revenue as Council approved expenditures are incurred. Restricted revenue from non-government sources with externally imposed restrictions are recognized as revenue when spent in accordance with the funder's specified purpose or when the restriction is fulfilled.

(v) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreements are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(vi) Business license revenue:

Business license revenue is recognized upon issuance. All licenses issued are calendar year licenses.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Revenue recognition (continued):

(vii) License and development fees:

Revenue from building and development permits and rezoning fees is received in advance of services, 50% when the application is submitted and the remaining 50% collected when the permit is issued. Revenue is recognized at each phase once the performance obligations are fulfilled. The nature of the permit determines the number and type of performance obligation and when the revenue is recognized.

(A) Single performance obligation:

When a permit includes a single performance obligation, revenue is recognized at the time the performance obligation is fulfilled, being either issuance or completion of the permit.

(B) Multiple performance obligations:

For permits with multiple performance obligations, the first performance obligation is the issuance of the permit, subsequent performance obligations include activities such as inspections or compliance related tasks. Revenue is recognized based on the best estimate of when each performance obligation is fulfilled. When multiple performance obligations exist, revenue is allocated between the performance obligations based on the estimated cost to satisfy each performance obligation.

(viii) Cost recoveries and donations:

Fees from sewer and water connection permits are initially deferred and subsequently recognized as revenue when the installation of the connection is completed. Donations are recognized when the related expenditure is incurred.

(ix) All other revenues:

Unilateral transactions are recognized as revenue when the District has the authority to retain the inflow of economic resources and identifies a past transaction or event giving rise to an asset. Exchange transactions are recognized as revenue when the District's performance obligation, which is usually to provide goods and/or services, is fulfilled.

(e) Expense recognition:

Expenses are recognized on an accrual basis by the receipt of goods and services or the creation of an obligation to pay.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) Fund accounting:

Funds within the consolidated financial statements consist of operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. All inter-fund assets and liabilities and financial operations have been eliminated in the consolidated financial statements. The funds consist of the following:

(i) Operating fund:

These funds include the General, Water and Sewer Operating funds as well as the operating fund of the District of North Vancouver Municipal Public Library and the District's interest in the operating fund of the North Vancouver Recreation & Culture Commission, North Vancouver Museum and Archives Commission, and North Shore Emergency Management Office. They are used to record the consolidated operating assets, liabilities, revenue and expenses of the District.

(ii) Capital fund:

These funds include the General, Water and Sewer Capital funds as well as the Capital fund of the District of North Vancouver Municipal Public Library. They are used to record the acquisition and construction costs of tangible capital assets and any related debt outstanding.

(iii) Reserve fund:

These funds have been established for a specific purpose and include the following types:

- (1) Existing Capital Reserves, to enable the District to maintain existing assets in a state of good repair;
- (2) New Capital, Initiatives and Growth Reserves, to support investments in transportation and mobility, community health and safety, climate mitigation and innovation, and to help smooth financial impacts as the community grows; and
- (3) Land and Housing Reserves, to preserve the value of the District's lands, acquire new lands and support investments in social and supportive housing.

(g) Cash and cash equivalents and investments:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90-days from the date of acquisition.

Investments are recorded at cost plus accrued interest receivable and net of amortized discounts or premiums.

(h) Inventories held for resale:

Inventories held for resale are valued at the lower of cost or net realizable value. Net realizable value is determined by estimating the selling price of these goods, minus the cost of their sale or disposal. Cost is determined on a weighted average basis.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(i) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. They include prepaid expenses, inventories held for consumption, tangible capital assets and other assets.

(i) Inventories held for consumption:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost. Cost is determined on a weighted average basis.

(ii) Tangible capital assets:

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

Asset category	Useful lives (years)
Land improvements	5 - 100
Buildings and building improvements	2 - 50
Vehicles	2 - 25
Furniture and equipment	4 - 30
Water and waste water infrastructure	15 - 100
Road infrastructure:	
Base	75
Surface	16 - 80
Other infrastructure	12 - 100
Library collection	2 - 10

Assets under construction are not depreciated until the asset is placed in service.

Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the District to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

(A) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue when received. Where an estimate of fair value cannot be made, the tangible capital asset is recognized at a nominal value.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(ii) Tangible capital assets (continued):

(B) Natural resources:

Natural resources are not recognized as assets in these consolidated financial statements. These assets may include wetlands, riparian areas, forests, freshwater ecosystems, coastal marine areas, and urban green spaces and parks. The District acknowledges the need to manage natural resources in conjunction with engineered infrastructure.

(C) Works of art and historic assets:

The District manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at District sites and public display areas. These assets are not recorded as tangible capital assets and are not depreciated.

(D) Leased tangible capital assets:

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

(iii) Other assets:

Commissions, free rent and lease inducements are deferred and amortized over the first term of the lease agreement, which is typically five years. Any expenses related to a tenant that vacates prior to the end of their lease are written off immediately.

(j) Capitalization of interest:

Interest is capitalized whenever external debt is issued to finance the construction of assets.

(k) Contaminated sites:

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

(i) An environmental standard exists;

(ii) Contamination exceeds the environmental standard;

(iii) The District 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. As at December 31, 2025, no liability for contaminated sites was recognized.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(l) Post-employment benefits:

Post-employment benefits also accrue to the District's employees. The liabilities related to these benefits are actuarially determined based on the service and best estimates of retirement ages and expected future salary and wages increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

(m) Financial instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivables, accounts payable and accrued liabilities and debt.

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

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the District does not have a Consolidated Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments recorded at cost are expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, investments, accounts payable and accrued liabilities, and debt are measured at amortized cost using the effective interest rate method.

All financial assets measured at amortized cost are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations.

(n) Asset retirement obligations:

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

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies (continued):

(n) Asset retirement obligations (continued):

This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation.

The changes in the liability for the passage of time are recorded as accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. The cost is amortized over the remaining useful life of the tangible capital asset (note 1(j)(ii)) and remaining term of the lease agreement for ground leases. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

(o) Pension plan:

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

(p) Use of accounting estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates relate to the determination of post-employment benefits, amounts to settle asset retirement obligations, and permit revenue.

Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the year that the change in estimate is made, as well as in the year of settlement if the amount is different.

2. Cash and cash equivalents and investments:

	2025	2024
Cash	\$ 41,955,185	\$ 106,862,619
Investments:		
Bank and Credit Union notes & deposits	313,341,151	225,334,244
Provincial Government Notes	5,497,689	10,509,719
	318,838,840	235,843,963
Total cash and cash equivalents and investments	\$ 360,794,025	\$ 342,706,582

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

2. Cash and cash equivalents and investments (continued):

	2025	2024
Unrestricted operating and reserve funds	\$ 152,512,786	\$ 150,717,313
Restricted statutory reserve funds	189,514,399	170,466,665
Development cost charge funds	14,660,266	17,789,483
Restricted revenue	4,106,614	3,733,121
	<u>\$ 360,794,025</u>	<u>\$ 342,706,582</u>

The District's investments have an average rate of return of 4.15% (2024 – 4.84%). During 2025, amounts previously held in cashable deposits were invested in longer-term investments.

3. Due from governments:

	2025	2024
Due from Federal Government	\$ 1,038,114	\$ 660,053
Due from Provincial Government	4,902,506	2,134,625
Due from Regional Government	14,986,485	788,328
	<u>\$ 20,927,105</u>	<u>\$ 3,583,006</u>

4. Accounts payable and accrued liabilities:

	2025	2024
Trade and other accounts payable	\$ 19,451,697	\$ 12,447,852
Holdbacks payable	3,490,337	2,964,062
Wages payable	9,713,591	8,333,007
	<u>\$ 32,655,625</u>	<u>\$ 23,744,921</u>

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

5. Due to governments:

	2025	2024
Due to Federal Government:		
RCMP police contract	\$ 6,276,847	\$ 9,191,125
Other	181,614	191,731
	<u>6,458,461</u>	<u>9,382,856</u>
Due to Provincial Government:		
Taxes collected on behalf of other jurisdictions	2,237,588	2,303,956
Ministry of Transportation and Infrastructure Capital Project	-	363,407
Payroll liability	353,199	218,231
Other	163,552	34,358
	<u>2,754,339</u>	<u>2,919,952</u>
Due to Other Regional Entities:		
Metro Vancouver Regional District	9,019,063	8,522,214
Due to partner organizations	2,877,152	3,043,907
Municipal Pension Plan	531,716	819,079
District of West Vancouver	-	405,188
City of North Vancouver	1,092,436	756,709
City of Vancouver	-	-
Development cost charges ("DCC") collected on behalf of other jurisdictions	2,135,657	959,386
Other	281,124	118,353
	<u>15,937,148</u>	<u>14,624,836</u>
	<u>\$ 25,149,948</u>	<u>\$ 26,927,644</u>

6. Restricted revenue:

- (a) Restricted revenue are comprised mainly of DCC that are collected to pay for the general capital and utility expenses due to development. In accordance with the Community Charter, these funds are deposited into separate accounts. When the related expenses are incurred, the DCC are then recognized as revenue.

	2025	2024
Development cost charges (i):		
Water *	\$ (16,195)	\$ (330,711)
Sewer *	(497,453)	(811,778)
Drainage	556,867	398,891
Safety	(408,752)	-
Roads	11,824,261	7,950,773
Parks	9,396,018	12,750,785
	<u>20,854,746</u>	<u>19,957,960</u>
Restricted donations and other	3,152,124	2,816,678
Community amenity contribution	610,249	585,924
Developer parkland reserve contributions	344,241	330,519
	<u>\$ 24,961,360</u>	<u>\$ 23,691,081</u>

* The Community Charter authorizes borrowing between DCC reserves to cover deficit within other reserves. DCC reserves utilized will be repaid with interest at the earlier of when the funds are required to complete DCC capital works or when sufficient DCCs are collected.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

6. Restricted revenue (continued):

(a) (continued):

Development cost charges are comprised of restricted cash, cash equivalents and investments of \$14,660,226 (2024 - \$17,789,483) and restricted development fees receivable of \$6,194,520 (2024 - \$2,168,477).

(i) Development cost charges:

In accordance with Section 569 of the *Local Government Act*, 2025 annual development cost charges include the following, reported for each purpose under Sections 559(2) and 559(3) for which the local government imposes the DCC in the applicable year:

(A) The amount of DCC received;

(B) The expenditures from the DCC reserve funds;

(C) The balance in the DCC reserve fund at the start and at the end of the applicable year; and

(D) Any waivers and reductions under Section 533(2).

	Water	Sewer	Drainage	Safety	Roads	Parks	Total
Balance, beginning of year	\$ (330,711)	\$ (811,778)	\$ 398,891	\$ -	\$ 7,950,773	\$ 12,750,785	\$ 19,957,960
Add:							
Interest income	-	-	18,770	-	401,705	450,382	870,857
DCC collected	1,402,960	695,947	489,591	194	3,879,872	2,822,469	9,291,033
	1,402,960	695,947	508,361	194	4,281,577	3,272,851	10,161,890
	1,072,249	(115,831)	907,252	194	12,232,350	16,023,636	30,119,850
Deduct:							
Acquisition of tangible capital assets	1,088,444	381,622	350,385	408,946	408,089	6,627,618	9,265,104
Balance, end of year	\$ (16,195)	\$ (497,453)	\$ 556,867	\$ (408,752)	\$ 11,824,261	\$ 9,396,018	\$ 20,854,746

No DCC Waivers were provided in 2025 (2024 - \$757,196)

7. Deferred revenue:

	2025	2024
Prepaid taxes	\$ 24,856,020	\$ 21,067,532
Deferred permit fees	18,280,187	3,279,636
Contributions for future use	3,380,846	2,633,805
Prepaid membership fees	1,480,311	1,438,999
Prepaid concrete	1,046,319	966,214
Prepaid connection fees	993,633	733,688
Other	971,024	694,230
	\$ 51,008,340	\$ 30,814,104

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

8. Debt:

The District finances certain tangible capital asset acquisitions through the MFA in accordance with the Community Charter. During the year ended December 31, 2025, the District did not finance a new debt instrument and has deferred borrowing to early 2026 (2024 - \$20,000,000) through the MFA. The District makes payments to sinking funds related to its debt. Sinking fund balances, managed by the MFA, are netted against related debt.

	Gross amount borrowed	Sinking fund	2025 Net debt	2024 Net debt
General fund	\$ 67,745,000	\$ 27,863,969	\$ 39,881,031	\$ 43,212,589

Repayments on net outstanding debt over the next five years and thereafter are as follows:

2025	\$ 3,396,561
2026	3,515,441
2027	2,539,692
2028	2,628,582
2029	2,720,582
Thereafter	25,080,173
	<u>\$ 39,881,031</u>

The District paid \$2,567,356 (2024 - \$1,600,606) in interest on debt during the year ended December 31, 2025. Interest rates on debt range from 2.20% to 4.52% (2024 - 2.20% to 4.52%).

9. Post-employment benefits:

As per the terms of the various collective agreements and compensation policies, the District provides its employees with sick days and certain employee benefits on termination and retirement. These include service severance pay based on years of service and a full year's vacation entitlement in the year of retirement.

The District uses an actuarial valuation to determine the estimated value of post-employment benefits. The most recent full actuarial valuation was completed as at December 31, 2023 and has been updated to December 31, 2025.

Accrued benefit obligation	2025	2024
Balance, beginning of year	\$ 11,272,322	\$ 12,117,971
Current service cost	1,088,521	1,070,645
Interest cost	504,202	493,150
Benefits paid	(1,117,584)	(1,228,524)
Actuarial gain	(306,827)	(1,180,920)
Balance, end of year	<u>\$ 11,440,634</u>	<u>\$ 11,272,322</u>

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

9. Post-employment benefits (continued):

Actuarial gains and losses are amortized over 10 years (2024 - 10 years), being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

	2025	2024
Accrued benefit obligation balance, end of year	\$ 11,440,634	\$ 11,272,322
Unamortized net actuarial gains and losses	622,661	327,582
Other employee benefit liabilities	17,283	8,283
Accrued benefit liability, end of year	\$ 12,080,578	\$ 11,608,187

The significant actuarial assumptions used in estimating the District's accrued benefit obligation are as follows:

	2025	2024
Discount rate	4.50%	4.30%
Expected future inflation rates	2.50%	2.50%
Expected cost of living and other increases	2.50% - 5.90%	2.50%- 5.90%

10. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals	Balance at December 31, 2025
Land and improvements	\$ 263,910,158	\$ 17,271,452	\$ (325,260)	\$ 280,856,350
Buildings	233,571,248	52,313,129	(13,735)	285,870,642
Furniture, equipment and vehicles	74,798,302	3,220,637	(1,817,234)	76,201,705
Roads	293,712,361	13,003,032	(1,757,389)	304,958,004
Water	186,188,894	12,875,594	(256,493)	198,807,995
Sewer	80,735,532	2,846,472	(222,805)	83,359,199
Drainage	148,747,098	4,286,250	(125,027)	152,908,321
Library collection	4,738,822	771,991	(672,443)	4,838,370
Assets under construction	119,879,616	(39,914,193)	-	79,965,423
Total	\$ 1,406,282,031	\$ 66,674,364	\$ (5,190,386)	\$ 1,467,766,009

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

10. Tangible capital assets (continued):

Accumulated depreciation	Balance at December 31, 2024	Depreciation for the year	Disposals	Balance at December 31, 2025
Land and improvements	\$ 47,017,212	\$ 2,463,474	\$ (167,183)	\$ 49,313,503
Buildings	104,297,564	4,101,983	(13,735)	108,385,812
Furniture, equipment and vehicles	38,847,721	5,004,784	(1,720,314)	42,132,191
Roads	130,411,796	6,994,287	(1,526,472)	135,879,611
Water	37,752,868	2,551,433	(255,873)	40,048,428
Sewer	35,570,390	2,723,726	(134,278)	38,159,838
Drainage	51,175,956	1,709,059	(97,950)	52,787,065
Library collection	2,811,649	489,576	(479,887)	2,821,338
Total	\$ 447,885,156	\$ 26,038,322	\$ (4,395,692)	\$ 469,527,786

	2025	2024
	Net book value	Net book value
Land and improvements	\$ 216,892,946	\$ 231,542,847
Buildings	129,273,684	177,484,830
Furniture, equipment and vehicles	35,950,581	34,069,514
Roads	163,300,565	169,078,393
Water	148,436,026	158,759,567
Sewer	45,165,142	45,199,361
Drainage	97,571,142	100,121,256
Library collection	1,927,173	2,017,032
Assets under construction	119,879,616	79,965,423
Total	\$ 958,396,875	\$ 998,238,223

(a) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution and are recorded in land sales and other contributions on the Consolidated Statement of Operations. The value of contributed assets received during the year is as follows:

	2025	2024
Roads	\$ 1,332,627	\$ 4,189,688
Water	269,788	558,100
Sewer	332,147	466,370
Drainage	506,425	1,916,681
Total	\$ 2,440,987	\$ 7,130,839

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

10. Tangible capital assets (continued):

(b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year ended December 31, 2025 was nil (2024 - nil).

11. Asset retirement obligations:

The District owns and leases some buildings that are known to contain asbestos and other hazardous materials, which represents a health hazard when undergoing certain repairs and maintenance work and upon demolition of the building. Additionally, some sites owned by the District contain underground fuel tanks. As there is a legal obligation to remove hazardous materials, the District has recognized a liability relating to the asset retirement obligations, as estimated at December 31, 2025.

	2025	2024
Asset retirement obligation, opening balance	\$ 4,621,478	\$ 5,306,934
Gain on disposal of ARO	(88,892)	-
Accretion expense during the year	146,253	149,471
Change in estimate	(339,769)	(834,927)
Total	\$ 4,339,070	\$ 4,621,478

The liability has been estimated using a net present value technique with a discount rate of 5.64% (2024 - 5.37%) and inflation rate of 2.48% (2024 - 2.00%).

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

12. Accumulated surplus:

	2025	2024
(a) Reserves are comprised of the following:		
Operating and risk management:		
Assessment appeal and property tax	\$ 4,576,761	\$ 2,089,991
Development stabilization	834,535	984,516
General municipal operations	6,566,153	8,334,076
Utilities - Water working capital	6,560,040	6,421,228
Utilities - Sewer working capital	17,313,240	22,118,732
Human Resources	443,236	468,259
Auto, fire and liability insurance	1,820,138	1,716,977
Operating projects in progress (future expenditures)	5,136,290	4,613,980
	<u>43,250,393</u>	<u>46,747,759</u>
Partner organizations:		
District of North Vancouver Municipal Public Library	883,464	1,019,825
North Vancouver Recreation & Cultural Commission	97,108	97,108
North Vancouver Museum and Archives	(68,573)	(78,487)
North Shore Emergency Management Office	108,065	163,436
	<u>1,020,064</u>	<u>1,201,882</u>
Existing capital:		
Infrastructure	(9,248,769)	23,646,184
Utilities - water	16,942,387	15,700,131
Utilities - sewer and drainage	24,102,290	19,900,563
Utilities - solid waste	8,987,456	8,618,767
Vehicles and equipment	6,843,296	6,624,039
	<u>47,626,660</u>	<u>74,489,684</u>
New capital, initiatives and growth:		
Transportation and mobility	988,440	2,008,480
Community health and safety	2,315,900	3,542,019
Climate and innovation	1,381,348	240,425
Heritage retention and conservation	154,798	146,668
Other development charges	1,995,975	1,490,687
Community amenity contributions	8,873,851	734,202
Growing communities grant	8,305,897	10,854,444
Local improvement	358,636	344,340
Film reserve fund	141,026	223,624
Business Initiatives	610,652	369,545
Local Government Housing Initiatives	-	217,093
Tax growth	8,765,636	9,666,026
	<u>33,892,159</u>	<u>29,837,553</u>
Land and housing:		
Land and land income	13,832,757	10,166,757
Housing	27,379,495	24,566,349
	<u>41,212,252</u>	<u>34,733,106</u>
(b) Capital projects in progress:		
Land and improvements	2,255,889	11,974,305
Buildings	7,992,663	(13,531,275)
Furniture, equipment and vehicle	13,411,077	6,271,959
Roads	1,616,678	(295,755)
Water	6,295,158	3,454,296
Sewer	2,822,919	943,083
Drainage	3,082,884	805,281
Future major repair and maintenance	12,175,512	11,012,041
Other	16,110,484	9,570,505
	<u>65,763,264</u>	<u>30,204,440</u>
(c) Equity in tangible capital assets	956,072,866	912,591,934
Accumulated surplus	\$ 1,188,837,658	\$ 1,129,806,358

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

13. Taxation:

In addition to levying and collecting property tax for municipal purposes, the District is required to levy and collect taxes on behalf of other jurisdictions.

	2025 Budget	2025 Actual	2024 Actual
Gross taxes levied on property	\$ 248,450,338	\$ 250,911,346	\$ 232,630,447
Deduct: Taxes levied and collected on behalf of other jurisdictions:			
Province of B.C. - school taxes	78,936,581	78,735,498	75,144,371
Translink	24,182,336	24,089,267	20,478,750
BCAA	2,937,120	2,914,436	2,768,199
Metro Vancouver Regional District ("MVRD")	4,280,465	4,268,021	4,006,407
MFA	14,667	14,623	14,316
	110,351,169	110,021,845	102,412,043
Add:			
Payment in lieu of taxes	7,360,154	7,290,445	7,177,838
Net taxes for municipal purposes	\$ 145,459,323	\$ 148,179,946	\$ 137,396,242

14. Commitments and contingencies:

(a) Contingent liabilities:

As a member of the MVRD, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District, the District is jointly and severally liable for the net capital liabilities of these districts. Any liability which may arise as a result will be accounted for in the period in which the required payment is made.

On November 1, 2024, Metro Vancouver approved amendments to its cost-sharing bylaw related to the North Shore Wastewater Treatment Plant, under which the North Shore municipalities are collectively responsible for 37.3% of the estimated total project cost of \$3.86 billion.

The District participates in regional wastewater services provided by Metro Vancouver and is required to fund its share of related costs through regional sewerage levies. The ultimate financial impact to the District will depend on final project costs, financing arrangements, and future decisions by Metro Vancouver. As at the date of the financial statements, the amount and timing of the District's future obligations related to this project cannot be reasonably estimated.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

14. Commitments and contingencies (continued):

(b) Municipal Pension Plan:

The District 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, 2024, the plan has about 273,000 (2024 - 256,000) active members and approximately 133,000 (2024 - 129,000) retired members. Active members include approximately 47,000 (2024 - 45,000) contributors from local governments. Active members include approximately 1,011 contributors (2024 - 970 contributors) from the District.

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 valuation for the Municipal Pension Plan as of December 31, 2024, indicated a \$2,675 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2027.

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 the individual employers participating in the plan.

The District paid \$8,631,886 (2024 - \$8,326,734) for employer contributions to the plan in fiscal 2025.

(c) Third party claims and property tax appeals:

Several claims have been initiated against the District in varying or unspecified amounts. In addition, several property tax appeals have been filed with BC Assessment and are pending at December 31, 2025. Any amounts payable in addition to the accrued amounts, if any, arising from the claims and the appeals will be recorded in the year in which the amount is determinable.

Reserves have been established to fund potential additional unfavourable results.

(d) Insurance:

In the ordinary course of business, claims are asserted or made against the District, and the District is currently involved in various legal actions. The outcome of these actions cannot be determined at this time. A provision has been made in the accounts for any possible unfavourable outcome of these actions. The amount of any loss in excess of the provision and insurance coverage will be recorded when determinable.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

14. Commitments and contingencies (continued):

(e) Contractual obligations:

The District has entered into an agreement with a facility manager to manage a recreational facility for a period of 5-years commencing September 1, 1998 and renewable at the option of the facility manager for further 5-year terms to August 31, 2048. As part of the agreement the District has committed to the payment of 2,800 hours of facility rental for each year ended August 31. For the year ended December 31, 2025, the District's liability is estimated at \$764,500. For succeeding years, this amount will be adjusted by any change in the Vancouver average all-in consumer price index for the previous year.

(f) MFA demand notes:

The District issues its debt instruments through the MFA. The District also executes demand notes in connection with each debenture whereby the District may be required to lend certain amounts to the MFA. Demand notes have been executed in the amount of \$1,636,096 (2024 - \$1,636,096). These demand notes are contingent in nature and are therefore not recorded as liabilities.

(g) E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm"):

The District is a shareholder and member of E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm"), whose services include: regional 911 call centre for the MVRD, Area Wide Radio emergency communications network, dispatch operations and records management. The District holds 1 Class A share and 1 Class B share (of a total 37 Class A and 18 Class B shares issued and outstanding at December 31, 2025). As a Class A shareholder, the District is committed to paying levies for services received under a cost-sharing formula to fund operating and capital costs of the E-Comm operations. In addition, the District is contingently liable to cover its proportionate share of such costs should any member be unable to fulfill its funding obligations. Annual levy amounts fluctuate based on various factors under the cost-sharing formula and amounted to \$467,079 during 2025 (2024 - \$393,291).

15. Performance deposits:

In addition to cash deposits, the District is holding irrevocable Letters of Credit in the amount of \$80,633,164 (2024 - \$63,896,051), which were received from depositors to ensure their performance of works to be undertaken within the District. These amounts are not reflected in these consolidated financial statements.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

16. Segment disclosures:

District services are provided by departments and their activities are reported in the District's funds as described in note 1(f). The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

Revenues not directly attributable to a specific segment are included in General Government and Administration.

Amounts shown for operating expenses are the gross amounts including interfund eliminations incurred by departments for all segmented activity.

The segments include the following:

- (a) **General Government and Administration** provides support services to Council, the community and other departments providing direct services to residents and businesses. These internal departments include the District Manager's Office, Corporate Services, Finance and Climate Action. Various corporate expenses not directly attributable to a specific segment are included in General Government, including but not limited to depreciation, climate related events, interest on long term debt and third-party claims.
- (b) **Utility Services** provides planning, design, construction and maintenance for water distribution, sewage collection, drainage, neighbourhood energy utilities and refuse removal services.
- (c) **Transportation and Engineering** provides planning, design, construction and maintenance of the District's streets, street lighting, traffic control, transportation planning, utility and communication corridors and project delivery services.
- (d) **Protective Services** includes Police, Fire and Rescue, Natural Hazards, Bylaws and Emergency Management. Emergency Management is a shared service provided by the District, the District of West Vancouver and the City of North Vancouver.
- (e) **Community Services** includes Parks and Community Grants, as well as the North Vancouver Museum and Archives Commission ("NVMA") and North Vancouver Recreation & Culture Commission ("NVRC") which are shared services provided by the District and the City of North Vancouver.
- (f) **Planning and Development** creates plans, programs and policies required for District wide community planning, zoning, subdivision and permitting. It also includes Real Estate and Properties, Business Services and Economic Development.
- (g) **Library Services** includes the District of North Vancouver Municipal Public Library (the "Library") which enriches our community by connecting people, sharing knowledge and inspiring stories. The Library is a welcoming community hub that provides free access to a wide range of public resources and services to the residents of the District of North Vancouver.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

16. Segment disclosures (continued):

	General Government and Administration	Utility Services	Transportation and Engineering	Protective Services	Community Services	Planning and Development	Library Services	Eliminations	2025 Consolidated	2024 Consolidated
Revenues:										
Taxation	\$ 148,179,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,179,946	\$ 137,396,242
Sales, fees and user charges:										
Water	-	37,367,950	-	-	-	-	-	(596,701)	36,771,249	35,563,409
Sewer	-	43,460,948	-	-	-	-	-	(12,898)	43,448,050	36,704,766
Solid waste	-	9,512,079	-	-	-	-	-	(312,957)	9,199,122	8,889,140
Parks, recreation and culture	10	-	-	-	17,659,696	-	165,879	-	17,825,585	16,394,941
Other	5,391,934	2,712,892	5,294,430	3,102,179	4,642,951	20,147,095	-	299,649	41,591,130	33,739,711
Transfers from government:										
Federal government	-	-	-	-	8,363	-	14,934	14,629	37,926	3,075,739
Provincial government	323,697	-	348,491	800,824	129,122	530,369	229,852	1,957,797	4,320,152	6,472,621
Regional government	-	24,651	892,902	13,000	14,448	33,284	9,041,264	(5,239,466)	4,780,083	2,282,694
Investment income	3,887,030	3,004,416	482,244	-	983,158	1,740,922	-	4,238,498	14,336,268	14,962,455
Land, sales and other contributions	298,511	32,176	28,901	1,453,164	467,558	10,446,866	97,394	2,248,169	15,072,739	9,116,240
	158,081,128	96,115,112	7,046,968	5,369,167	23,905,296	32,898,536	9,549,323	2,596,720	335,562,250	304,597,958
Operating expenses:										
Salaries and benefits	23,191,671	8,778,571	10,391,933	29,206,938	31,849,976	14,998,104	6,675,141	-	125,092,334	117,717,479
Goods and materials	1,877,771	1,627,952	638,640	219,372	1,633,878	133,219	560	-	6,131,392	6,255,638
Building and grounds	1,880,229	2,385,612	1,301,631	1,089,249	6,324,163	300,490	797,642	(922,556)	13,156,460	10,338,438
Equipment costs	(2,495,970)	3,856,316	1,407,176	1,554,751	2,199,424	308,526	779,249	-	7,609,472	7,186,189
Service costs	-	-	612,929	-	-	-	-	-	612,929	633,003
Administrative costs	4,000,095	1,932,260	(8,242)	1,552,981	5,559,234	2,151,314	1,022,590	(360,480)	15,849,752	16,782,748
Contract services	(483,864)	50,757,261	13,297	23,650,590	9,761,073	1,146,730	59,881	(8,835,686)	76,069,282	61,300,207
Grants	6,000	-	-	-	3,049,474	13,012	69,966	-	3,138,452	3,085,458
Debt interest	2,832,555	-	-	-	-	-	-	-	2,832,555	1,925,055
	30,808,487	69,337,972	14,357,364	57,273,881	60,377,222	19,051,395	9,405,029	(10,118,722)	250,492,628	225,224,215
Amortization	7,400,104	7,486,396	6,657,572	649,595	3,200,708	-	643,947	-	26,038,322	25,330,485
	38,208,591	76,824,368	21,014,936	57,923,476	63,577,930	19,051,395	10,048,976	(10,118,722)	276,530,950	250,554,700
Annual (surplus) deficit	\$ 119,872,537	\$ 19,290,744	\$ (13,967,968)	\$ (52,554,309)	\$ (39,672,634)	\$ 13,847,141	\$ (499,653)	\$ 12,715,442	\$ 59,031,300	\$ 54,043,258

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

17. Budget figures:

The operating and capital budget figures, presented on a basis consistent with that used for actual results, were approved by Council as the "2025-2029 Financial Plan Approval Bylaw 8737 on April 7, 2025 and the 2025 Amendment Bylaw 8737 (Amendment 1)" on October 20, 2025. Amortization was not included in the development of the budget and, as such, has not been included.

	Original budget	Amended budget	Change
Revenue:			
Taxation	\$ 146,336,177	\$ 146,336,177	\$ -
Sales, fees, and other user charges	139,088,259	138,260,435	(827,824)
Developer contributions	14,236,339	14,236,339	-
Grants and other contributions	9,470,004	6,565,055	(2,904,949)
Investment income	7,283,542	7,283,542	-
Penalties and interest on taxes	1,184,747	1,184,747	-
	<u>317,599,068</u>	<u>313,866,295</u>	<u>(3,732,773)</u>
Proceeds from borrowing	12,144,128	12,335,462	191,334
Appropriations from:			
Operating reserves	10,607,208	23,072,197	12,464,989
Capital reserves	83,806,543	91,018,084	7,211,541
	<u>94,413,751</u>	<u>114,090,281</u>	<u>19,676,530</u>
Source of funds	424,156,947	440,292,038	16,135,091
Operating expenditures:			
Community services	55,448,054	56,907,496	1,459,442
Planning and development	18,783,999	20,425,641	1,641,642
Protective services	58,190,276	58,835,059	644,783
Transportation and engineering	13,175,515	13,942,733	767,218
Utilities	75,701,954	76,100,530	398,576
Governance and administration	30,754,970	32,346,182	1,591,212
	<u>252,054,768</u>	<u>258,557,641</u>	<u>6,502,873</u>
Capital expenditures	99,287,878	110,101,532	10,813,654
Debt service	5,356,898	5,356,898	-
Contributions to:			
Operating reserves	540,729	(184,655)	(725,384)
Capital reserves	66,916,674	66,460,622	(456,052)
	<u>67,457,403</u>	<u>66,275,967</u>	<u>(1,181,436)</u>
Use of funds	\$ 424,156,947	\$ 440,292,038	\$ 16,135,091

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

17. Budget figures (continued):

The chart below reconciles the amended budget to the budget figures reported in these consolidated financial statements.

Revenue:	
Operating budget	\$ 426,055,699
Capital budget	14,236,339
<u>Total revenue per approved budget</u>	<u>440,292,038</u>
Less:	
Transfers from other funds	(114,090,281)
Capital funding less repair and maintenance:	
Inter-agency eliminations	(4,556,883)
Proceeds from debt	(12,335,462)
<u>Total revenues, as reported</u>	<u>309,309,412</u>
Expenses:	
Operating budget	330,190,506
Capital budget	110,101,532
<u>Total expenses per approved budget</u>	<u>440,292,038</u>
Less:	
Transfers to other funds	(66,275,969)
Inter-agency eliminations	(601,892)
Capital expenses, including major repair and maintenance	(110,101,532)
Debt principal repayment	(5,356,898)
Operating repair and maintenance funded as capital expenses	13,478,917
<u>Total expenses as reported</u>	<u>271,434,664</u>
<u>Annual surplus, per Consolidated Statement of Operations</u>	<u>\$ 37,874,748</u>

18. Contractual rights:

The District has entered into contracts or agreements in the normal course of operations that it expects will result in the realization of revenue and assets in future fiscal years. The District's contractual rights arise because of contracts entered into for leases, and various agreements. The following table summarizes the expected revenue from the contractual rights of the District for future assets for the next four years:

	2026	2027	2028	2029	Total
Development agreements	\$ 9,220,883	\$ 3,100,775	\$ 7,662,225	\$ 2,623,170	\$ 22,607,053
Leases	3,604,286	1,666,710	1,227,702	1,009,314	7,508,012
	<u>\$ 12,825,169</u>	<u>\$ 4,767,485</u>	<u>\$ 8,889,927</u>	<u>\$ 3,632,484</u>	<u>\$ 30,115,065</u>

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

19. Financial risk management:

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The District has exposure to the following financial risks from its use of financial instruments: credit risk, market risk, interest rate risk and liquidity risk. Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework. This note presents information on how the District manages those financial risks.

(a) Credit risk:

Credit risk is the risk of economic loss should the counterparty to a transaction default or otherwise fail to meet its obligation. The District is exposed to credit risk through its cash and cash equivalents, accounts receivables, and investments. The maximum exposure to credit risk on these instruments is their carrying value.

Credit risk associated with cash and cash equivalents is minimized by ensuring that these assets are held at financial institutions with a high credit quality. The District has deposited cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The District mitigates credit risk in its investments by adhering to its investment Policy which limits the type and distribution of investments.

Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. The Community Charter grants legislative authority for the District to enforce the collection of unpaid property taxes. As at December 31, 2025 and 2024, there were no significant collection issues related to outstanding receivable accounts. The District assesses, on a continuous basis, accounts receivables and provides for any amounts that are not collectible.

(b) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates or interest rate will affect the District's value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on investments.

(i) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the District. There is no interest rate risk regarding the District's short terms notes and deposits, government guaranteed bonds, bank guaranteed bonds and Municipal Finance Authority bonds.

The District is exposed to interest rate risk related to its debt issued by the MFA which is subject to fixed interest rate. Fluctuations in rates could impact future payments upon renewal.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Notes to Consolidated Financial Statements

Year ended December 31, 2025

19. Financial risk management (continued):

(b) Market risk (continued):

(i) Currency risk:

Investments in foreign securities would be exposed to currency risk due to fluctuations in foreign exchange rates. The District does not hold investments in foreign currencies.

(iii) General risk:

Tariffs, other potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and the stability of global financial markets.

These tariffs are relatively recent and are subject to a number of uncertainties as they are implemented, and the impact cannot be predicted at this time.

(c) Liquidity risk:

Liquidity risk is the risk that the District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The District manages its liquidity risk by monitoring its operating and capital requirements. The District prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no significant change to the risk exposure from 2024.

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Unaudited Statement of Growing Communities Fund

Year ended December 31, 2025

Growing Communities Grant - (Unaudited):

In March 2023, the District received \$10,254,000 from the Province of B.C. relating to the Growing Communities Fund grant. The Growing Communities grant is a one-time grant that can be used to address the District's infrastructure and amenity needs. This amount was recognized as revenue in 2023. The schedule below provides details on the amount of grant funding received, the use of those funds and ending balance of unused funds.

	2025	2024
Opening balance	\$ 10,854,444	\$ 10,353,205
Less capital costs:		
Handsworth Artificial Turf Field	180,897	-
Inter River Artificial Turf Field	2,268,643	-
Spirit Trail Parkgate to Cates Roch	488,656	-
Add interest allocation	389,649	501,239
Ending balance	\$ 8,305,897	\$ 10,854,444

THE CORPORATION OF THE DISTRICT OF NORTH VANCOUVER

Unaudited Statement of Local Government Housing Initiatives

Year ended December 31, 2025

Local Government Housing Initiatives Grant - (Unaudited):

In January 2024, the District received \$563,354 from the Province of B.C. relating to the Local Government Housing Initiatives grant. The Local Government Housing Initiatives grant is a one-time grant that can be used by local governments to meet the new legislative requirements to support housing initiatives, including small-scale multi-unit housing and proactive planning, development finance, and transit-oriented development. This amount was recognized as revenue in 2024. The schedule below provides details on the amount of grant funding received, the use of those funds and ending balance of unused funds.

	2025	2024
Opening balance	\$ 217,093	\$ 563,354
Less operating costs:		
Housing initiatives and Official Community Plan	217,093	353,165
Add interest allocation	-	6,904
Ending balance	\$ -	\$ 217,093
