

2020 ANNUAL MUNICIPAL REPORT



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A Message from our Mayor

People always tell me how much they love our City. From our beautiful waterfront, to our great Lonsdale High Street, we have a lot to offer. This past year has reaffirmed the importance of building healthy communities that put people first. The City is delivering the core services we all rely on as well as the social programming and public infrastructure we need to keep our community healthy and moving.

We all have a right to safe, affordable, and adequate housing. To that end Council has approved hundreds of new homes, ranging from non-market, purpose built rental, and rent to own. These units will house low and middle-income workers, seniors, and young families.

Providing people safe and efficient ways to move is a priority for Council. We've made improvements in our multimodal transportation network for people of all ages and abilities, such as the completion of the West 1st Street Mobility Lane. Council has adopted the City's first ever Safe Mobility Strategy, and we are already piloting slower speeds, completing our sidewalk network, installing new crosswalk signals, and adding lighting along walkways. We will continue to make our public spaces more people-friendly.

Protecting our environment for generations to come is work we will continue to prioritize. Through investments in new EV charging stations, growing our urban tree canopy, parks, and by supporting low-carbon homes, we are making the City a more sustainable community.

Our parks have become busier than ever before. We have looked at how we can improve these spaces by adding picnic tables, washrooms, and allowing for the responsible consumption of alcohol.

I'm pleased to say that we are officially moving forward with a new Harry Jerome Community Recreation Centre—the single largest investment in public infrastructure in the City's history. This new centre will be built to the highest accessibility standard and support the health of all people. It will include amenities such as pools, an ice rink, weight room, arts spaces, child care, and more. All of this will be delivered in a timely way within a budget we can afford.

Despite the many challenges of this past year, we have seen many new businesses open in the City. Supporting our business community will be critical. Staff have begun our new Economic Investment Strategy to ensure our local economy emerges from this pandemic more resilient than ever before.

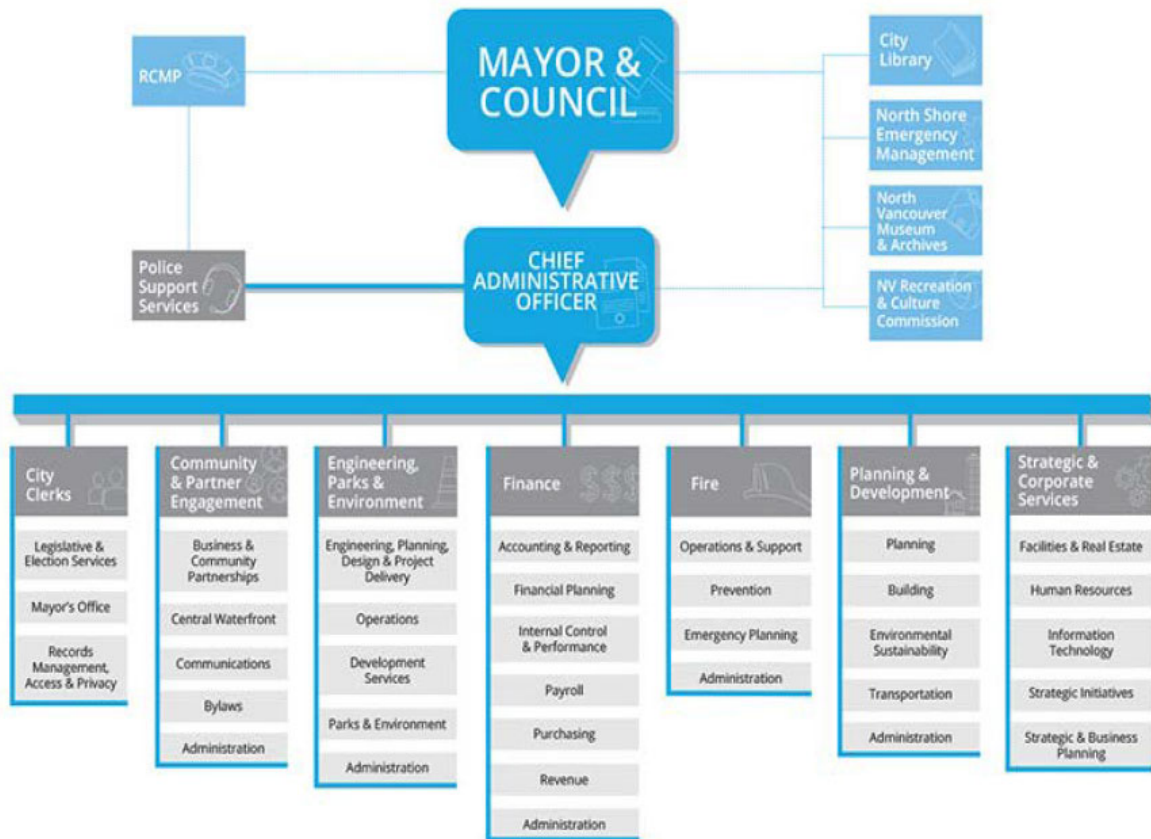
As we advance the goals outlined in the Strategic Plan, we are building a more inclusive, sustainable, connected, prosperous, and vibrant community for people. Our success is thanks to those who work to make the City an even better place, including staff, volunteers, businesses, community, and government partners. This Annual Report details our work over the past year and I hope you join me in celebrating our progress.



MAYOR
Linda Buchanan

Linda C. Buchanan

Organization Chart



City Council

Your dedicated Mayor and Councillors are responsible for providing community leadership and establishing administrative policies that ensure the social, economic and environmental health of our municipality.



Left to right: Councillor Tony Valente, Mayor Linda Buchanan, Councillor Tina Hu, Councillor Jessica McIlroy, Councillor Holly Back, Councillor Angela Girard, Councillor Don Bell.

Planning Framework

In July 2019 the 2018-2020 Council Strategic Plan was adopted. The Plan identified 5 strategic priorities:

- A City for People
- A Liveable City
- A Vibrant City
- A connected City
- A Prosperous City

These priorities have now been integrated into the City’s planning processes.

To further support the priorities of Council’s Strategic Plan, through 2020 a Corporate Business Plan (CBP) was developed. The CBP forms an annual action plan organized around eleven outcomes.

- A Safe & Secure Community
- A Healthy & Welcoming Community
- A Connected and Accessible Community
- A Functional Community
- A Vibrant Community
- An Environmentally Responsible Community
- A Prosperous Community

These outcomes are high level goals that align to Council’s Strategic Plan and guide each department and agency in the City. Under each outcome are key initiatives which are the programs and projects that staff see as critical to towards advancing the corporate outcomes. The initiatives will be revisited, and progress communicated, each year.

The City’s 2020 Annual Municipal Report represents a transition year as the City refines its integrated and outcome focused planning and progress reporting processes. Measures of the 2020 Objectives as presented in the 2019 Annual Municipal Report (AMR) are presented in the Department Overviews section, to allow for easy comparatives between the years, while the initiatives for 2021 are presented in alignment with the outcomes of the Corporate Business Plan. Future versions the AMR will feature both initiatives and achievements presented in alignment with the Corporate Business Plan outcomes.

CORPORATE BUSINESS PLAN FRAMEWORK



- A Fiscally Responsible Organization
- An Open and Engaged Organization
- A Cooperative & Collaborative Organization
- A Dynamic Organization

Department Overviews

Offices of the Chief Administrative Officer, Corporate Officer and Mayor

The Chief Administrative Officer provides organization leadership to all City staff. The various departments within the City provide critical support services for the organization.

The City solicitor provides legal advice to City Council and City staff; drafts and negotiates legal agreements on behalf of the organization.

The Corporate Officer is responsible for the preparation of Council and Committee meeting agendas and minutes, administration and certification of City bylaws, interpret legislation, administer general local elections, management and retention of corporate records, coordinate Committees of Council, protection of privacy and access for information requests.

The Mayor's Office provides administrative, communications and research support for the Mayor.



KEY RESPONSIBILITIES

- Act as liaison between Mayor, Council and City staff
- Oversee the business actions and operations of the City and its departments
- Advise City Council and City staff on legal obligations, legislative interpretation and the extent of municipal authority
- Provide strategic advice to minimize legal risk to the City
- Negotiate agreements on behalf of the City to protect the City's interests and maximize contract value
- Deliver information to Council and Council Committees
- Administer and preserve corporate records management services
- Provide information and records to the public regarding Council business
- Respond to requests for information under the *Freedom of Information and Protection of Privacy Act*
- Administer general local elections
- Oversee Committees of Council
- Coordinate the Mayor's schedule, commitments and speaking engagements
- Conduct research and draft media communications
- Provide administrative support to the Office of the Mayor

Offices of the Chief Administrative Officer, Corporate Officer and Mayor

2020 MEASURES

- Supported the implementation of Council's Strategic Plan
- Implemented corporate policy framework
- Due to the impacts of COVID-19, Phase 4 of the digitization of Council reports and resolutions was reprioritized

Finance

Finance provides financial services to citizens, City departments and City Council.

KEY RESPONSIBILITIES

- Accounting and reporting
- Financial planning
- Internal control and performance
- Payroll
- Purchasing
- Revenue
- Administration



2020 MEASURES

- Continue the review of the City's Purchasing Policy
- Continue the review of the Long Term Property Tax Strategy
- Adopted Permissive Tax Exemption Bylaw

Engineering, Parks and Environment

The Engineering, Parks and Environment department provides and maintains essential municipal services and infrastructure.

KEY RESPONSIBILITIES

Creating safe, resilient, inviting and cost effective public infrastructure that supports our community and enables it to thrive.

DIVISIONS

- Engineering Planning and Design
- Public Realm Infrastructure and PMO
- Operations
- Development Services
- Parks and Environment (and Cemetery)
- Administration



2020 MEASURES

- 3 km of separated bike lanes and the equivalent of 6 blocks of sidewalk were constructed in 2020.
- Marine Drive - Mosquito Creek Bridge replacement is well underway with completion slated for summer 2021.
- Moodyville Park was completed and opened to the public in 2020.

Community and Partner Engagement

Community and Partner Engagement takes direction from Mayor and Council, the Official Community Plan, the Economic Development Strategy, and other civic policies in order to provide excellent customer service.

KEY RESPONSIBILITIES

- Liaison between the City and news media, managing external communications and City website
- Assist City departments with public engagement processes
- Business licensing and compliance
- Economic and tourism development
- Place-making and events
- Parking and bylaw enforcement
- Shipyards skate plaza and splash park
- Shipyards / Waterfront programming and events



DIVISIONS

- Business and Community Partnerships
- Communications
- Bylaws
- Administration
- Shipyards and Waterfront Operations

2020 MEASURES

- The Economic Development Strategy work was postponed to 2021. Departmental efforts focused on supporting the local business community with Open Streets, Place-making, temporary patio program and business recovery efforts
- The Shipyards Programming Framework is currently underway. The Shipyards Team focused on providing Covid-19 compliant programming in 2020.
- The Social and Community Strategy work was postponed and departmental efforts focused on supporting social agencies through North Shore Emergency Management in the following areas: childcare; youth, mental health; seniors; social isolation; homelessness; and food security.

Planning and Development

Planning and Development assists Mayor and Council in setting community goals and objectives, creating plans, and implementing these plans through policies, regulations and development.

KEY RESPONSIBILITIES

- Land use planning
- Current and Long-Range planning
- Social Planning
- Transportation planning
- Climate Action Planning
- Development planning
- Building permits
- Zoning administration
- Code interpretation and regulation
- Construction approvals



DIVISIONS

- Building
- Development Planning
- Transportation
- Environmental Sustainability
- Long Range & Community Planning
- Administration

2020 MEASURES

- Endorsement of the City's Child Care Action Plan (2021-2031) to improve the accessibility, affordability and quality of child care in the City
- The City's first Safe Mobility Strategy was approved and early actions implemented including the City's first slow speed zone in the Ridgeway neighbourhood
- Adopted key early Environment Strategy direction with the Low Carbon Building Bylaw which achieves zero carbon heating solutions or highest step of the building code for all smaller buildings
- Developed a site development concept for a non-market housing project on a City-owned site on East 1st Street.
- Completed Balanced Housing Lab recommendations and advanced of the Balanced Housing Lab's Co-Creation project to test out and evaluate an alternative development approvals process through a pilot that will result in mid-market rental residential housing opportunities

RCMP

The RCMP serves and protects citizens of the City.

KEY RESPONSIBILITIES

- Municipal traffic enforcement
- Investigative services
- Crime reduction and prevention
- Community policing
- Youth intervention



2020 MEASURES

- Non-fatal collisions down 23%
- Traffic Members recipient of Alex Team Award
- Participated in Speaker Series for School District 44 entitled “Adversity to Diversity”
- Workshops on mental health for senior leadership and unveiled a two year mental health resiliency plan for all staff in the detachment

Fire

Fire safeguards and serves our community through the promotion and provision of education, emergency medical and fire services in order to protect life, property and the environment.

KEY RESPONSIBILITIES

- Administration
- Operations and support
- Fire prevention and public education
- Emergency management and planning



2020 MEASURES

- Substantial development and testing completed for Infor integration
- Seven members were certified and licensed as Emergency Medical Responders (EMR)
- Increased post emergency supplies and implemented training

Strategic and Corporate Services

The Strategic and Corporate Services department is dedicated to creating and maintaining critical support services for the organization, and delivering spaces for betterment of the entire community. The Department works closely with all other groups to deliver effective and efficient service.

KEY RESPONSIBILITIES

- Lead large scale public development projects from inception to completion
- Provide a complete range of facility, property management and real estate services for City-owned and City-leased properties and building assets
- Provide progressive, client-focused Human Resources services
- Support Council and Corporation with strategic and business planning services
- Deliver customer-focused technology services for solutions that contribute to the City's business objectives



DIVISIONS

- Strategic Initiatives
- Civic Facilities
- Real Estate
- Human Resources
- Information Technology

2020 MEASURES

- Corporate Business Plan outcomes were confirmed, with key initiatives updated to capture priority shifts associated with COVID-19 response.
- Design advanced for Harry Jerome Community Recreation Centre with input from the Community Recreation Strategy prioritization framework.
- Due to the COVID-19 Pandemic, the CityWorks software project to improve customer requests, work and asset management systems was delayed until spring 2021.

North Vancouver Museum and Archives Commission

The Museum and Archives Commission is the sole custodian of the City’s cultural, archival and museum collections.

KEY RESPONSIBILITIES

- Manages and preserves artifacts and records of municipal, historical and cultural significance to the community
- Develops and delivers engaging and compelling interpretative, educational programs and exhibits
- Works with the local community to identify, document and preserve local history and bring it to life



| 2020 MEASURES |
|--|
| <ul style="list-style-type: none">• Museum construction nearing completion, with Streetcar 153 exhibit and Feature Gallery exhibit designers and audiovisual consultants engaged and work underway• 2020-2023 Strategic Plan launched in Fall 2020• Marked the 100th anniversary of the Archives building <i>A Landmark Transformed: 100 Years Serving the Community</i>, using online engagement tools |

North Vancouver Recreation and Culture Commission

The Recreation and Culture Commission improves the health and well-being of all North Vancouver individuals, families and communities and inspires residents through quality recreation and culture opportunities.

KEY RESPONSIBILITIES

- Community recreation and culture service, program and event planning, facilitation and delivery
- Community recreation and culture facility planning, management, operations and maintenance
- Management of the public art programs and administration of community arts and culture grants and recreation grants
- Support to recreation, culture and sport organizations



| 2020 MEASURES |
|--|
| <ul style="list-style-type: none">• Proactively responded to the COVID-19 pandemic by providing outdoor programming during facility closures and re-opening facilities and restarting services allowed within Provincial Health Orders• Launched new human resources applicant tracking software and recruitment and onboarding strategies• Provided recreation, culture and operational expertise and experience in the planning processes for recreation and culture facility replacements, renewals and openings• Began the input process for new strategic plan |

North Shore Emergency Management (NSEM)

NSEM is the lead municipal agency responsible for coordinating work to build resilience to disasters, capacity for emergency response, and strategies for community recovery.

KEY RESPONSIBILITIES

- Operationally-ready Emergency Operations Centre
- Emergency plans and strategies for disaster resilience
- Trained municipal staff and volunteers for emergency response and recovery
- Provision of public education programs
- Administrative support to North Shore Rescue










2020 MEASURES

- Completed roll-out of the NSEM Disaster Supply Cache initiative at six strategic locations across the North Shore
- Continued work on the North Shore resilience strategy through the completion of a tri-municipal workshop and report titled Setting the Stage: North Shore Resilience Strategy
- Advancements made to the North Shore Evacuation Plan, including the development of an evacuation calculator to support logistical decision making

2021 CORPORATE OUTCOMES & INITIATIVES



While City departments work collaboratively to deliver on strategic priorities and outcomes, specific departments take a lead role in initiatives. The legend below identifies the lead department for the 2021 initiatives.

| CITY DEPARTMENTS (LEAD) | | |
|--|--|--|
|  Chief Administrative Officer |  Engineering, Parks & Environment |  Planning & Development |
|  Clerks |  Finance |  Strategic & Corporate Services |
|  Community & Partner Engagement |  Fire | |

A Safe & Secure Community

We provide a safe and secure community where homes and business are well protected, personal information is secured and the City is prepared to respond to and recover from emergencies and disasters.




2021 Initiatives

-  Complete a Fire Services Master Plan
-  Collaborate with NSEM and the other North Shore communities to renew the North Shore Emergency Management Strategy

A Healthy & Welcoming Community

We provide an inclusive environment where diversity is respected and celebrated, and community members are supported and connected.



2021 Initiatives

-  Commence Phase 2 of the Community Recreation Strategy
-  Advance the Harry Jerome Community Recreation Centre Development
-  Participate in the North Shore Homelessness Action Plan

A Connected and Accessible Community

We build and maintain roads, streets, sidewalks and pathways that are well-connected and integrated to enable the safe and efficient movement of people and goods by a variety of modes throughout the City and beyond.

2021 Initiatives

-  Continue to expand active transportation in the City
-  Launch the E-bike share program

- Complete Economic Impact Assessment for Burrard Inlet Rapid Transit

A Functional Community

We provide plans, policies, bylaws and the organizational capacity to protect and enhance the look, feel and utility of the community.

2021 Initiatives

- Complete the Community Well-Being, Mobility and Environmental Strategies
- Initiate development process review including targeted bylaw changes
- Continue implementation of transportation and mobility requirements for new developments

A Vibrant Community

We create public spaces that are vibrant and exciting, and give people the opportunity to gather, grow and connect through positive experiences.

2021 Initiatives

- Support the opening of the new Museum of North Vancouver
- Expand and improve the Open Streets initiative and Place-Making activations
- Initiate the Waterfront Park Master Plan

An Environmentally-Responsible Community

We protect our environmental assets, address climate change through policies and action, and steadily reduce the impact of municipal operations on the natural environment.

2021 Initiatives

- Collaborate on a plan to migrate Lonsdale Energy Corporation to renewable energy sources
- Expedite the implementation of the Electric Vehicle Strategy
- Support and promote the Park Stewards Program
- Update the Green Building Policy for Civic facilities

A Prosperous Community

We encourage a prosperous and thriving economy by attracting new business and supporting existing businesses.

2021 Initiatives

- Review and update the City's Economic (Investment) Strategy
- Support and participate in economic partnerships in the region

A Fiscally-Responsible Organization

We are a leader in promoting transparent fiscal sustainability and accountability.

2021 Initiatives

- Support and promote the Park Stewards Program
- Review the City's Long-Term Property Tax Strategy
- Improve the integration of the City's business and financial planning processes

An Open and Engaged Organization

We are actively and consistently engaging our residents and stakeholders using a variety of platforms on City projects, programs, services and infrastructure.

2021 Initiatives

- Implement a public engagement framework for all programs and projects
- Explore new initiatives for public input related to Council meetings

A Cooperative and Collaborative Organization

We work with a wide range of partners to continually improve the delivery of programs, services and infrastructure within the City.

2021 Initiatives

- Support Metro Vancouver Board's regional management and action plans
- Support the NXSTPP Steering Committee and implement 2021 priorities
- Support the implementation of the RCMP, NSEM, NVCL and NVRC Strategic and Corporate Plans
- Strengthen relationships with local Indigenous communities and our urban Indigenous population

A Dynamic Organization

We are recognized as a top, innovative employer where there is a well-established culture of learning and continuous improvement.

2021 Initiatives

- Review and update City's Human Resources Policies and Strategies
- Expand online City services including CityServe, CityFix and CityView
- Review and update City's Training, Education and Development Program

Audited Financial Statements

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

Statement of Management Responsibility

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

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

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

The City’s independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether the City’s consolidated financial statements present fairly in all material respects the financial position of the City as at December 31, 2020, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

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



Acting Director of Finance

Leslie Garber

May 10, 2021



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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Corporation of the City of North Vancouver and its controlled entities (the "City"), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of operations, the consolidated statement of changes in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2020, and its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Unaudited Information

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

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

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



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

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

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

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 10, 2021

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

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

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



Acting Director of Finance
Leslie Garber

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

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

See accompanying notes to the consolidated financial statements

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

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

See accompanying notes to the consolidated financial statements

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

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

See accompanying notes to the consolidated financial statements

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

1. OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Presentation

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

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

The City also has an agreement with the District of North Vancouver in the operation and management of the North Vancouver Museum and Archives Commission, and the City includes its proportionate share in the City’s consolidated financial statements. The current agreement specifies that the operating costs shall be paid 50% (2019 – 50%) by the City and 50% (2019 – 50%) by the District of North Vancouver. Each municipality is responsible for its own facilities and pays 100% of all capital costs relating to improvement, expansion and replacement of buildings or facility equipment.

(b) Basis of Accounting

Revenue is recorded on an accrual basis and recognized when earned. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services.

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

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

(c) Revenue Recognition

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

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

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

(d) Deferred Revenue

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

(e) Deferred Lease Revenue

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

(f) Development Cost Charges

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

(g) Temporary Investments

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

(h) Portfolio Investments

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

(i) Budget Figures

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

(j) Government Transfers

Unrestricted government transfers are recognized as revenue in the year that the transfer is authorized by the issuing government and any eligibility criteria have been met. Restricted government transfers, in the way of grants or other transfers, are recognized as revenue in the year in which any stipulations that create liabilities are met.

(k) Employee Future Benefits

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

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

(l) Long-term Debt

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

(m) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business.

(i) Tangible Capital Assets

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

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

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

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

(ii) Contributions of Tangible Capital Assets

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

(iii) Works of Art and Historic Assets

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

(iv) Natural Resources

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

(v) Interest Capitalization

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

(vi) Leased Tangible Capital Assets

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

(vii) Inventories

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

(n) Estimates

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

(o) Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information related to expenses. See note 12.

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

2. SIGNIFICANT ACCOUNTING POLICIES (con't)

(p) Contaminated Sites

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

- i) An environmental standard exists;
- ii) Contamination exceeds the environmental standard;
- iii) The City is directly responsible or accepts responsibility;
- iv) It is expected that future economic benefits will be given up; and
- v) A reasonable estimate of the amount can be made

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

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

3. INVESTMENTS

(a) Temporary Investments

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

(b) Portfolio Investments

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

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

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

Summarized financial information relating to LEC is as follows:

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

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

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

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

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

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

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

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

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

6. LONG-TERM DEBT

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

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

6. LONG-TERM DEBT (con't)

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

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

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

7. EMPLOYEE FUTURE BENEFITS

(a) Sick and Severance

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

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

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

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

7. EMPLOYEE FUTURE BENEFITS (con't)

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

| | 2020 | 2019 |
|------------------------------------|----------------|----------------|
| Discount rates | 2.10% | 2.70% |
| Expected future inflation rates | 2.50% | 2.50% |
| Expected wage and salary increases | 2.58% to 4.63% | 2.58% to 4.63% |

The unamortized actuarial gain is amortized over a period equal to the employees' average remaining service lifetime of eleven years for the City.

(b) Council Retirement Stipend

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

8. TANGIBLE CAPITAL ASSETS

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

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

8. TANGIBLE CAPITAL ASSETS (con't)

(a) Work in Progress

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

(b) Developer Contributed Tangible Capital Assets and Other Transfers

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

(c) Works of Art and Historic Assets

The City and the Museum and Archives Commission manages and controls various works of art and non-operational historic assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded in the consolidated financial statements of the City.

(d) Write-Down of Tangible Capital Assets

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

9. ACCUMULATED SURPLUS

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

(a) Current Funds – general, water and sewer

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

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

9. ACCUMULATED SURPLUS (con't)

(b) Reserve Funds

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

(c) Capital Fund

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

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

10. COMMITMENTS AND CONTINGENCIES

(a) Property Taxes

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

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

(b) Pension Liability

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

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

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

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

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

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

(b) Pension Liability (con't)

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

(c) Contingent Liabilities

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

(d) E-Comm

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

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

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

(e) Contractual Obligations

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

(f) Construction Loan Guarantee

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

11. TRUST FUNDS

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

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

12. SEGMENTED INFORMATION

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

General Government

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

Transportation and Transit

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

Health, Social Services and Housing

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

Development Services

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

Protective Services

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

Parks, Recreation and Culture

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

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

12. SEGMENTED INFORMATION (con't)

Water Utilities

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

Sewer Utilities

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

Solid Waste

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

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

13. DEFERRED LEASE REVENUE

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

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

14. BUDGET FIGURES

The budget figures presented in these consolidated financial statements include 100% of the North Vancouver City Library and its proportionate share of the North Vancouver Recreation Commission, and North Vancouver Museum and Archives Commission. The financial plan was approved by Council as the Financial Plan for the Years 2020 to 2029 Bylaw, 2020, No. 8771 April 27th, 2020. The table below reconciles the approved budget to the budget figures reported.

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

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

15. COVID-19 IMPACT

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

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

SCHEDULE A: COVID-19 Safe Restart Grant

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

Permissive Tax Exemptions

| Organization | Address | Municipal Taxes Exempt Portion |
|---|---|--------------------------------|
| Anavets Senior Citizens Housing Society | 245 East 3rd Street | 50,360 |
| Army, Navy and Airforce Veterans in Canada, Unit 45 | 119 East 3rd Street | 19,493 |
| The Auxiliary to the Lions Gate Hospital | 128 West 15th Street | 11,387 |
| BC Photography and Media Arts Society | 101 Carrie Cates Court | 65,034 |
| Canadian Mental Health Association | 300-1835 Lonsdale Avenue | 5,033 |
| Cascadia Society for Social Working | 325 West 19th Street | 3,576 |
| Cascadia Society for Social Working | 351 West 19th Street | 3,147 |
| Cascadia Society for Social Working | 348 West 19th Street | 3,259 |
| Community Living Society | East Keith Road House | 3,733 |
| Community Living Society | 1003 - 555 West 28th St | 1,268 |
| Corporation of City of North Vancouver (Pipe Shop) | 115 Victory Ship Way | 35,400 |
| Corporation of City of North Vancouver (Shipyard Commons) | 125 - 135 Victory Ship Way | 57,830 |
| Family Services North Shore | 203 & 206 1111 Lonsdale Avenue | 17,748 |
| Fraternal Order of Eagles Northwest Aerie 2638 | 162,164,166,168 & 170 West 3rd Street | 14,977 |
| Girl Guides of Canada | 107,108,109,207,208 & 209 - 252 Esplanade W | 62,653 |
| Hollyburn Family Services Society | Unit 104,106,107,205,206,& 207-210 West 13th Street | 6,114 |
| HYAD Housing for Young Adults with Disabilities | 2130 Chesterfield Avenue | 3,055 |
| Kiwanis North Shore Housing Society | 170 West 2nd Street | 53,200 |
| Kiwanis North Shore Housing Society | 1480 St. Andrew's Avenue | 3,716 |
| Lighthouse Harbour Ministries | #1 - 260 East Esplanade | 5,651 |
| Lonsdale Creek Daycare Centre Society | 230 West 21st Street | 10,130 |
| Lookout Housing & Health Society | 705 West 2nd Street | 18,889 |
| Chesterfield House Society | 1415 Chesterfield Avenue | 3,899 |
| Marineview Housing Society | 1053 Grand Blvd | 4,435 |
| Marineview Housing Society | 1057 Cloverley Street | 2,426 |
| Navy League of Canada | 1555 Forbes Ave | 13,891 |
| North Shore Connexions Society | 1924 Jones Avenue | 2,417 |
| North Shore Disability Resource Centre | 2412 Wilding Way | 2,757 |
| North Shore Multicultural Society | 124 East 15th Street (units 100, 207, 202,203,204,204A,205,302,303,305) | 52,102 |
| North Shore Neighbourhood House | 225 East 2nd | 27,657 |
| North Shore Neighbourhood House (Centre view childcare) | Community Garden, 207 East 2nd Street | 3,132 |
| North Shore Neighbourhood House (Community Garden) | 143 14th St E | 2,789 |
| North Shore Neighbourhood House | 113 3rd St E | 475 |
| North Vancouver Chamber of Commerce | 102 – 124 West 1st Street | 7,212 |
| North Vancouver Lawn Bowling Club | 2160 Lonsdale Avenue | 512,021 |
| The North Vancouver Masonic Temple Association Ltd. | 1140 - 1144 Lonsdale | 7,706 |
| Presentation House Cultural Society | 333 Chesterfield Avenue | 72,393 |
| Royal Canadian Legion, Branch 118 | 121/123 West 15th | 19,301 |
| Silver Harbour Seniors' Activity Centre | 144 East 22nd Street | 81,636 |
| St. Edmund's Parish | 613 Mahon Avenue | 4,277 |
| St. Leonard's Society of North Vancouver | 312 Bewicke Avenue | 2,211 |
| Vancouver Coastal Health Authority | Magnolia House Residential Mental Health Facility, 720 E. 17th | 2,694 |
| Vancouver Coastal Health Authority | Margaret Fulton ADC, 1601 Forbes Avenue | 20,274 |
| Young Women's Christian Association | 125 14TH St E | 2,331 |
| North Shore Bethel Christian Mennonite Brethern Church | 185 East Keith Road | 2,338 |
| Holy Trinity Catholic Church | 2725 Lonsdale Avenue | 2,664 |
| North Shore Alliance Church | 201 & 241 East 23rd Street | 14,742 |
| Kings Temple Missionary Society | North Shore Christian Centre, 1400 Sutherland | 1,444 |
| Parish of St. Agnes Anglican Church of Canada | 530 East 12th Street | 547 |
| St. John the Evangelist Anglican Church | 209 West 13th Street | 13,444 |
| Salvation Army, North Vancouver | 105 West 12th Street | 9,778 |
| St. Andrew's & St. Stephen's Presbyterian Church | 2641 Chesterfield Avenue | 3,513 |
| St. Andrew's United Church | Units #100, 200 & 300- 1046 St. Georges Avenue | 751 |
| St. Andrew's United Church | 1044 St. Georges Avenue | 1,455 |
| Sutherland Church | 630 East 19th Street | 3,183 |
| North Vancouver Museum and Archives Commission | 131 - 115 W Esplanade | 86,553 |
| Total | | 1,444,101 |

Declaration of Council Disqualifications

No Councilors were disqualified from holding office in 2020 under the provisions set out in the Community Charter.