

Village of Lions Bay
Financial Statements
For the year ended December 31, 2025

**Village of Lions Bay
Financial Statements
For the year ended December 31, 2025**

Contents

Management’s Responsibility for the Financial Statements	3
Independent Auditor’s Report	
Financial Statements	
Statement of Financial Position	6
Statement of Operations	7
Statement of Change in Net Financial Assets	8
Statement of Cash Flows	9
Summary of Significant Accounting Policies	10
Notes to Financial Statements	14
Schedule 1 - Statement of Operations by Segment - 2025	23
Schedule 2 - Statement of Operations by Segment - 2024	24
Schedule 3 - Tangible Capital Assets - 2025	25
Schedule 4 – Housing Needs Grant	26

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Village of Lions Bay (the "Village") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. A summary of the significant accounting policies are described in the summary of significant accounting policies which precede the notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Village's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by MNP LLP, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.

"Joseph Chirkoff"

Joseph Chirkoff CPA, CA
Chief Financial Officer

May 19, 2026

"Ross Blackwell"

Ross Blackwell
Chief Administrative Officer

May 19, 2026

To the Mayor and Council of the Village of Lions Bay:

Opinion

We have audited the financial statements of the Village of Lions Bay (the "Village"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2025, and the results of its operations, changes in its net financial assets and its 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 report. We are independent of the Village 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 opinion.

Other Information

Management is responsible for the other information, consisting of an annual report, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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 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 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 Village'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 Village'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 Village 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 manner that achieves fair presentation.

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.

Nanaimo, British Columbia

May 19, 2026

MNP LLP

Chartered Professional Accountants

Village of Lions Bay
Statement of Financial Position

As at December 31 2025 2024

Financial Assets

Cash and cash equivalents	6,253,994	6,218,225
Investments (Note 1)	4,075,925	-
Accounts receivable	878,936	696,257
Grants receivable	9,761	-
Debt reserve fund	39,211	40,153
	11,257,827	6,954,635

Liabilities

Accounts payable	421,792	689,217
Sick, overtime, wellness and vacation payable	130,315	94,983
Deferred revenue (Note 2)	3,739,573	142,719
Developer deposits (Note 3)	179,400	163,250
Equipment financing (Note 4)	85,116	128,391
Short term debt (Note 4)	1,300,000	-
Long term debt (Note 4)	1,183,168	1,332,758
Asset retirement obligation (Note 5)	57,070	54,862
	7,096,434	2,606,180

Net Financial Assets

4,161,393 4,348,455

Non-Financial Assets

Tangible capital assets (Schedule 3)	25,074,452	24,223,228
Prepaid expenses	33,534	20,856
	25,107,986	24,244,084

Accumulated Surplus (Note 11)

29,269,379 28,592,539

Contingent liabilities and contractual obligations (Note 7)
Contractual rights (Note 8)

“Joe Chirkoff”

Joseph Chirkoff CPA, CA
Financial Officer

“Ken Berry”

Ken Berry
Mayor

**Village of Lions Bay
Statement of Operations**

For the year ended December 31	Financial Plan 2025	2025	2024
	(Note 9)		
Revenue (Schedules 1 & 2)			
Taxation (Note 6)	2,399,442	2,403,327	2,299,918
Utility user rate	1,481,572	1,463,312	1,389,246
Government transfers	5,040,780	1,411,480	965,343
Sale of services	420,421	613,974	436,420
Other revenues	304,130	388,463	455,418
Gain on disposal of tangible capital assets	-	-	16,095
	9,646,345	6,280,556	5,562,440
Expenses (Schedules 1 & 2)			
General government	1,859,755	1,740,162	1,691,787
Protective services	683,659	1,374,409	845,363
Public works operation	1,117,588	595,608	381,055
Solid waste collection	237,289	215,711	201,913
Planning and development	49,536	41,054	40,296
Parks and recreation	264,698	326,384	383,515
Water system operations	1,207,653	1,149,004	1,218,029
Sewer system operations	159,250	161,384	122,274
	5,579,428	5,603,716	4,884,232
Annual Surplus	4,066,917	676,840	678,208
Accumulated Surplus , beginning of year	28,592,539	28,592,539	27,914,331
Accumulated Surplus , end of year	32,659,456	29,269,379	28,592,539

Village of Lions Bay
Statement of Change in Net Financial Assets

For the year ended December 31	Financial Plan 2025	2025	2024
	(Note 9)		
Annual Surplus	4,066,917	676,840	678,208
Change in Tangible Capital Assets			
Acquisition of tangible capital assets	(7,267,140)	(1,469,147)	(1,434,847)
Amortization of tangible capital assets	932,711	617,923	616,715
Accretion	-	2,208	2,359
	(6,334,429)	(849,016)	(815,773)
Change in Other Non-Financial Assets			
Net use (acquisition) of prepaid expenses	-	(14,886)	20,295
Change in net financial assets for the year	2,267,512	(186,062)	(117,270)
Net financial assets, beginning of year	4,348,455	4,348,455	4,465,725
Net financial assets, end of year	2,080,943	4,161,393	4,348,455

**Village of Lions Bay
Statement of Cash Flows**

For the year ended December 31	2025	2024
Cash provided by (used in)		
Operating transactions		
Annual surplus	676,840	678,208
Items not involving cash		
Amortization expense	617,923	616,715
Accretion expense	2,208	2,359
Actuarial gain on long-term debt	(54,634)	(47,772)
Gain on sale of assets	-	(16,095)
Changes in non-cash operating balances		
Accounts receivable	(182,679)	(255,381)
Grants receivable	(9,761)	13,295
Debt reserve fund	943	(1,351)
Developer deposits	16,150	10,000
Deferred revenue	3,596,854	35,244
Accounts payable	(267,425)	260,652
Sick, overtime, wellness and vacation payable	35,332	48,936
Prepaid expenses	(12,679)	22,777
	4,473,706	1,367,587
Capital transactions		
Cash used to acquire tangible capital assets	(1,469,147)	(1,434,847)
Proceeds on disposal of tangible capital assets	-	16,094
	(1,469,147)	(1,418,753)
Financing transactions		
Acquisition of investments	(4,075,925)	-
Issuance of long-term debt	1,300,000	-
Repayment of equipment financing	(7,118)	(17,575)
Repayment of long-term debt principal	(131,113)	(134,332)
	(2,914,156)	(151,907)
Increase (decrease) in cash and equivalents during the year	35,769	(203,073)
Cash and equivalents, beginning of year	6,218,225	6,421,298
Cash and equivalents, end of year	6,253,994	6,218,225
Supplemental information:		
Interest paid on long-term debt	111,689	104,511

Village of Lions Bay
Summary of Significant Accounting Policies

December 31, 2025

The Village of Lions Bay ("the Village") is a municipality in the province of British Columbia operating under the provisions of the Community Charter. The Village provides a wide range of services to the residents such as parks and recreation, fire and rescue, general government services, solid waste collection, and maintenance of roads, storm drainage, water and sewer infrastructure and facilities. The Village prepares its financial statements in accordance with Canadian public sector accounting standards ("PSAS") using guidelines developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of Accounting The basis of accounting followed in these financial statements is an accrual method and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred.

The financial statements include the accounts of all funds of the Village. Interfund transactions and balances have been eliminated.

**Cash and
Cash Equivalents**

Cash and cash equivalents include bank balances and bank term deposits or guaranteed income certificates with duration of less than three months at the time of purchase. All amounts are held at Canadian chartered banks and are denominated in Canadian dollars.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use. Contributed tangible capital assets are recorded at fair value at the time of the contribution.

Estimated useful lives of tangible capital assets are as follows:

Buildings	20 to 50 years
Equipment, furniture, and vehicles	5 to 20 years
Land improvements	7 to 40 years
Infrastructure - water	5 to 80 years
Infrastructure - sewer	5 to 100 years
Transportation	10 to 60 years
Storm sewer	25 to 50 years

Village of Lions Bay
Summary of Significant Accounting Policies

December 31, 2025

Debt Reserve Fund Under borrowing arrangements with the Municipal Finance Authority (MFA), the Village is required to lodge security by means of demand notes and interest bearing cash deposits based on the amount of the borrowing. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits are held by the MFA as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the Village. The balance of the contingent demand notes are not included in the financial statements of the Village.

Revenue Recognition Taxes are recorded when they meet the definition of an asset, have been authorized and the taxable event occurs. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

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 by other taxing authorities, including the Greater Vancouver Regional District, are not included as taxes for municipal purposes.

Charges for sewer, water usage and solid waste collection are recorded as performance obligations are satisfied. Connection fee revenues are recognized when the connection has been established.

Building permit revenue is recognized on a straight-line basis over the lifespan of the permit.

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when received if the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. If government transfers contain stipulation liabilities, they are recognized as deferred revenue, and the related revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Revenue from transactions with performance obligations is recognized when the Village satisfies a performance obligation by providing the promised good or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

Village of Lions Bay
Summary of Significant Accounting Policies

December 31, 2025

Use of Estimates	The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. A significant area requiring management estimates relates to the useful life of tangible assets for amortization calculations and asset retirement obligations.
Contaminated Sites	A liability for remediation of a contaminated site is recognized at the financial statement date when an environmental standard exists, contamination exceeds the standard, and it is expected that future economic benefits will be given up and the liability can be reasonably estimated.
Financial Instruments	<p>The Village's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable, developer deposits, equipment financing, and long-term debt. All financial instruments are measured at cost or amortized cost on the statement of financial position, using the effective interest rate method to determine interest revenue or expense. Transaction costs are added to the carrying value for financial instruments.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and instruments are reported in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations. As the Village has no financial instruments reported at fair value, no statement of remeasurement gain or loss is presented in these financial statements.</p>
Municipal Pension Plan	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 liabilities and 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.
Segmented Information	The Village segments its operations for financial reporting purposes based upon areas of managerial responsibility. This information is provided in Note 13 and Schedule 1.

Village of Lions Bay
Summary of Significant Accounting Policies

December 31, 2025

**Recent Accounting
Pronouncements**

PSAB Section PS 1202, Financial Statement Presentation, introduces a revised reporting model for Canadian public sector entities, replacing PS 1201. Effective for fiscal years beginning on or after April 1, 2026, it improves understandability with a new Statement of Changes in Net Assets/Liabilities and updated budget requirements.

Key Changes and Components of PS 1202

- **Revised Structure:** Replaces the former statement of change in net debt with a new Statement of Changes in Net Assets/Liabilities.
- **Statement Package:** Includes Statement of Financial Position, Statement of Operations, Statement of Net Financial Assets/Liabilities, Statement of Cash Flow, and updated notes/schedules
- **Budget Presentation:** Enhances requirements to ensure accountability, particularly regarding amended budgets.
- **Net Debt Focus:** Strengthens the focus on Net Financial Assets or Net Financial Liabilities, defining them as resources available for future services.
- **Effective Date:** April 1, 2026, with early adoption permitted if the new Conceptual Framework is also adopted.

The Village is currently evaluating the impact of this new standard for its December 31, 2027 financial statements.

Village of Lions Bay
Notes to Financial Statements

December 31, 2025

1. Investments

Investments consist of deposits with the Municipal Finance Authority (“MFA”). Investments earn interest at a variable rate (December 31, 2025 – 3.60%)

2. Deferred Revenue

	2025	2024
Next Generation 911 grant	37,800	45,000
Indigenous Engagement grant	69,418	40,000
All User All Zone Water Metering	3,568,470	-
Prepaid taxes	63,885	57,719
	3,739,573	142,719

3. Developer Deposits

Bylaw 497 requires an applicant for certain building permits to pay a damage deposit of \$1,500 when the work is under \$50,000 and \$3,000 when the work is over \$50,000. The deposit less any costs incurred by the Village in restoring or replacing any damaged works or property will be returned to the applicant. The total cash on deposit of \$179,400 (2024 - \$163,250) has been reported as a liability because the deposits will be returned to the applicants at the completion of the project. Any portion of these deposits used for replacing damaged works or property will be taken into income by the Village in the period it is determined that restoration or replacement is required.

Village of Lions Bay
Notes to Financial Statements

December 31, 2025

4. Short and Long Term Debt

Bylaw/Issue Number	Interest Rate	Maturity Date	Issued	Debt Outstanding	
				2025	2024
353 / 93	5.1%	2025	114,000	-	7,165
374 / 104	4.3%	2028	600,000	122,517	160,256
401 / 104	4.3%	2028	800,000	163,356	213,675
104 / 380	4.3%	2028	250,000	51,049	66,773
142 / 508	3.15%	2047	460,900	374,755	386,668
150 / 508	3.03%	2040	600,000	471,491	498,221
				1,183,168	1,332,758

Repayments of debt to the MFA required in the next five years are as follows:

2026	126,670
2027	128,515
2028	85,034
2029	29,625
2030	29,625

Bylaw/Issue Number	Interest Rate	Maturity Date	Issued	Debt Outstanding	
				2025	2024
608/508	(a)	2030	1,300,000	1,300,000	-
MFA Financing	(b)	2026	195,000	85,116	128,391

(a) MFA Financing incurred to replace watermains has a variable interest rate based on the Canadian Dollar Offered Rate (CDOR) and was 2.85% at December 31, 2025.

(b) MFA Financing incurred to acquire equipment has a variable interest rate based on the Canadian Dollar Offered Rate (CDOR) and was 2.85% at December 31, 2025 (3.61% at December 31, 2024).

Village of Lions Bay
Notes to Financial Statements

December 31, 2025

5. Asset Retirement Obligations

The Village owns two buildings known to have asbestos which represents a health risk upon demolition of the building, and there is a legal obligation to remove it. The buildings have estimated useful lives between 35 and 50 years, of which 2-50 years remain. Expected costs for remediation have been inflated using an estimate of 2.5% per annum. Estimated costs to retire these assets have been discounted to the present value using a discount rate of 4.39% per annum. The new section was adopted prospectively at January 1, 2023, resulting in an increase to the tangible capital assets and asset retirement obligations of \$50,297. During fiscal year 2025, the Village recorded amortization expense of \$6,411 (2024 - \$7,185) on the Asset Retirement asset and \$2,208 (2024 - \$2,357) of accretion expense on the liability.

	2025	2024
Opening Balance	\$54,862	\$52,505
Addition	-	-
Accretion	2,208	2,357
Closing balance	<u>\$57,070</u>	<u>\$54,862</u>

6. Taxation

	2025	2024
General purposes	2,304,721	2,201,590
Collections for other tax authorities		
School Taxes – Province	1,202,714	1,177,645
RCMP	192,750	191,458
Regional District	83,379	79,834
Greater Vancouver Transportation Authority	395,925	340,754
Municipal Finance Authority	251	251
British Columbia Assessment Authority	45,145	43,886
	<u>4,224,885</u>	<u>4,035,418</u>

Village of Lions Bay
Notes to Financial Statements

December 31, 2025

6. Taxation (Continued)

Transfers to other tax authorities	2025	2024
School Taxes – Province	1,202,714	1,177,645
RCMP	192,750	191,458
Regional District	83,379	79,834
Greater Vancouver Transportation Authority	395,925	340,754
Municipal Finance Authority	251	251
British Columbia Assessment Authority	45,145	43,886
	<u>1,920,164</u>	<u>1,833,828</u>
Available for general purposes	2,304,721	2,201,590
Water and sewer utility parcel taxes	98,606	98,328
	<u>2,403,327</u>	<u>2,299,918</u>

7. Contingent Liabilities and Contractual Obligations

- (i) The Village is responsible as a member of the Greater Vancouver Regional District for its portion of any operating deficits or capital debt related to functions in which it participates.
- (ii) The Village is a participant in the Municipal Insurance Association of British Columbia (the “Association”). Should the Association pay out claims in excess of the premiums received, it is possible that the Village, along with the other participants, would be required to contribute towards the deficit. Management does not consider external payments under this contingency to be likely and therefore no amounts have been accrued.
- (iii) The Village is a shareholder and member of the Emergency Communications for British Columbia Incorporated (“E-Comm”) whose services provided include: regional 9-1-1 call centre; Wide Area Radio network, dispatch operations; and records management. The Village has 1 Class A Share (Police and Fire) and no Class B Shares (Operations) (of a total of 28 Class A and 23 Class B shares issued and outstanding as at December 31, 2025) recorded at nominal cost. As a Class A shareholder, the Village shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder’s withdrawal date.
- (iv) As at December 31, 2025, there were various legal claims pending against the Village arising in the ordinary course of its operations. The outcome of these claims is presently indeterminable and accordingly no provision has been made in these financial statements.

Village of Lions Bay
Notes to Financial Statements

December 31, 2025

8. Contractual Rights

The Village entered into a lease contract for space in a building located at 410 Centre Road which expires in July 2030. In return, the Village receives the following revenues:

2026	28,980
2027	28,980
2028	28,980
2029	28,980
2030	28,980
Thereafter	-

9. Financial Plan

Financial plan amounts represent the Financial Plan Bylaw adopted by Council on May 14, 2025 with adjustments for items accounted for differently under PSAS.

The Financial Plan Bylaw anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. In addition, the Financial Plan Bylaw anticipated capital expenditures rather than amortization expense and repayment of debt during the year.

The following shows how these amounts were combined:

	2025
Financial Plan Balance per Bylaw	-
Add back:	
Capital expenditures	7,267,140
Repayment of Debt	438,473
MFA Actuarial Gain on Debt	52,634
Less:	
Proceeds from borrowing	(1,300,000)
Budgeted transfers from accumulated surplus	(1,458,619)
Amortization	(932,711)
Financial Plan Surplus per Statement of Operations	4,066,917

Village of Lions Bay
Notes to Financial Statements

December 31, 2025

10. Pension Plan

The employer 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 262,000 active members and approximately 133,000 retired members. Active members include approximately 45,000 contributors from local governments.

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

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

The Village paid \$119,166 (2024 - \$93,133) for employer contributions to the plan in fiscal 2025.

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

11. Accumulated Surplus

The components of accumulated surplus are as follows:

	<u>2025</u>	<u>2024</u>
Invested in tangible capital assets	22,449,098	22,707,217
Reserve funds (Note 12)	4,067,530	3,520,736
Unrestricted amounts	2,752,751	2,364,586
	29,269,379	28,592,539

Unrestricted amounts represent the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances. It is available to temporarily finance operations until planned revenues (i.e. property taxes, fees, grants, ect.) are received, or for other operating or capital purposes as determined by Council, to the extent that it is available as cash.

Reserve funds are accumulated surplus that has been set aside by decision of Council for a specified purpose. Statutory reserves have been established by bylaw in accordance with the Community Charter and their use is restricted by the related bylaw and legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

Village of Lions Bay
Notes to Financial Statements

December 31, 2025

12. Reserve Funds

	Opening Balance	Revenues & Transfers	Interest Earned	Expenditures & Transfers	Closing Balance
Capital reserves	690,005	-	13,800	-	703,805
Land reserve fund	1,015,118	98,606	21,288	-	1,135,012
Infrastructure fund	1,059,169	204,287	23,288	-	1,286,744
Curly Stewart fund	11,547	1,768	249	(1,500)	12,064
Community Works Fund	744,897	168,426	16,582	-	929,905
	3,520,736	473,087	75,207	(1,500)	4,067,530

13. Segmented Information

The Village is a diversified municipal government institution that provides a wide range of services to its residents such as parks and recreation, maintenance of roads, fire and rescue, sewer and water utilities and solid waste collection. Key functional segments have been separately disclosed in Schedule 1. Following is a brief description of these segments and the activities they provide:

General Government

This segment relates to the general administration of the Village. It also includes revenues and expenses such as property tax revenues, legal costs, etc. that cannot be directly attributed to a specific segment.

Protective Services

Protective Services is comprised of fire and rescue services, bylaw enforcement and emergency services. The fire and rescue department is responsible for providing fire suppression service, fire prevention programs, training and education and highway call-out services. The members of the fire department are volunteer fire fighters.

Public Works Operation

Public works is responsible for the maintenance of roads, bridges, storm drainage, street lighting, creeks and drainage, fleet, equipment and snow removal.

Solid Waste Collection

Solid waste collection consists of recycling services and organics and waste collection.

December 31, 2025

13. Segmented Information (Continued)

Planning and Development

This segment includes building inspection, zoning and community planning such as land use master plan.

Parks and Recreation

This segment provides services meant to improve the health and development of the residents. They include recreation programs in the community centre, maintenance of trails, parks and beaches and facilities maintenance and management.

Water Utility

This segment is comprised of water treatment, water quality, water storage and water distribution to residents.

Sewer

The sewer utility provides for the operation, maintenance and repair of the sanitary sewer collection and waste water treatment plant.

14. Financial Risk Management

The Village is potentially exposed to credit risk, market and interest risk and liquidity risk. The following analysis provides an assessment of those risks as at December 31, 2025.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk primarily arises from the Village's cash, accounts receivable and investments. The risk exposure is limited to their carrying amounts at the date of the statement of financial position.

The Village mitigates exposure to credit risk for cash by maintaining its cash with top rated Canadian Schedule I financial institutions, and by maintaining its investments with MFABC which meets the investment requirements of Section 183 of the Community Charter of the Province of BC. As at December 31, 2025 the Village carried investments with value of \$4,075,925 with the MFABC.

Accounts receivable primarily consist of amounts receivable from government organizations, residents and financial institutions. To reduce the risk, the Village regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. The Village historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

December 31, 2025

14. Financial Risk Management (Continued)

Market and Interest Rate Risk

Market risk is the risk that changes in market prices and inputs, such as interest rates, will affect the fair value of the Village's investments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. As at December 31, 2025 the Village carried investments with value of \$4,075,925 with the MFABC that are subject to interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Village's investments recognized at fair value are impacted by changes in market interest rates. Increases in interest rates result in a decrease of the fair value of the Village's MFA investments, while a decrease results in an increase in the fair value. The annual changes to the fair value of these investments are recognized through the statement of remeasurement gains losses) until realized on disposal. As at December 31, 2025 the Village did not maintain any investments at fair value.

The exposure to interest rate risk in relation to debt instruments is limited to long-term debt. The risk applies only to the long-term debt when amortization periods exceed the initial locked in term. Short-term financing is subject to daily float rates, which can result in variability over the course of short-term financing. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

Liquidity Risk

Liquidity risk is the risk that the Village will not be able to meet its financial obligations as they become due. The Village manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

15. Comparative Figures

Certain amounts in prior periods have been reclassified to conform to the current year's presentation.

Village of Lions Bay

Schedule 1 - Statement of Operations by Segment - 2025

For the year ended December 31, 2025

	General Fund						Total General Fund	Water Utility	Sewer Utility	2025 Actual	2025 Financial Plan
	General Government	Protective Services	Public Works Operation	Solid Waste Collection	Planning and Development	Parks and Recreation					
Revenues											
Taxation	2,304,721	-	-	-	-	-	2,304,721	-	98,606	2,403,327	2,399,442
Utility user rates	-	-	-	228,033	-	-	228,033	1,147,527	87,752	1,463,312	1,481,572
Government transfers	1,023,645	12,582	-	-	-	3,020	1,039,247	372,233	-	1,411,480	5,040,780
Sales of services	69,930	428,727	-	44,077	23,014	10,316	576,064	37,910	-	613,974	420,421
Other revenues	294,996	47,562	-	-	-	-	342,558	45,905	-	388,463	304,130
Gain on sale of asset held for sale	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-
	3,693,292	488,871	-	272,110	23,014	13,336	4,490,623	1,603,575	186,358	6,280,556	9,646,345
Expenses											
Operating											
Goods and Services	471,563	1,057,743	377,223	215,711	7,461	139,932	2,269,633	325,137	63,808	2,658,578	2,700,418
Labour	912,623	316,589	196,734	-	33,593	186,452	1,645,991	506,144	61,052	2,213,187	1,645,611
Amortization	355,976	-	-	-	-	-	355,976	227,762	36,524	620,262	1,111,763
	1,740,162	1,374,332	573,957	215,711	41,054	326,383	4,271,600	1,059,043	161,384	5,492,027	5,457,792
Interest											
	-	77	21,651	-	-	-	21,728	89,961	-	111,689	121,636
	1,740,162	1,374,409	595,608	215,711	41,054	326,383	4,293,328	1,149,004	161,384	5,603,716	5,579,428
Annual surplus (deficit)	1,953,130	(888,538)	(595,608)	56,399	(18,040)	(313,048)	197,295	454,571	24,974	676,840	4,066,917

(Note 9)

Village of Lions Bay

Schedule 2 - Statement of Operations by Segment - 2024

For the year ended December 31, 2024

	General Fund						Total General Fund	Water Utility	Sewer Utility	2024 Actual	2024 Financial Plan
	General Government	Protective Services	Public Works Operation	Solid Waste Collection	Planning and Development	Parks and Recreation					
Revenues											
Taxation	2,201,310	-	-	-	-	-	2,201,310	-	98,606	2,299,916	2,238,307
Utility user rates	-	-	-	216,433	-	-	216,433	1,088,366	84,448	1,389,247	1,465,171
Government transfers	801,849	102,725	-	-	-	60,769	965,343	-	-	965,343	2,221,236
Sales of services	45,466	289,427	-	29,342	39,508	9,258	413,001	22,452	968	436,421	440,296
Other revenues	363,828	44,943	-	-	-	5,000	413,771	41,647	-	455,418	258,830
Gain on sale of asset held for sale	16,095	-	-	-	-	-	16,095	-	-	16,095	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-
	3,428,548	437,095	-	245,775	39,508	75,027	4,225,953	1,152,465	184,022	5,562,440	6,623,840
Expenses											
Operating											
Goods and Services	484,338	601,807	206,958	201,913	4,233	200,965	1,700,214	376,454	53,964	2,130,632	2,799,821
Labour	844,128	243,251	157,097	-	36,063	182,550	1,463,089	535,143	31,783	2,030,015	1,645,611
Amortization	363,321	-	-	-	-	-	363,321	219,226	36,527	619,074	726,100
	1,691,787	845,058	364,055	201,913	40,296	383,515	3,526,624	1,130,823	122,274	4,779,721	5,171,532
Interest	-	305	17,000	-	-	-	17,305	87,206	-	104,511	62,273
	1,691,787	845,363	381,055	201,913	40,296	383,515	3,543,929	1,218,029	122,274	4,884,232	5,233,805
Annual surplus (deficit)	1,736,761	(408,268)	(381,055)	43,862	(788)	(308,488)	682,024	(65,564)	61,748	678,208	1,390,035

Village of Lions Bay
Schedule 3 - Tangible Capital Assets - 2025

For the year ended December 31, 2025

	Land	Buildings	Equipment & Furniture & Vehicles	Land Improvements	Water Infrastructure	Sewer Infrastructure	Transportation	Storm Sewer	WIP – General	2025 Total	2024 Total
Cost, beginning of year	11,729,844	2,949,638	2,606,913	228,350	11,050,197	1,468,710	5,111,962	101,450	371,234	35,618,298	34,183,451
Additions	-	155,887	135,544	-	-	-	-	-	1,177,716	1,469,147	1,434,847
Transfers	-	40,849	-	-	-	-	-	-	(40,849)	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost, end of year	11,729,844	3,146,374	2,742,457	228,350	11,050,197	1,468,710	5,111,962	101,450	1,508,101	37,087,445	35,618,298
Accumulated amortization, beginning of year	-	1,193,034	1,964,549	111,457	4,068,557	412,665	3,557,581	87,226	-	11,395,070	10,778,355
Amortization	-	79,196	148,041	9,848	227,760	36,527	115,309	1,242	-	617,923	616,715
Disposals	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	1,272,230	2,112,590	121,305	4,296,317	449,193	3,672,890	88,468	-	12,012,993	11,395,070
Net carrying amount, end of year	11,729,844	1,874,144	629,867	107,045	6,753,880	1,019,517	1,439,072	12,982	1,508,101	25,074,452	24,223,228

Village of Lions Bay
Schedule 4– Housing Needs Grant

December 31, 2025

Grant received in fiscal 2024	\$155,786
Eligible costs incurred	(2,625)
Interest allocation	<u>4,673</u>
Balance, December 31, 2024	\$157,834
Eligible costs incurred	-
Interest allocation	<u>3,156</u>
Balance, December 31, 2025	<u>160,990</u>