



ANNUAL REPORT

2025

Vernon
British Columbia

Fiscal Year Ended:
December 31, 2025

Prepared by
Financial Services

The City of Vernon recognizes that it is located in the traditional territory of the Syilx people of the Okanagan Nation.



2025 Annual Report

The City of Vernon 2025 Annual Report provides a comprehensive overview of the City's achievements, initiatives, and financial performance over the past year. This report highlights the progress made towards key projects, strategic goals, and community priorities, offering insight into the City's ongoing efforts to build a sustainable, thriving, and resilient future.

Throughout 2025, the City of Vernon continued to make meaningful progress on strategic priorities that support a vibrant, connected, and resilient community. From long-term transportation planning and recognized excellence in financial reporting to hosting nationally recognized events, the City remained focused on delivering high-quality services, strengthening community connections, and planning for future growth.

The following highlights showcase some of the initiatives, achievements, and milestones that helped shape Vernon over the past year and reflect the City's ongoing commitment to transparency, sustainability, and community well-being.



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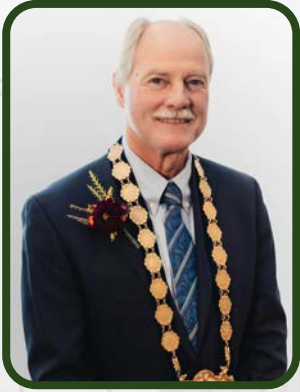
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Message from the Mayor



It is my pleasure to present the 2025 Annual Report, highlighting new accomplishments of Council, staff, and our community partners, along with the top priority of continued delivery of strong and reliable services for Vernon residents.

A defining new project is the Active Living Centre (ALC), the largest capital investment in Vernon's history. Construction is progressing well and nearing completion phases, with the facility on track to open in late 2026 as a modern hub for recreation, wellness, and community connection.

The City has also made significant progress on transportation infrastructure including the Silver Star Road at Phoenix Drive roundabout, and the 39th Avenue at Pleasant Valley Road roundabout. Work is now underway on the 43rd Avenue corridor improvements, including a new roundabout at Alexis Park Drive to improve traffic flow and connectivity to the ALC.

Housing development and building activity continued at a steady pace in 2025. Multi-family projects in neighbourhoods such as Alexis Park and Central Vernon contributed to the local housing supply, supported by collaboration with development and housing partners. A total of 171 residential building permits were issued, resulting in 244 new residential units. Construction values reached approximately \$205 million, slightly below 2024 levels, with fewer permits issued but higher average values, reflecting continued investment in larger residential and commercial projects.

Investments in environmental resilience and public spaces continued with the completion of Phase 2 of the Vernon Creek Naturalization Project in Polson Park, enhancing flood mitigation, ecological function, and accessibility.

Council has established guides for Vernon's long-term growth and livability through the new Official Community Plan and Transportation Plan. The plans provide clear and strategic frameworks for development and decision-making over the next 20 years. The updated Transportation Plan establishes how people and goods will move throughout the community and presents key goals, strategies, and more than 170 projects for future investments to support a safer, more connected, and reliable multimodal transportation system. These planned investments will improve transportation choices, support future growth, and help connect people efficiently to where they need to go.

The organization experienced an important leadership transition this year. Following the departure of Chief Administrative Officer (CAO) Peter Weeber, the City welcomed Carey Herd as the new CAO, who will guide the organization in delivering on Council's priorities and meeting the evolving needs of the community.

I am proud of what we have accomplished together in 2025. Each service provision and initiative represents meaningful progress toward our shared vision for Vernon, and I look forward to the work ahead.

A handwritten signature in blue ink that reads "Victor I. Cumming".

Victor I. Cumming
Mayor, City of Vernon
May 23, 2025



Message from the Chief Administrative Officer



On behalf of the City of Vernon's Senior Leadership Team, I am pleased to present the 2025 Annual Report, which outlines the City's progress, achievements, and ongoing commitment to responsible governance and service excellence. The Annual Report reflects our dedication to effective planning and responsible growth management, ensuring the City remains a vibrant place to live and work.

While I assumed the role of Chief Administrative Officer later in 2025, the transition has provided me the opportunity to see firsthand the dedication of City staff. The progress achieved in 2025 is a testament to the collective commitment to responsible governance, service excellence, and thoughtful investment in Vernon's future.

Throughout the year, the City maintained a steady focus on delivering core services while advancing key strategic priorities. Our efforts were characterized by investment into significant capital projects and ongoing infrastructure improvements designed to ensure long-term sustainability. By aligning our daily operations with Council's long-term objectives, we have continued to build a more resilient, inclusive, and well-connected community.

As I settle into this role, my focus remains on building upon this strong foundation by fostering a collaborative and accountable organization. We are committed to strengthening our internal capacity, modernizing City services, and ensuring we continue to meet the evolving needs of Vernon residents with transparency and professionalism.

I want to extend my sincere thanks to Council for their leadership and guidance, and to our staff for their ongoing dedication and expertise. I look forward to working together to advance our shared priorities and deliver meaningful outcomes for the community.

A handwritten signature in black ink, appearing to read 'Carey Herd'.

Carey Herd
Chief Administrative Officer



Community Profile

Vernon is a community where nature and city life exist in harmony. Framed by sparkling lakes, rolling hills, and surrounding mountains, the city offers a lifestyle deeply connected to the outdoors while fostering a vibrant and welcoming community. Here, natural beauty is more than a backdrop — it shapes everyday experiences, creating a balance of recreation, culture, and connection that defines Vernon's unique character.

Founded in 1892, Vernon has evolved from a small agricultural hub into a thriving city of over 49,000 residents. The city's rich history is visible in its well-preserved buildings and long-standing traditions, while its modern vibrancy is reflected in its innovative spirit, local businesses, and cultural offerings. The downtown core, where these two elements meet, is a bustling area that draws both residents and visitors. It's home to an eclectic mix of local shops, restaurants, galleries, and cultural venues, making it a central gathering spot for the community.

Vernon is defined not only by its urban areas, but by the natural landscape that surrounds them. With lakes, forests, trails, and year-round recreation at its doorstep, outdoor living is central to the community's lifestyle.

More than 30 parks throughout the city provide spaces for recreation, relaxation, and connection — from quiet walking trails to vibrant gathering places for festivals, markets, and community events. Together, these spaces reflect Vernon's commitment to quality of life, inclusivity, and community well-being.

Whether downtown or in the outdoors, Vernon is a place where residents feel connected — not just to nature, but to each other.



Connect with us

Want to know what's happening in our community and how you can get involved?
Here's how you can stay informed and contribute your ideas to help shape the future of our city:



ENGAGE

Engage with us online at
EngageVernon.ca

Your go-to place for engagement opportunities. Share feedback, participate in surveys, and join conversations about the future of Vernon.



SUBSCRIBE

Subscribe to
e-news updates

Get the latest news, project updates, and event information straight to your inbox! Visit **vernon.ca/subscribe** to sign up.



FOLLOW

Follow us on
social media

Stay connected with real-time updates and important announcements.

    @cityofvernon



ATTEND

Attend public
meetings and events

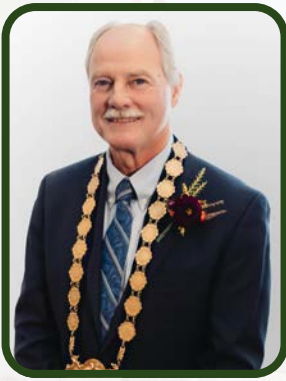
Participate in discussions and share your thoughts online, at Open Houses, Council Meetings and more. Visit **Vernon.ca/CouncilMeetings**

Why it matters!

Your feedback plays a vital role in shaping decisions that impact our community. By getting involved, it ensures that City projects and policies reflect the needs of residents. Your participation helps create a future for Vernon that works for everyone.



Vernon City Council



Mayor Victor Cumming

mayor@vernon.ca

Mayor Cumming was involved in the following 2025 committees:

- Advisory Planning Committee
- Economic Development Advisory Committee
- Emergency Program Executive Committee
- Greater Vernon Advisory Committee
- Inter-Municipal Advisory Committee
- O'Keefe Ranch Historical Society Liaison
- Okanagan Indian Band & City of Vernon Working Group
- Okanagan Similkameen Collaborative Leadership Table
- Regional District of North Okanagan Director
- Ribbons of Green Trails Society Liaison
- Tourism Commission



Councillor Teresa Durning

tdurning@vernon.ca

2025 Committee appointments:

- Affordable Housing Advisory Committee
- Arts Council of North Okanagan Liaison
- Finance Committee
- Greater Vernon Advisory Committee
- Vernon Okanagan Inspired Community Events Society Liaison



Councillor Kari Gares

kgares@vernon.ca

2025 Committee appointments:

- Funtastic Sports Society Liaison
- Greater Vernon Chamber of Commerce Advocacy Committee Liaison
- Municipal Insurance Association
- Okanagan Regional Library
- Regional District of North Okanagan Director
- Regional Growth Management Advisory Committee

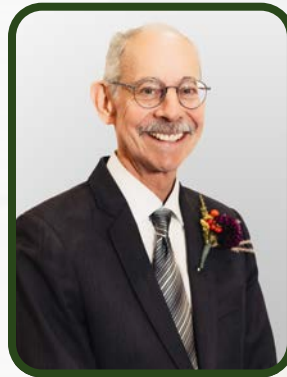


Councillor Kelly Fehr

kfehr@vernon.ca

2025 Committee appointments:

- Biosolids Advisory Committee
- Finance Committee
- Regional District of North Okanagan Director

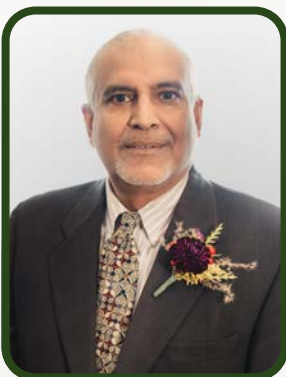


Councillor Brian Guy

bguy@vernon.ca

2025 Committee appointments:

- Biosolids Advisory Committee
- Climate Action Advisory Committee
- Greater Vernon Advisory Committee
- Okanagan Indian Band & City of Vernon Working Group
- Vernon Seniors Action Network Liaison



Councillor Akbal Mund

amund@vernon.ca

2025 Committee appointments:

- Finance Committee
- Kelowna Airport Advisory Committee
- Regional District of North Okanagan Director
- Vernon Winter Carnival Liaison



Councillor Brian Quiring

bquiring@vernon.ca

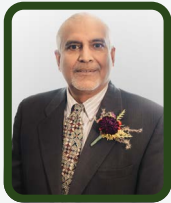
2025 Committee appointments:

- Affordable Housing Advisory Committee
- Downtown Vernon Association Liaison
- Economic Development Advisory Committee

Organizational Structure



**Councillor
Guy**



**Councillor
Mund**



**Councillor
Durning**



**Mayor
Cumming**



**Councillor
Gares**

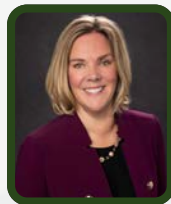


**Councillor
Fehr**



**Councillor
Quiring**

Mayor and Council



Carey Herd
Chief Administrative Officer (CAO)



Sue Wood
Director,
Corporate Services



James Rice
General Manager,
Operations



Terry Barton
General Manager,
Planning &
Community Services



Elma Hamming
Director,
Financial Services



Kevin Poole
Director,
Intergovernmental &
Protective Services



Blake MacLeod
Superintendent
RCMP



David Lind
Director,
Fire Rescue Services



Lara Yost-Johnstone
Director,
Human Resources



Matt Faucher
Acting Director,
Recreation Services

Council Priorities

LIVABILITY



HOUSING

Continue to encourage housing diversity and development to create a resilient, equitable, and accessible community.

COMMUNITY SAFETY

Focus on enhancing the safety of the community by: continuing to support emergency services; community preparedness; and collaboratively addressing street entrenchment issues.

PROACTIVE PLANNING

Engage citizens in updates to the Official Community Plan (OCP) to align with their expectations and vision, proportionate to the community.

VIBRANCY



VIBRANT DOWNTOWN

Support strategic initiatives to foster a safe, inviting, and vibrant city core.

ARTS AND CULTURE

Acknowledge local culture and history and nurture the arts.

COMMUNITY PARTICIPATION AND TOGETHERNESS

Create meaningful opportunities for residents to participate in and with the community.

ECONOMIC PROSPERITY

Continue to work with organizations and businesses in the community to promote and generate business development and tourism.

RECREATION, PARKS, & NATURAL AREAS



RECREATION

Ensure the community has the sport, recreation, health, and well-being resources necessary to support residents and attract visitors.

PARKS

Maximize the accessibility and usability of parks in the city.

TRAILS AND NATURAL AREAS

Promote and protect Vernon's natural assets through strategic acquisition and responsible stewardship.

ENVIRONMENTAL LEADERSHIP



ASSET MANAGEMENT

Proactively fund and maintain built and natural assets.

CLIMATE ACTION

Take responsible steps to implement Vernon's Climate Action Plan.

BUILDING RESILIENCE & WILDFIRE MANAGEMENT

Protect the community and foster resilience in the face of natural and climate change-related risks.

TRANSPORTATION

Review and update the Transportation Plan to keep residents and visitors moving in a responsible and sustainable way.

GOVERNANCE & ORGANIZATIONAL EXCELLENCE



GOOD GOVERNANCE

Lead by example in strong and disciplined decision making.

RECONCILIATION

Take meaningful steps toward reconciliation with Indigenous Peoples and look for opportunities to collaborate.

EXTERNAL RELATIONSHIPS

Work with community groups, neighbouring municipalities, and other orders of government to positively impact our region.

RECRUITMENT AND RETENTION

Ensure we are creating an environment where employees are supported and retained.

SOUND INTERNAL PROCESSES

Focus on internal systems and processes that support effective and efficient service delivery.

2025 - A Year of Progress and Transformation

Throughout 2025, the City of Vernon continued to make meaningful progress on strategic priorities that support a vibrant, connected, and resilient community. From long-term transportation planning and recognized excellence in financial reporting to hosting nationally recognized events, the City remained focused on delivering high-quality services, strengthening community connections, and planning for future growth.

The following highlights showcase key initiatives, achievements, and milestones that helped shape Vernon over the past year and reflect the City's ongoing commitment to transparency, sustainability, and community well-being.

Official Community Plan Adoption

In 2025, Council adopted Vernon's new Official Community Plan (OCP), setting the long-term vision for how and where the city will grow over the next 20 years. The plan guides decisions on housing, transportation, parks, economic development, and more.

The new OCP is founded on community-identified values that support housing diversity, balanced growth, climate-conscious decision-making, arts and culture, community resiliency, improved transportation options, and greater access to parks and natural spaces. It will guide future City decisions and help shape how Vernon grows and evolves over time.

Transportation Plan Adoption

Council also adopted Vernon's updated Transportation Plan, establishing a long-term vision for how people and goods will move throughout the community over the next 20 years.

The plan includes a vision, goals, strategies and actions, future transportation networks, street design guidance, and more than 170 transportation projects to help guide future transportation planning and investment decisions.



Awards and Recognition

In 2025, the City of Vernon marked significant milestones and earned key recognitions in financial transparency, and community engagement, reflecting its ongoing commitment to a thriving, connected community.

The City of Vernon received the **Canadian Award for Financial Reporting** from the Government Finance Officers Association (GFOA) in recognition of excellence in municipal financial reporting. The award highlights the City's commitment to transparency, accountability, and clear financial communication with residents and stakeholders. Additionally, the City received the GFOA's Distinguished Budget Presentation Award for its 2025 budget, reflecting its commitment to meeting the highest principles of governmental budgeting.

Tourism Vernon received the **Chamber Champion Award** at the Greater Vernon Chamber of Commerce's 41st Annual Business Excellence Awards, recognizing the organization's leadership in promoting Vernon as a premier destination and supporting the local business community.

Vernon was named **SiriusXM's Music Town**, earning a free concert by The Beaches at Kal Tire Place North. The announcement followed a community-wide public voting campaign, with residents, local organizations, and businesses showing incredible pride and enthusiasm in support of Vernon's bid.

The concert welcomed more than 1200 people and was a great opportunity to welcome Live Nation and SiriusXM to Vernon, helping shine a spotlight on the community at a national level. The event brought people together, supported local businesses, attracted visitors, and created a memorable experience for residents and visitors alike.





Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

City of Vernon
British Columbia

For its Annual
Financial Report
for the Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

Message from the Chief Financial Officer



The annual report is presented to the City of Vernon residents each year to provide a summary of the City's financial activities, strategic goals, action plan, and other information that is of interest to residents. It contains the 2025 audited consolidated financial statements, the 2023-2026 Council Strategic Plan / Action Plan, plus various schedules and tables summarizing the year's activities, all pursuant to Section 98 and 167 of the *Community Charter*. The City's 2024 Annual Report was recognized with the Canadian Award for Financial Reporting by the Government Finance Officers Association for the 16th year in a row. This award provides Council and the public with assurance the City meets recognized international standards for financial reporting.

The City provides numerous services to its residents and business community. The main services provided by the City are public safety, transportation, sewer services, parks, recreation, development services, legislative services and solid waste disposal. The Regional District of North Okanagan (RDNO) contracts the City to maintain and operate water services. The RDNO is the owner of the water utility and oversees its major maintenance.

The 2025 Financial Statement shows that the City has a net debt financial position of \$(21.4)M (2024 \$37.8M). Financial assets decreased by \$13.5M primarily due to a decrease in cash and investments. Liabilities increased by \$45.7M primarily due to a \$43.3M net increase in long-term debt issued for the \$136M recreation Active Living Centre project which is financed by \$121M in debt and \$15M of reserve funding. The City is utilizing an Integrated Project Delivery (IPD) approach for its design and construction to enhance collaboration, improve project outcomes and increase efficiency. The City's net investment in tangible capital assets increased to \$772.7M (2024 \$699.2M). This is a result of the City's continuing commitment, since 2013, through its capital levy, to invest in the renewal of infrastructure assets.

The City's net revenue totaled \$121.9M (2024 - \$117.9M), which has increased primarily due to an increase of taxation of \$8.0M which included a phased in annual 3.5% increase for the debt servicing on the Active Living Centre. Expenses for 2025 totaled \$108.1M (2024 - \$107.1M) which reflects Council's budget directive to maintain service levels with increased growth.

Reserve balances decreased overall to \$64.9M (2024 - \$80.8M). Of the \$80.8M reserve balance, there is \$19.0M committed to projects carried forward from 2025 to 2026. The remaining reserves are available for unexpected challenges or opportunities such as leveraging senior government grant funding or for unexpected emergency events such as wildfires or flooding. Overall, the City is in a stable financial position as of the end of 2025 and continues to make strategic investments in maintaining asset infrastructure.

Elma Hamming, CPA, CMA
Director, Financial Services
Chief Financial Officer



Financial Management and Control

Strategic Plan

Vernon's City Council approved the 2023 – 2026 Council Strategic Plan as the City's tool for transparency, accountability, and ongoing collaboration. It reflects our shared commitment to achieving the goals that matter most to our community. This sets out a vision for the community, a mission statement and a set of corporate goals and strategies. With the Strategic Plan setting the guideposts, along with other master plans and direction from City Council, a Financial Plan is developed each year that presents both the Capital Budget and the Operating Budget.

The Capital Budget is developed based on City Council's current priorities and the ongoing requirements to maintain service levels. The resulting five-year plan strives to match the various sources of funds for required projects.

The Operating Budget allocates resources based on delivering services at existing levels, issues raised by City Council, through public consultation, and administrative requirements. It also considers changes for specific programs based on growth, usage, demand, ability to pay, business case, etc.

Financial Reports

Financial reports are presented to City Council for its information and review. These include reports on quarterly financial status for general operations and the annual financial report. The annual financial report includes consolidated financial statements audited by the City's appointed external auditor

Financial Policies

The City of Vernon utilizes a number of financial policies, some of which have received formal approval by City Council; others are based on fiscal responsibility, legislative requirements, and public sector accounting standards. The following lists several of these key policies.

Travel Policy

This policy provides guidelines for employees and other authorized individuals with respect to travel and expense reimbursements. It defines approval authorities, per diem allowances, ineligible costs, and claim processing requirements.

Investment Policy

This policy stipulates that the City of Vernon will invest funds in a manner that provides an optimal blend of investment return and security while meeting daily cash flow demands and complying with the statutory requirements of the Community Charter. The policy states that City funds are to be invested prudently and that the City's investment practices support the three fundamental objectives of safety, liquidity, and return on investment.

Interim Reserve Policy

This policy directs the establishment and maintenance of reserves, as well as the use of reserves in meeting the short and long-term financial goals of the City. The policy states guiding principles, objectives, criteria, and procedures.

Permissive Tax Exemption Policy

This policy provides guidance to Council in the processing of applications for exemption from property taxes. Though the Community Charter states that exemptions are at the discretion of Council, this policy establishes principles which serve as a guide in the evaluation of applicants.

Debt Management Guidelines

The City of Vernon strives to operate under a "pay-as-you-go" philosophy, where facilities and infrastructure are built based on current and projected funding sources and reserves.

Capital project funding may dictate that borrowing is preferred, either due to an immediate need or if funds are not available from existing reserves or through external sources, or it makes sense to use financing to spread the cost of major initiatives across present and future users.

Capital project funding may dictate that borrowing is preferred, either due to an immediate need or if funds are not available from existing reserves or through external sources, or it makes sense to use financing to spread the cost of major initiatives across present and future users.

Revenue Policy Targets and Results 2025

The following revenue targets were adopted under the 2025-2029 Financial Plan Bylaw 6030 Schedule B and are shown with their actual results as adopted in the Tax Rate Bylaw 6037, 2025 and reported in the 2025 Financial Statements:

MEASURE	2025 TARGET	2025 ACTUAL
Business to Residential Property Tax Rate Ratio	3.20 to 1.0	3.0252
Taxation Levy Increase for Infrastructure Projects*	0.96%	0.52%
Taxation as a Proportion of Total Revenue	56.0%	53.0%
Service Fees as a Proportion of Total Revenue	31.0%	28.0%
Other Revenue as a Proportion of Total Revenue	13.0%	19.2%
Specified Area Parcel Taxes as a Proportion of Total Revenue	Less than 1%	Less than 1%

*Infrastructure - Commencing 2013, Council committed to rebuilding the capacity of the City to fund its capital infrastructure obligations. 2023 was the final year of the 1.9% annual taxation increase to be levied cumulatively for capital infrastructure funding. In 2024, the infrastructure received a nominal increase in keeping with the overall tax increase approved by Council. An additional 4% was added to the existing infrastructure levy of \$7,219,373 which equated to 0.52% tax increase and increased the Infrastructure Levy to \$7,508,148. In November 2024, the *Organizational Asset Management Plan* was updated which recommended an additional 0.96% increase to taxation to close the infrastructure gap, and that this increase be added to the existing levy. This decision was deferred to the 2026 budget process.



Permissive Tax Exemptions

Name	Folio	Civic Address	Total Exemption (\$)
Churches and Places of Worship			
Alexis Park Church	05560.000	3906 35A St	5,377
All Saints Anglican Church	00093.000	3205 27 St	21,029
Church of God of Prophecy of Canada	06464.000	4300 Bella Vista Road	1,624
Easthill Community Christian Reformed Church	05480.000	3605 12 St	5,452
Emmanuel Fellowship Baptist Church	05287.003	3412 15 Ave	15,985
Faith Baptist Church	01975.000	3910 27A St	11,489
First Baptist Church	02997.000	1406 32 Ave	6,120
German Church of God	02264.007	4312 25 St	2,687
Jesus Christ of Latter Day Saints	03709.001	1506 35 St	12,035
Knox Presbyterian Church	00866.000	3701 32 Ave	8,215
N.O. Sikh Cultural Society	03714.025	3800 Commonage Cres	784
Okanagan Assembly ctr for Jehovah Witnesses	05287.002	1424 Mission Road	24,758
The Priestly Society of St Pius X	04092.000	3016 37 St	2,955
Peace Lutheran Church	06029.001	1204 30 Ave	8,104
Seventh-Day Adventist Church (BC Conference)	02590.001	1802A 1802 45 Ave	3,415
Salvation Army Community Church	00844.005	3303 32 Ave	12,344
Slavic Christians of Evangelical Faith	01913.110	2306 40 Ave	5,139
St. James Church	00517.000	2607 27 St	9,342
St. John's Evangelical Lutheran Church	07357.550	6525 Okanagan Landing Rd	5,954
St Josaphats Ukrainian Catholic Church	02546.000	2210 40 Ave	3,394
Trinity United Church	04158.100	3300 Alexis Park Drive	15,796
Ukrainian Greek Orthodox Church	01920.010	4105 27 St	1,790
Vernon Alliance Church	02245.005	4301 27 St	1,002
Vernon Alliance Church	02253.000	2601 43 Ave	11,587
Vernon Christadelphians Ecclesia	06099.020	19-2200 40 St	403
Vernon Christian Fellowship	02402.000	4507 29 St	3,341
Vernon Christian Fellowship	04451.002	4506 29 St	5,287
Vernon Church of Christ	02534.007	4107 Pleasant Valley Road	1,251
Vernon Family Church	03820.005	3508 25 Ave	7,888
Vernon Full Gospel Tabernacle	07401.340	5871 Okanagan Landing Road	10,698
Vernon Gospel Chapel	02563.015	4106 Pleasant Valley Road	3,468
Vernon Japanese Cultural Society	07433.200	4895 Bella Vista Road	6,157
Vernon Muslim Association	03725.000	3414 17 Ave	2,019
Educational Institution			
St. James Catholic School	00502.000	2700 28 Ave	-
Cultural			
Powerhouse Theatrical Society	01826.010	2901 35 Ave	5,009
Vernon Art Centre	00635.002	A-2704 Highway 6	7,358
Vernon Music School	02869.000	1705 32 Ave	5,919
Vernon Music School - Coach	02868.000	1705 32 Ave	6,241
Educational			
Allan Brooks Nature Centre	05289.004	250 Allan Brooks Way	4,091
Allan Brooks Nature Centre	05289.004	250 Allan Brooks Way	3,935
Okanagan Science Centre	00635.001	2704 Highway 6	2,574

Permissive Tax Exemptions

Name	Folio	Civic Address	Total Exemption (\$)
Recreational			
Okanagan Landing & District Community	07815.000	7813 Okanagan Landing Road	8,260
Okanagan Landing & District Community	07815.000	7813 Okanagan Landing Road	19,229
Okanagan Landing & District Community	07871.000	7815 Okanagan Landing Road	1,767
Schubert Centre Society	04048.040	3505 30 Ave	32,270
Vernon Curling & Athletic Club	04135.015	3800 33 St	18,120
Vernon Flying Club	07340.016	6210 Tronson Road	429
Vernon Golf & Country Club	06139.025	800 Kalamalka Lake Road	5,224
Vernon Golf & Country Club	06139.025	800 Kalamalka Lake Road	34,576
Vernon Pickleball	07343.001	C-6601 Okanagan Landing Road	905
Vernon Pickleball	07343.001	C-6601 Okanagan Landing Road	9,350
Vernon Senior Citizens Recreational Society	04135.013	3800 33 St	4,139
Social Services			
Abbeyfield House	03907.001	3511 27 Ave	3,105
Archway Society for Domestic Peace	02357.005	2400 46 Ave	9,054
Archway Society for Domestic Peace	00570.001	2603 26 St	6,799
Archway Society for Domestic Peace	02464.000	3502 19 St	5,513
Army Navy & Airforce Veterans	02366.003	2500 46 Ave	4,841
BCG Okanagan	01850.002	3104 37 Ave	4,525
BCG Okanagan	04135.011	3300 37 Ave	8,767
Canadian Mental Health Association	00090.000	3305 27 St	2,122
Canadian Mental Health Association	01399.000	3003 28 Ave	2,144
Canadian Mental Health Association	01445.000	3100 28 Ave	25,897
Canadian Mental Health Association	03821.006	3605 24 Ave	2,601
Canadian Mental Health Association	03826.001	3610 25 Ave	24,467
Canadian Mental Health Association	04230.001	4206 Alexis Park Drive	7,193
Canadian Mental Health Association	04487.034	2201 53 Ave	7,022
Canadian Mental Health Association	03829.000	3806 24 Ave	11,405
Community Dental Access Centre	00980.020	C-3107 31 Ave	3,333
Good Samaritan Canada	04484.005	4904 20 St	27,963
Good Samaritan Canada	04484.010	4900 20 St	11,295
Kindale Developmental Association	02270.000	2814 44 Ave	5,937
Kindale Developmental Association	06133.020	1340 Polson Drive	9,118
Kindale Developmental Association	02231.000	4307 29 St	1,025
Kindale Developmental Association	03831.101	1-4100 25 Ave	668
Kindale Developmental Association	03831.102	2-4100 25 Ave	1,170
Kindale Developmental Association	03831.106	6-4100 25 Ave	668
Kindale Developmental Association	05482.010	902 35 Ave	3,660
NO Child Care Society	03933.005	2711 38 St	3,632
NO Community Life Society	02563.010	4102 Pleasant Valley Road	2,338
NO Community Life Society	02672.001	4608 20 St	3,158
NO Community Life Society	06049.004	3917 13 St	2,015
NO Community Life Society	07090.036	5813 Richfield Place	2,705
NO Community Life Society	01649.000	3806-3804 23 St	1,918
NO Community Life Society	02565.020	4203 Pleasant Valley Road	3,687
NO Community Life Society	03817.592	5521 Willow Drive	2,085
NO Friendship Centre Society	01355.000	2904 29 Ave	5,625
NO Hospice Society	03856.001	3506 27 Ave	5,189
NO Neurological Association	01205.000	2802 34 St	44,464
NO Neurological Association	01207.002	3405 28 Ave	24,789
NO Valley Cleaners Society	02276.001	4405 29 St	2,197

Permissive Tax Exemptions

Name	Folio	Civic Address	Total Exemption (\$)
Social Services Continued			
NO Youth & Family Services	01921.100	4100 26 St	4,016
NO Youth & Family Services	00963.000	3100 32 Ave	15,107
NO Youth & Family Services	01922.000	4109 27 St	2,276
OK Commemorative Pioneer Cultural Soc	04048.018	3003 Gateby Place	9,250
Okanagan Learning Foundation	01072.011	102-3126 31 Ave	6,469
Okanagan Village Housing Society	02544.000	4005 Pleasant Valley Road	3,457
Okanagan Village Housing Society	03831.103	3-4100 25 Ave	1,158
Okanagan Village Housing Society	03831.104	4-4100 25 Ave	1,158
Okanagan Village Housing Society	0381.105	5-4100 25 Ave	1,170
Okanagan Village Housing Society	03859.000	3502 27 Ave	7,915
Okanagan Village Housing Society	07414.060	6335 Okanagan Landing Road	2,103
People Place Society	01552.105	3402 27 Ave	37,083
People Place Society	01552.110	3400 27 Ave	6,541
Salvation Army	04490.010	2902 29 Ave	23,875
Schubert Centre Society	04048.040	3505 30 Ave	32,270
St John Society (BC & Yukon)	07401.560	A-6135 Okanagan Landing Road	5,853
Sunnyvale Resthome Society	02255.007	4306 25 St	732
Sunnyvale Resthome Society	02255.009	4308 25 St	460
Sunnyvale Resthome Society	02255.015	4304 25 St	1,681
Turning Points Collaborative Society	00872.000	3214 35 St	1,527
Turning Points Collaborative Society	01528.000	3412 28 Ave	2,808
Turning Points Collaborative Society	01578.001	201-3301 24 Ave	9,395
Turning Points Collaborative Society	01849.000	3102 37 Ave	2,808
Turning Points Collaborative Society	03905.001	2700 35 St	1,749
Turning Points Collaborative Society	03979.007	3905 30 Ave	2,495
Turning Points Collaborative Society	04009.000	3912 30 Ave	2,297
Vernon and Area Pro Life Society	01067.000	3102 31 Ave	3,854
Vernon Book Volunteer Society	06164.047	35-100 Kalamalka Lake Road	1,981
Vernon Dist Assoc for Community Living	02672.002	4607 23 St	12,254
Vernon Dist Assoc for Community Living	00060.000	3307 26 St	2,961
Vernon Dist Assoc for Community Living	04159.021	3601 36A St	2,197
Vernon Dist Assoc for Community Living	03959.000	2803 39 St	2,607
Vernon Dist Assoc for Community Living	03925.000	3601 27 Ave	4,568
Vernon Dist Assoc for Community Living	04230.100	4240 Alexis Park Drive	963
Vernon Dist Assoc for Community Living	04230.100	4240 Alexis Park Drive	7,643
Vernon Dist Assoc for Community Living	03787.012	4217 16 Ave	2,413
Vernon Elks Lodge #45	01016.000	3103 30 St	5,734
Vernon Live Well Clinic	00857.000	3413 32 Ave	3,882
Vernon Pensioner's Accommodation Soc	01196.001	3400 Coldstream Avenue	4,068
Vernon Restholm Association	03917.000	2808 35 St	8,638
Vernon Upper Room Mission Society	01522.000	2708 34 St	8,702
Vernon Upper Room Mission Society	01538.000	3405 27 Ave	2,659
Vernon Upper Room Mission Society	01539.000	3403 27 Ave	12,339

Permissive Tax Exemptions

Name	Folio	Civic Address	Total Exemption (\$)
Social Services Continued			
Vernon Native Housing Project	07090.001	5701 Heritage Drive	5,992
Vernon Native Housing Project	07398.000	5577 27 Ave	8,153
Vernon Native Housing Project	03805.008	4305 19 Ave	7,697
Vernon Native Housing Project	03805.008	4305 19 Ave	4,157
Vernon Native Housing Project	07399.401	102-5545 27 Ave	779
Vernon Native Housing Project	07399.402	104-5545 27 Ave	829
Vernon Native Housing Project	07399.404	108-5545 27 Ave	524
Vernon Native Housing Project	07399.405	109-5545 27 Ave	642
Vernon Native Housing Project	07399.407	105-5545 27 Ave	732
Vernon Native Housing Project	07399.408	103-5545 27 Ave	649
Vernon Native Housing Project	07399.410	202-5545 27 Ave	785
Vernon Native Housing Project	07399.414	209-5545 27 Ave	648
Vernon Native Housing Project	07399.416	205-5545 27 Ave	741
Vernon Native Housing Project	07399.417	203-5545 27 Ave	654
Vernon Native Housing Project	07399.418	201-5545 27 Ave	529
Vernon Native Housing Project	07399.420	304-5545 27 Ave	798
Vernon Native Housing Project	07399.421	306-5545 27 Ave	848
Vernon Native Housing Project	07399.424	309-5545 27 Ave	663
Vernon Native Housing Project	07399.427	303-5545 27 Ave	657
Vernon Native Housing Project	07399.428	301-5545 27 Ave	882
Vernon Native Housing Project	07399.429	402-5545 27 Ave	596
Vernon Native Housing Project	07399.430	404-5545 27 Ave	804
Vernon Native Housing Project	07399.431	406-5545 27 Ave	860
Vernon Native Housing Project	07399.434	409-5545 27 Ave	666
Vernon Native Housing Project	07399.436	405-5545 27 Ave	757
Vernon Native Housing Project	07399.437	403-5545 27 Ave	673
Vernon Native Housing Project	07399.438	401-5545 27 Ave	892
			\$983,910

Revitalization Tax Exemptions

Name	Folio	Civic Address	Total Exemption (\$)
Tax Exemption Granted 2015 - 2025			
0944125 BC Ltd	02207.000	4101 32 St	963
0976816 BC Ltd	02038.005	4012 27 St	199
			<hr/>
			1,162
Tax Exemption Granted 2016 - 2026			
Screen, Chantal M	02028.011	2720 41 Ave	153
Larsen, Sheryl & Richard	02096.010	101 - 4107 29 St	92
Larsen, Sheryl & Richard	02096.020	102 - 4107 29 St	92
Larsen, Sheryl & Richard	02096.030	201 - 4107 29 St	96
Larsen, Sheryl & Richard	02096.040	202 - 4107 29 St	96
			<hr/>
			529
Tax Exemption Granted 2017 - 2027			
0934088 BC Ltd	01791.005	2710 39 Avenue	4,460
Denoa Holdings Ltd	01703.001	1 - 3705 27 Street	430
Denoa Holdings Ltd	01703.002	2 - 3705 27 Street	413
Martin, Brian & Courts, Camillia	02028.014	4065 28 Street	193
			<hr/>
			9,437
Tax Exemption Granted 2018 - 2028			
1054401 BC Ltd	02211.000	3005 41 Avenue	956
			<hr/>
			956
Tax Exemption Granted 2019 - 2029			
Dedora, Taylor & Kimberly	02121.000	4010 31 Street	907
Sleeman Breweries Ltd	00482.000	2801 27A Street	31,991
			<hr/>
			32,898
Tax Exemption Granted 2020 - 2030			
Marten Holdings Ltd	01044.000	2933 30 Avenue	2,031
Dedora, Taylor & Kimberly	00944.000	3215 31 Avenue	985
The Hamlets at Vernon Residence Inc	01368.010	3050 29 Avenue	52,284
The Hamlets at Vernon Residence Inc	01368.010	3050 29 Avenue	27,834
Zhou, Yu Yu	01706.000	3701 27 Street	3,960
			<hr/>
			87,094
Tax Exemption Granted 2021 - 2031			
0863668 BC Ltd	02070.000	4209 30 Street	2,781
Singletrack Holdings Inc	01721.005	3607 27 Street	10,829
			<hr/>
			13,610
Tax Exemption Granted 2022 - 2031			
Welbec Properties Inc	01148.000	3301 30 Avenue	18,256
Jennifer Hamilton	01032.000	2907 30 Avenue	444
Jennifer Hamilton	01032.000	2907 30 Avenue	341
JC Tompson Construction Ltd	02030.005	1-4010 28 Street	570
JC Tompson Construction Ltd	02030.006	2-4010 28 Street	958
JC Tompson Construction Ltd	02030.007	3-4010 28 Street	1,140
Murphy, Ian & Anne	01981.003	3-3904 29 Street	879
			<hr/>
			22,588
Tax Exemption Granted 2025-2034			
1542509 BC Ltd	00084.001	2405 27 Street	2,869
1310080 BC Ltd	00198.000	3109 Coldstream Ave	625
Muskeg Maintenance Ltd	01390.001	2720 41 Avenue	419
Tarzon Building Group Ltd	02064.000	4105 30 Street	3,983
			<hr/>
			7,896
			<hr/>
			\$172,229

Development Cost Charges

Development Cost Charges (DCCs) are fees municipalities collect from new development to help fund the infrastructure required to support community growth. Imposed by bylaw under the *Local Government Act*, DCCs support capital projects related to roads, stormwater drainage, sewer, water, and parkland. Funds may be used to fully finance projects at the time of completion or to offset debt servicing costs.

Local governments are permitted to temporarily lend available money from one DCC reserve fund to another. The money, along with appropriate interest, is required to be returned to the original reserve fund.

The City's DCC program supports community development and integrates with longer-term plans. DCCs support local government best practices in reflecting current development conditions in the community such as revised growth projections, fluctuating construction costs and new infrastructure capital works. In 2025, the City of Vernon updated the Official Community Plan (OCP) pursuant to provincial legislation. The OCP is a long-range plan that sets out policies for how a community will accommodate population growth. By 2045, an additional 20,000 people are expected to move to our community.

Municipal Assist Factors

The *Local Government Act* requires local governments to assist in the cost of new infrastructure. The municipal assist factor signifies Council's and the community's support towards the financing costs of new infrastructure. The level of the assist, determined by City Council, reflects a benefit to the existing population while encouraging development and housing affordability.

City of Vernon current assist factor

Roads 1%	Drainage 1%
Parks 1%	Sewer 1%



Development Cost Charges

Project Expenditures in 2025

Total 2025 program expenditures totaled \$4.2M and consist of the following major projects:

Project Expenditures in 2025			
(in thousands)	Roads	Storm	Sewer
Capital Design	\$ 362	\$ 273	\$ -
Transit and Active Transportation	121	-	-
Phoenix Drive/Silverstar Road Roundabout	1,747	-	-
Priority Drainage Improvements		303	-
Pleasant Valley Road/39 Ave Roundabout	1,242	-	-
Utility System Modelling		50	99
Total	\$ 3,473	\$ 626	\$ 99

Planned DCC Spending

Total 2026 program expenditures are projected at \$1.9M and consist of the following major projects:

Future Project Expenditures in 2026				
(in thousands)	Roads	Storm	Sewer	Water
Priority Drainage Improvements	\$ -	\$ 210	\$ -	\$ -
43rd Avenue Corridor Improvements	1,176	-	-	-
Land Acquisition	50	50	-	-
Capital Design	109	200	-	-
Sanitary Flow Monitoring and Modelling	-	50	50	-
Total	\$ 1,335	\$ 510	\$ 50	\$ -

DCC Reserve Funds

The DCC reserve funds accrued \$603,000 in interest during 2025 as shown in the following continuity schedule:

Development Cost Charge Reserve Funds*					
(in thousands)					
DCC by Type	Opening Balance	DCC's Levied	Expenditures	Interest	2025 Balance
Roads	\$ 4,253	\$ 813	\$ 3,473	\$ 131	\$ 1,724
Storm	1,760	186	626	69	1,390
Sewer	6,273	213	99	284	6,671
Parks	2,453	379	-	119	2,951
Total	\$ 14,739	\$ 1,591	\$ 4,197	\$ 603	\$ 12,736

*The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the *Local Government Act*, these funds must be deposited into a separate reserve fund. Because these funds are externally restricted in nature they are shown as a liability.

Waivers and Reductions: The *Local Government Act* provides an option to grant relief from DCCs for eligible types of development which include low-income housing. In 2025, no waivers or reductions were granted.



Financial Statements



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

December 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the City of Vernon (the "City") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting standards for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies is described in Note 1 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 City'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 KPMG LLP, independent external auditors appointed by the City. The accompanying independent Auditors' Report outlines their responsibilities, the scope of their examination and opinion on the City's financial statements.



Chief Administrative Officer

May 13, 2026



Director, Financial Services

May 13, 2026



KPMG LLP
4th Floor – 3205 32nd Street
Vernon, BC V1T 5M7
Canada
Tel 250 503 5300
Fax 250 545 6440

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Corporation of the City of Vernon

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Vernon (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- 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

(Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the City 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.



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 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 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Vernon, Canada

May 14, 2026

The Corporation of the City of Vernon
Consolidated Statement of Financial Position
Statement A



December 31, 2025 (in thousands of dollars)		2025	2024
Financial Assets			
Cash and cash equivalents	Note 2	\$ 16,016	\$ 11,661
Investments	Note 3	92,058	110,246
Accounts receivable	Note 4	22,798	22,706
Loans receivable	Note 5	38	229
Municipal Finance Authority cash deposits	Note 6	1,162	688
Land held for resale	Note 7	1,396	1,396
		<u>133,468</u>	<u>146,926</u>
Financial Liabilities			
Accounts payable and accrued liabilities	Note 8	40,662	37,036
Restricted developer contributions	Note 9	15,040	16,977
Deferred revenue	Note 10	12,793	12,084
Debt	Note 11	80,404	37,075
Asset retirement obligation liabilities	Note 12	5,938	5,941
		<u>154,837</u>	<u>109,113</u>
Net Financial (Debt) Assets		<u>(21,369)</u>	<u>37,813</u>
Non-financial Assets			
Tangible capital assets	Note 12 & 13	772,737	699,225
Inventory of supplies		825	815
Prepaid expenses		1,880	2,443
		<u>775,442</u>	<u>702,483</u>
Accumulated Surplus	Note 14	<u>\$ 754,073</u>	<u>\$ 740,296</u>
Commitments and contingencies	Note 19		

Approved by:

 Director, Financial Services

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the City of Vernon
Consolidated Statement of Operations
Statement B



For the Year Ended December 31, 2025 (in thousands of dollars)		Budget 2025 Note 22	Actual 2025	Actual 2024
Revenue				
Taxation	Note 15	\$ 64,679	\$ 64,691	\$ 56,674
Sale of services		19,149	17,988	16,247
Utilities		12,421	12,719	12,049
Government transfers	Note 16	10,128	12,080	15,736
Services provided to other governments		3,803	3,647	3,475
Fiscal services		4,766	4,960	6,713
Developer contributions		246	5,781	7,061
		115,192	121,866	117,955
Expenses				
General government and common services	Note 21	21,946	13,221	11,426
Bylaw compliance and parking control		1,948	2,146	2,032
Protective services:				
Police		18,171	15,577	14,324
Fire and rescue		9,986	9,642	9,446
Emergency measures		560	650	851
Planning and community services		7,969	15,641	14,283
Operations services				
Road transportation		23,666	11,785	18,819
Sanitary sewer		9,512	14,254	12,945
Solid waste and recycling		3,218	3,068	2,774
Park services		4,788	5,098	4,401
Storm drainage		478	2,282	1,998
Airport		1,374	1,517	1,677
Other		1,840	3,091	3,513
Cemetery		428	415	315
Recreation services		9,715	9,702	8,224
		115,599	108,089	107,028
Annual surplus (deficit)		(407)	13,777	10,927
Accumulated Surplus, as previously reported		-	740,296	729,962
Adjustment on adoption of new revenue standard	Note 24	-	-	(593)
Accumulated surplus, beginning of year, as restated		740,296	740,296	729,369
Accumulated surplus, end of year	Note 14	\$ 739,889	\$ 754,073	\$ 740,296

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the City of Vernon
Consolidated Statement of Net Financial
(Debt) Assets
Statement C



For the Year Ended December 31, 2025 (in thousands of dollars)	Budget 2025 Note 22	Actual 2025	Actual 2024
Annual surplus (deficit)	\$ (407)	\$ 13,777	\$ 10,927
Amortization of tangible capital assets	11,860	14,746	13,405
Net loss (gain) on sales of assets		(346)	429
Proceeds on sale of tangible capital assets		1,363	7
Acquisition of tangible capital assets		(87,936)	(50,811)
Contributed tangible capital assets from developers		(1,338)	(4,622)
Change in tangible capital assets	11,860	(73,511)	(41,592)
Changes in inventory supplies		(10)	(92)
Changes in prepaid expenses		562	(1,372)
Change in revenue standard			(593)
Changes in asset retirement obligations		-	
Change in other non-financial assets	-	552	(2,057)
Increase (decrease) in net financial assets	11,453	(59,182)	(32,722)
Net financial (debt) assets, beginning of year	37,813	37,813	70,535
Net financial (debt) assets, end of year	\$ 37,813	\$ (21,369)	\$ 37,813

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the City of Vernon
Consolidated Statement of Cash Flows
Statement D



For the Year Ended December 31, 2025 (in thousands of dollars)

	2025	2024
Operating Activities:		
Annual surplus	\$ 13,777	\$ 10,927
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	14,746	13,405
Net (gain) loss on disposal of tangible capital assets	(346)	429
Accretion of asset retirement obligations	7	7
Increase in landfill remediation liability	-	-
Developer contributions of assets	Note 13b (1,338)	(4,622)
Change in non-cash operating items:		
Increase in accounts receivable	(92)	(485)
Increase in accounts payable and accrued liabilities	3,626	10,129
(Decrease) increase in restricted developer contributions	(1,937)	229
Increase in deferred revenue	699	1,943
Actuarial adjustments on debt	(517)	(479)
Increase in supplies inventories	(10)	(92)
Decrease (increase) in prepaid expenses	562	(1,372)
Increase in Municipal Finance Authority cash deposits	(474)	(331)
Decrease in loans receivable	191	4
	<u>28,894</u>	<u>29,692</u>
Investing Activities:		
Net change in investments	<u>18,188</u>	<u>(5,817)</u>
Financing Activities:		
Proceeds of new debt net of transfer to debt reserve fund	45,000	29,685
Principal payments on debt	(1,154)	(544)
	<u>43,846</u>	<u>29,141</u>
Capital Activities:		
Proceeds on sale of tangible capital assets	1,363	7
Acquisition of tangible capital assets	(87,936)	(50,811)
	<u>(86,573)</u>	<u>(50,804)</u>
Decrease in cash and cash equivalents	4,355	2,212
Cash and cash equivalents, beginning of year	11,661	9,449
Cash and cash equivalents, end of year	\$ 16,016	\$ 11,661

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the City of Vernon

Notes to the Consolidated Financial Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

1. Significant Accounting Policies:

The Corporation of the City of Vernon (the "City") operates under the provisions of the Local Government Act and Community Charter of British Columbia. The City provides local government services to citizens of its incorporated area including administrative, protective, transportation, sewer, storm drainage, park maintenance, recreation, community development and environmental.

a) Basis of Accounting:

The consolidated financial statements of the City are prepared by management in accordance with Public Sector Accounting Standards ("PSAS") established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

All revenue is recorded using the accrual basis, whereby revenue is recognized as it is earned and measurable. Property taxes are recognized as revenue in the year they are levied. Utility charges are recognized as revenue in the period earned. Expenses are recorded in the period in which the goods or services are acquired and a liability is incurred.

b) Basis of Consolidation:

The consolidated statements include all funds of the City and its wholly-owned other government organization subsidiaries. Inter-fund revenues, expenses, assets, and liabilities have been eliminated. The following controlled entities have been consolidated:

CBW Development Corp.	100 %
Hesperia Development Corp.	100 %

c) Measurement Uncertainty:

The preparation of financial statements 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. Significant estimates include assumptions used in estimating historical cost and useful lives of tangible capital assets, estimating provisions for accrued liabilities and contingent liabilities, the carrying value of the landfill remediation liability, measurement of contaminated site liabilities (if identified), and in performing valuations of employee future benefits. Actual results could differ from those estimates and adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate.

d) Cash and Cash Equivalents:

Management classifies all highly liquid investments with maturity of three months or less at acquisition as cash equivalents.

e) Investments:

Investments are recorded at cost. Short-term investments are those that have original maturity of less than one year. Long-term investments are those that have original maturity of more than one year.

The Corporation of the City of Vernon

Notes to the Consolidated Financial Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

f) Financial Instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivable, and accounts payable.

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

Unrealized changes in fair value are recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations and accumulated surplus when they are realized. There are no unrealized changes in fair value as at December 31, 2025 and December 31, 2024. As a result, the City does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations and accumulated surplus.

g) Land Held for Resale:

Land held for resale is valued at the lower of cost and net realizable value.

h) Restricted Developer Contributions:

Restricted Developer Contributions are comprised of levied and unused Development Cost Charges and Works Contribution funds. These funds are recorded as revenue in the year they are used to fund tangible capital asset acquisitions or eligible operating expenses.

i) Deferred Revenue:

Deferred revenue represents property taxes, permits and other fees that have been collected, but for which the related taxes have not yet been levied and services or inspections have yet to be performed. These amounts will be recognized in revenue in the fiscal year taxes are levied, services are performed, or revenues are earned.

j) Debt:

Debt principal payments are not charged against current operating revenue pursuant to PSAS. Interest is recorded on an accrual basis. Interest expense on long-term debt in 2025 was \$2,228,391 (\$566,209 in 2024). Gains or losses on repayment of debt is recorded in the Statement of Operations.

The Corporation of the City of Vernon

Notes to the Consolidated Financial Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

k) Asset Retirement Obligations:

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

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

The City's asset retirement obligations are comprised of two components: estimated asbestos abatement costs for City-owned buildings and estimated closure and post-closure costs for the Hesperia Landfill.

Measurement of the asset retirement obligation is based on the best estimate of future cash flows that will be required to settle the liability. The estimate of the ARO include costs directly attributable to the asset retirement activities.

The estimated costs have been recorded as a liability and capitalized into the carrying amount of tangible capital assets, which is being amortized in accordance with the amortization accounting policy outlined in Note 1o. The carrying value of the liability is reviewed at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the liability and related tangible capital asset. Changes in the liability due to the passage of time are recorded as an accretion expense and are incorporated into the Statement of Operations and Accumulated Surplus.

If the related tangible capital asset is no longer in productive use or unrecognized, any unamortized asset retirement obligation is immediately expensed.

Estimated ARO amounts for City-owned buildings are amortized over the remaining useful life of each building on a straight-line basis. For buildings that have been fully amortized or have a remaining useful life of fewer than 15 years, the amortization term has been determined to be 15 years. Discounting has not been used in the calculation due to the fact that the City does not have any short-term end-of-life plans for City-owned buildings.

Estimated ARO amounts for Hesperia Landfill have been calculated based on empirical data provided by independent consultants for both closure and post-closure costs over a specified period of time at the end of the asset's estimated useful life. Discounting is being used for the calculation based on the City's cost of borrowing at the end of the fiscal year and the average inflation rate experienced during the fiscal year.

l) Liability for Contaminated Sites:

A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists, contamination exceeds the environmental standard, the City is directly responsible or accepts responsibility, and a reasonable estimate of the amount can be made. The liability is recorded net of any expected recoveries. The City currently has not identified any contaminated sites.

The Corporation of the City of Vernon
Notes to the Consolidated Financial
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Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

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 are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus/deficit, provides the consolidated change in net financial assets for the year.

n) Inventory:

Inventory held for consumption is recorded using the weighted average method.

o) Tangible Capital Assets and Amortization:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs and engineering fees, and site preparation costs. The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on the basis of straight-line or declining balance over the estimated useful life of the tangible capital asset, as follows:

Transportation infrastructure:

Roads (surface)	Straight-line	25 years
Roads (base)	Straight-line	75 years
Bridges	Straight-line	50 to 75 years
Sidewalks	Straight-line	25 to 50 years
Traffic signals	Straight-line	15 years
Street lighting	Declining balance	5%
Parking meters	Declining balance	10%
Storm drainage infrastructure	Straight-line	75 years
Sanitary sewer infrastructure	Straight-line	75 years
Buildings	Straight-line	10 to 60 years
Vehicles	Straight-line	5 to 29 years
Miscellaneous equipment	Straight-line	6 to 30 years
Information technology	Declining balance	40%

p) Reserves:

Statutory reserve funds are used for future capital expenses as designated by bylaw and City Council. Non-statutory reserves are amounts set aside from past and current operations and are not governed by bylaw.

q) Employee Future Benefits:

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, the City's contributions are expensed as incurred. Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn future benefits.

The Corporation of the City of Vernon
Notes to the Consolidated Financial
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Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

r) Government Transfers:

Government transfers are recognized as revenue in the period in which the event giving rise to the transfer occurs, provided the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received in the current year that do not meet these criteria are recorded as deferred revenue.

s) Collection on Behalf of Other Authorities:

The City is required to collect and remit taxes on behalf of other tax authorities. Collections for other authorities are excluded from City revenues.

t) Budget Figures:

The budget figures are from the annual Financial Plan Bylaw. They have been reallocated to conform to PSAS financial statement presentation requirements where appropriate. Subsequent amendments have been authorized by City Council to reflect changes in the budget. Such amendments are not reflected in the financial statement budget figures (note 22).

u) Segment Disclosures:

Segmented financial information is presented in groups of distinguishable activities in a similar approach to the City's internally reported cost centers. These segments are structured in a fashion to assist users of financial statements in understanding and identifying the resources allocated to support commonly recognized functions of the City. Segments are identified primarily by function and secondarily by organizational relationship. Revenues are allocated to segments when there is a direct cause and effect relationship to the expenses of those segments. Revenues that cannot be reasonably allocated in such a manner are considered common to the City as a whole and reported in general government (note 21).

2. Cash and Cash Equivalents:

	2025	2024
Restricted:		
Restricted developer contributions	\$ 15,040	\$ 16,977
Deferred revenue	12,793	12,084
Statutory reserves	11,783	10,732
	39,616	39,793
Restricted cash in short-term investments:	(30,114)	(28,132)
Unrestricted	\$ 16,016	\$ 11,661

The City has access to an operating line of credit not exceeding \$2.0 million (2024 - \$2.0 million). Interest is accrued based on Bank of Montreal's prime lending rate. As of December 31, 2025, this line of credit was not being utilized (2024 - \$0).

The Corporation of the City of Vernon
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Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

3. Investments:

	2025	2024
Short-term investments	\$ 30,114	\$ 47,110
Long-term investments	61,944	63,136
	<u>\$ 92,058</u>	<u>\$ 110,246</u>

All investments are comprised of guaranteed investment certificates, with accrued interest being recognized, as such, the cost equals the fair market value. Included in long-term investments is \$7,348,500 which matures in 2026 (2024 - \$30,088,002 which matured in 2025).

4. Accounts Receivable:

	2025	2024
Property taxes	\$ 2,548	\$ 2,252
Utility billings	9,374	8,925
Other governments	1,055	1,050
Trade and other receivables	10,121	10,734
	<u>23,098</u>	<u>22,961</u>
Allowance for doubtful trade accounts receivable	(300)	(255)
	<u>\$ 22,798</u>	<u>\$ 22,706</u>

5. Loans Receivable:

	2025	2024
Vernon Pickleball Association - interest free (due: December 31, 2029)	\$ 38	\$ 52
City of Vernon employees - interest bearing using CRA established rate (due: November 30, 2025) program discontinued December 1, 2025	-	177
	<u>\$ 38</u>	<u>\$ 229</u>

6. Municipal Finance Authority – Cash Deposits:

The City's debt is issued through the Municipal Finance Authority ("MFA"). As a condition of these borrowings, the City is obligated to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. The deposits are included in the City's financial statements as Municipal Finance Authority deposits. If the debt is repaid without default, the deposits are refunded to the City. The demand notes, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default.

As at December 31, 2025, there were contingent demand notes of \$1,906,226 (2024 - \$1,085,000) which are not recorded in the financial statements (note 19(b)). Upon the maturity of a debt issue, the demand notes are released and deposits refunded to the City.

The Corporation of the City of Vernon
Notes to the Consolidated Financial
Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

7. Land Held for Resale:

In 2017, the City entered into a Land Purchase and Development Framework agreement for the conditional sale of City owned land. The accumulated value of these lands is \$1,396,000 (2024 - \$1,396,000) which is comprised of the historical cost of the lands plus all prior improvements. Such costs have not been included in tangible capital assets since the land and improvements are subject to resale.

8. Accounts Payable and Accrued Liabilities:

	2025	2024
Accounts payable and accrued liabilities	\$ 21,782	\$ 20,868
Salaries, wages and related costs	7,606	7,920
Security deposits and contractor holdbacks	11,274	8,248
	<u>\$ 40,662</u>	<u>\$ 37,036</u>

9. Restricted Developer Contributions:

Restricted developer contributions include Works Contribution funds and Development Cost Charges ("DCC's"). Works Contribution funds are charged to developers through a works contribution agreement requiring the City to use funds for future work to, or adjacent to, each property. DCC's are collected to pay for 95% of the general capital costs due to development and 90% of utility capital costs on specified projects. In accordance with the Local Government Act, these funds must be deposited into a separate reserve fund. DCC's are deferred and recognized as revenue when the related costs are incurred.

	2025	2024
Deferred charges:		
DCC - roads	\$ 1,724	\$ 4,253
DCC - storm	1,390	1,760
DCC - sewer	6,671	6,273
DCC - parks	2,951	2,453
Works contributions	2,304	2,238
	<u>\$ 15,040</u>	<u>\$ 16,977</u>
Restricted developer contributions, beginning of year	\$ 16,977	\$ 16,748
DCC's levied during the year	1,836	1,828
Works contributions received	67	22
Investment income	603	818
Contributions available	<u>19,483</u>	<u>19,416</u>
Less: Capital transfers	4,197	1,394
Less: Operating transfers	246	1,045
Restricted developer contributions, end of year	<u>\$ 15,040</u>	<u>\$ 16,977</u>

The Corporation of the City of Vernon
Notes to the Consolidated Financial
Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

10. Deferred Revenue:

	2025	2024
Prepaid property taxes	\$ 7,838	\$ 7,013
Prepaid utility charges	302	298
Prepaid transfers from other governments	523	755
Other prepaid revenue	4,130	4,018
	<u>\$ 12,793</u>	<u>\$ 12,084</u>

11. Debt:

All debt is reported net of sinking fund balances. Sinking fund installments are invested by the MFA and earn income, which together with principal payments are expected to be sufficient to retire the debt issue at maturity. Where the MFA has determined that sufficient funds exist to retire a debt issue on its maturity date without further installments, payments are suspended by the MFA and the City's liability is reduced to nil. Should those funds prove to be insufficient at maturity, the resulting deficiency becomes a liability of the City.

Bylaw #	Purpose of Bylaw	Interest Rate %	Year of Maturity	Balance, Beginning of Year	Additions	Principal Payments	Actuarial Adjustment	Balance, End of Year
4680	Treatment Plant Phase I	1.47%	2027	\$ 966	\$ -	\$ 105	\$ 202	\$ 659
4680	Treatment Plant Phase II	2.85%	2028	511	-	59	61	391
4791	Water Reclamation Plant	0.91%	2030	4,098	-	380	254	3,464
5908	Active Living Centre	3.83%	2054	31,500	-	610	-	30,890
5908	Active Living Centre	3.55%	2055	-	45,000	-	-	45,000
				<u>\$ 37,075</u>	<u>\$ 45,000</u>	<u>\$ 1,154</u>	<u>\$517</u>	<u>\$80,404</u>

The principal portion of debt is added to the MFA sinking fund, which is secured against the debt and invested over the term of the loan.

Repayments of debt in the next five years and thereafter are as follows:

	Repayment
2026	\$ 2,018
2027	2,018
2028	2,018
2029	1,855
2030	1,855
2031 and thereafter	<u>70,640</u>
	<u>80,404</u>

The Corporation of the City of Vernon
Notes to the Consolidated Financial
Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

12. Asset Retirement Obligations:

Asset Retirement Obligations (ARO) are comprised of two components: asbestos abatement costs for City-owned buildings; and closure and post-closure costs for Hesperia Landfill.

ARO for buildings represent the undiscounted estimated costs to abate asbestos in nineteen different buildings owned by the City.

The City operates the Hesperia landfill as a demolition, land clearing and construction material disposal facility under an Operational Certificate ("OC") issued by the Province of BC's Ministry of Environment ("MOE"). The OC excludes domestic refuse, plastics, rubber, contaminated soils and other non- construction wastes. The Hesperia landfill only accepts waste from City projects and does not accept public waste.

The ARO for closure and post-closure care is recognized based on the 2023 Operating and Closure Plan ("the Plan"). The Plan estimates closure costs based on the assumption that the landfill will be closed at the end of its predetermined useful life; however, some of the estimated closure costs will be expended sooner as the landfill is anticipated to be closed progressively.

The closure costs estimated in the Plan is in current dollars and has been inflated to the end of the landfill's useful life using an inflation rate of 3.98% and then discounted to the financial reporting date at 4.2% which is the City's cost of capital on any new debt as of the same date.

The City has implemented a tipping fee charged to internal projects that discharge waste at the landfill with net proceeds contributed to a reserve to pay for closure related expenses. On December 31, 2025 the balance of this reserve is \$451,000 (2024 - \$398,000). When the landfill closes at the end of its useful life it is estimated that post-closure care will be required for 25 years.

Assets	Gross Asset Value	Accum. Amortization Opening Balance	2025 Amortization	Accum. Amortization Ending Balance	Net Ending Balance
Buildings	\$ 2,616	\$ 342	\$ 171	\$ 513	\$ 2,103
Hesperia Landfill	3,318	214	107	321	2,997
	\$ 5,934	\$ 556	\$ 278	\$ 834	\$ 5,100

Liabilities	Opening Balance	2025 Accretion Costs	2025 Accretion Expense	Closing Balance
Buildings	\$ 2,616	\$ 5	\$ -	\$ 2,611
Hesperia Landfill	3,325	6	7	3,327
	\$ 5,941	\$ 11	\$ 7	\$ 5,938

The Corporation of the City of Vernon
Notes to the Consolidated Financial Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

13. Tangible Capital Assets:

	Land	Buildings	Equipment/ Vehicles	Infrastructure				2025	2024
				Transportation	Storm Drainage	Sanitary Sewer			
Historical Cost:									
Opening balance	\$ 291,360	\$ 143,270	\$ 38,971	\$ 276,090	\$ 99,995	\$ 122,439	\$ 972,126	\$ 918,272	
Additions	80	59,440	4,525	13,915	7,570	3,744	89,274	55,433	
Disposals	(602)	-	(1,006)	(278)	(285)	(194)	(2,365)	(1,579)	
Closing balance	290,838	202,710	42,490	289,727	107,280	125,989	1,059,035	972,126	
Accumulated Amortization:									
Opening balance	-	40,128	17,608	144,975	30,728	39,462	272,901	260,639	
Amortization	-	2,562	2,517	6,159	1,449	1,781	14,468	13,127	
Amortization of ARO	-	171	-	107	-	-	278	278	
Disposals	-	-	(881)	(198)	(165)	(105)	(1,349)	(1,143)	
Closing balance	-	42,861	19,244	151,043	32,012	41,138	286,298	272,901	
Net Book Value	\$ 290,838	\$ 159,849	\$ 23,246	\$ 138,684	\$ 75,268	\$ 84,851	\$ 772,737	\$ 699,225	

The Corporation of the City of Vernon
Notes to the Consolidated Financial
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Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

a) Work-in-progress:

Work-in-progress is comprised of costs related to projects currently under planning, development or construction that will result in a finished asset at a future date. Such costs are capitalized until such time as the property is ready for use. Work-in-progress having a value of \$89,564,072 (2024 - \$40,693,112) has not been amortized. Amortization of these assets will commence the year when each specific asset is put into service.

b) Contributed Tangible Capital Assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$1,337,774 (2024 - \$4,621,773) comprised of transportation infrastructure in the amount of \$504,408, storm drain infrastructure in the amount of \$328,530, and sanitary sewer infrastructure in the amount of \$504,836.

c) Tangible Capital Assets Recognized at Nominal Values:

Where an estimate of fair value is not determinable, the tangible capital asset is recognized at a nominal value.

d) Intangible Assets:

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

e) Write-down of Tangible Capital Assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services. Any impairment is accounted for as an expense in the consolidated statement of operations. No impairments were identified or recorded during the year ended December 31, 2025 and 2024.

The Corporation of the City of Vernon
Notes to the Consolidated Financial
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Year Ended December 31, 2025
(tabular amounts in thousands of dollars)

14. Accumulated Surplus:

Accumulated surplus consists of individual fund surpluses and reserves. Operating surplus for the City is as follows:

	2025	2024
Accumulated surplus per Statement of Financial Position	\$ 754,073	\$ 740,296
Less:		
Tangible capital assets	(772,737)	(699,225)
Asset retirement obligations	5,938	5,941
Debt	80,404	37,075
Inventory of supplies	(825)	(815)
Prepaid expenses	(1,880)	(2,443)
	<u>64,973</u>	<u>80,829</u>
Non-statutory Reserves		
Budget Carryover Reserve General	279	702
Capital Reserves General	30,466	35,343
Capital Reserves Sewer	3,944	4,024
Operating and Tax Equalization Reserves General	6,609	17,478
Tax Equalization Reserves Sewer	7,415	7,800
Special Purpose Reserves	4,477	4,751
	<u>53,190</u>	<u>70,098</u>
Statutory Reserve Funds		
Highway Access to Water Reserve	1,114	1,066
Land Sale Reserve	1,501	377
Local Improvement Reserve	522	500
Parkland Reserve	318	304
Recreation Facility Operating Reserve	366	350
Recreation Facility Major Maintenance Reserve	1,867	1,098
Growing Communities Reserve	6,095	7,036
	<u>11,783</u>	<u>10,731</u>
Total Reserve Funds	<u>64,973</u>	<u>80,829</u>
Unappropriated Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the City of Vernon
Notes to the Consolidated Financial
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Year Ended December 31, 2025
(tabular amounts in thousands of dollars)

15. Taxation Revenue:

Total tax revenue net of transfers of taxes collected for other governments and agencies were as follows:

	2025	2024
Specific assessments:		
Residential	\$ 42,353	\$ 37,454
Business	17,874	15,875
Utilities	487	494
Light Industrial	1,018	911
Recreation & Non-profit	211	212
Farm land	5	4
	<u>61,948</u>	<u>54,950</u>
Payments in lieu of taxes	2,518	1,918
Specified area taxes and other	225	(194)
	<u>\$ 64,691</u>	<u>\$ 56,674</u>

16. Transfers from Other Governments:

	2025	2024
Federal government transfers		
Transportation infrastructure	\$ 2,091	\$ 2,091
Provincial government transfers		
Transit subsidy	3,416	3,077
Casino revenue sharing	1,729	1,798
Hotel tax	1,555	1,441
Climate Adaptation Disaster Risk Reduction	759	-
Vulnerable population initiatives	-	106
Local Government Climate Action Program	527	255
Traffic fine revenue sharing	535	494
Emergency Management BC	481	350
Keep of prisoners recoveries	157	140
Certificate of Recognition safety program	120	102
Transportation infrastructure	158	4,268
Tourism BC	25	86
Other transfers	272	4
	<u>9,734</u>	<u>12,121</u>
Regional government transfers		
Other initiatives		853
Recreational initiatives	119	515
Okanagan Basin Water Board	136	156
	<u>255</u>	<u>1,524</u>
Total transfers from other governments	<u>\$ 12,080</u>	<u>\$ 15,736</u>

The Corporation of the City of Vernon
Notes to the Consolidated Financial
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Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

17. Long-term Agreements with Regional District of North Okanagan (the “Regional District”):

a) Water Agreement:

The City has entered into a five-year agreement with the Regional District for the operation of the water system in Vernon and Electoral Areas B and C and owned by the Regional District. Under this agreement, the City is responsible for the day-to-day operation of the water system within the City, a portion of the Township of Spallumcheen and Areas B and C, and is wholly reimbursed by the Regional District for the operating expenses made to undertake these duties. The agreement expires January 31, 2028.

b) Parks Agreements:

The City entered into an agreement with the Regional District to assume responsibility for the management and operation of local parks commencing January 1, 2018. This agreement transfers the legal interest in Vernon fields and beaches (previously designated as "sub-regional parks") to the City. As per the requirements of the agreement, the City has a Parks DCC bylaw approved by the Ministry of Housing and Municipal Affairs ("the Ministry"). Prior to the City's Parks DCC bylaw being approved by the Ministry, Parks DCCs were collected under the Regional District's Parks DCC bylaw with an allocation based on contributions from each jurisdiction. The amount allocated to the City as of December 31, 2025 was \$2,932,000 (2024 - \$2,932,000), which is not recognized in the financial statements.

c) Recreation Agreements:

The City has entered into a five-year agreement with the Regional District to assume the responsibility for the management and operation of local recreational facilities commencing January 1, 2019. The new agreement maintains the commitment to transfer recreation facilities and related land from the Regional District to the City to re-align responsibility for the facilities and programming to the City. Facilities owned by the Regional District with fair market value of \$14,241,000 have not yet transferred to the City, and are anticipated to transfer in the year ending December 31, 2037. The agreement expired December 31, 2023. During 2023, negotiations commenced for a renewed agreement. However, consensus was not reached and the pre-existing agreement lapsed. For 2025, the Regional District and the District of Coldstream agreed to a simple fee-for-service arrangement to enable residents of Regional District Electoral Areas B & C and the District of Coldstream to obtain equivalent rates and access to facilities and programs as residents of Vernon.

18. Cemetery Care Trust Fund:

The City owns and maintains Pleasant Valley Cemetery. Pursuant to provincial legislation, a Cemetery Care Trust Fund was established to ensure continuity of cemetery maintenance. A portion of all plot sales and memorial setting fees is credited to this Fund. The Fund balance is not included in the consolidated financial statements.

	2025	2024
Trust Fund Continuity:		
Balance, beginning of year	\$ 1,211	\$ 1,114
Interest earned	43	62
Proceeds from plot sales and memorial settings	34	35
Balance, end of year	\$ 1,288	\$ 1,211

The Corporation of the City of Vernon Notes to the Consolidated Financial Statements



Year Ended December 31, 2025
(tabular amounts in thousands of dollars)

19. Contingent Liabilities:

a) Regional District:

The City is responsible as a member of the Regional District for its proportional share of operating deficits related to functions in which it participates. Under the provisions of the Local Government Act, the Regional District's debt is a joint and several liability of the Regional District and each of its member municipalities including the City.

b) Municipal Finance Authority Demand Notes:

Debentures are covered by a loan agreement with the MFA which provides that, if at any time the payments provided for in the agreement are not sufficient to meet the authority's obligations in respect of such borrowings, the resulting deficiency becomes a proportional liability of each member local government, including the City. As these demand notes are contingent in nature, no liability is recorded.

c) Municipal Insurance Association:

In 1987, the City entered into a self-liability insurance plan with several other local governments in British Columbia forming the Municipal Insurance Association of B.C. The City is obligated under the plan to pay a percentage of its fellow insured's losses. The City pays an annual premium, which is anticipated to be adequate to cover any losses incurred.

d) Legal Claims:

The City has been named defendant in several uninsured legal actions. No reserve or liability has been recorded regarding any of the legal actions and any possible claims because the amount of loss, if any, is not determinable. Settlement, if any, made with respect to these actions, will be accounted for as an expense in the period in which realization is known.

The Corporation of the City of Vernon

Notes to the Consolidated Financial Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

e) Pension Liability:

The City and its employees contribute to the Municipal Pension Plan (a jointly trustees 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 provided are based on a formula. As at December 31, 2024, the plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local government.

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

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

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

The City paid \$3,392,217 (2024 - \$3,005,780) for employer contributions while employees contributed \$3,001,089 (2024 - \$2,638,779) to the plan in fiscal 2025.

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.

f) Letters of Credit:

In 2007, the City issued an Irrevocable Letter of Credit in favour of the Agricultural Land Commission (ALC) of British Columbia as a guarantee to fund works required by the ALC as a condition of the property being removed from the Agricultural Land Reserve. The amount of the Letter of Credit is \$716,000. As of December 31, 2025, no drawing on the Letter of Credit has occurred (2024 - \$0).

In 2022, the City issued an Irrevocable Letter of Credit in favour of the Federal Government Department of Fisheries and Oceans as security to fund works required as a condition of a permit to construct a storm water sediment structure along BX Creek. The amount of the Letter of Credit is \$352,500. As of December 31, 2025, no drawing on the Letter of Credit has occurred (2024 - \$0).

In 2024, the City issued an Irrevocable Standby Letter of Credit in favour of the Receiver General for Canada as security to fund works required as a condition of the 43rd Street Bridge Replacement project. The amount of the Letter of Credit is \$180,000. As of December 31, 2025, no drawing on the Letter of Credit has occurred (2024 - \$0).

The Corporation of the City of Vernon

Notes to the Consolidated Financial Statements



Year Ended December 31, 2025
(tabular amounts in thousands of dollars)

20. Segmented Information:

Segmented information has been grouped into related department functions or service areas for segment reporting purposes provided in note 21 which shows the associated revenues and expenses for each segment. The various segments are described as follows:

a) General Government:

This segment is comprised of all general government and common services provided within the City. It includes legislative services, corporate administration, tourism, finance, human resources, information services, civic building maintenance, bylaw compliance, parking control, and subsidiary corporations.

- Legislative services and corporate administration are responsible for general government administration including council support, conducting elections and records management.
- Tourism is responsible for tourism marketing and managing the City's tourist booth location.
- Finance is responsible for the oversight of all financial matters including financial planning, collection of revenues, purchasing and financial reporting.
- Human resources are responsible for staff recruiting, payroll processing, occupational health and safety and labour relations.
- Information services are responsible for planning, maintaining and operating the City's information systems.
- Civic building maintenance is responsible for maintaining all buildings owned by the City.
- Bylaw compliance and parking control is responsible for administrating and encouraging compliance to regulatory bylaws, patrolling City owned/leased paid parking lots, residential permit zones and restricted parking areas. They also patrol and maintain almost 1,000 parking meters. This function focuses on community security and safety programs in conjunction with police services.
- The City's subsidiary corporations are 100% owned.
- Revenues associated with this segment include all those amounts that can not be attributed directly to other segments including taxation, grants in lieu, interest revenue and property rental revenue.

b) Protective Services:

This segment is comprised of police services, fire rescue and emergency measure services.

- Police services are contracted to the RCMP with support assistance from municipal staff. The City is home to a regional detachment for the North Okanagan. The City has a proactive community policing group that provides programs for its citizens and businesses such as Citizens on Patrol, Crime Stopper, Block Watch and safety patrols.
- Fire rescue services provide fire response, investigation and prevention services within the City's fire department.

The Corporation of the City of Vernon

Notes to the Consolidated Financial Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

c) Community Infrastructure:

This segment is comprised of community development, planning, building inspection services and the capital works program.

- Community Development is responsible for sustainable development throughout the City including environmental, economic and social development.
- Planning is responsible for land use planning – long term and short term – plus the administration of the Official Community Plan and zoning bylaws.
- Building inspection services is responsible for issuing permits for any developments in the City including building permits, rezoning and development permits.
- The GIS department catalogues the City's infrastructure geographically for use by the City and its citizens.

d) Operations:

This segment is responsible for the engineering, operation and maintenance of the City's infrastructure assets including roads, sidewalks and storm drains. Other components include public transit, solid waste and recycling, cemetery and airport.

- Road transportation encompasses year-round maintenance of roads, street lights, signs and sidewalks plus the public transit system which is contracted with BC Transit with subsidies provided from the Province.
- Storm drainage includes the maintenance of storm infrastructures including mains, manholes and catch basins.
- The Vernon Regional Airport provides services to small aircraft and executive jets in the region and includes a paved lighted runway, hangars, jet and regular air fuel dispensing.
- The City has one cemetery whose operation is overseen by the Operations group. Other services provided within the City include overseeing fleet activities and support for Regional District water services.
- Engineering is responsible for the planning and implementation of the capital works program for all infrastructure – storm, sewer and transportation. They work in conjunction with Planning and Operations.

e) Sanitary Sewer Operations:

This segment is responsible for the entire sanitary sewer operation and maintenance of the sewer infrastructures including mains, manholes, catch basins and lift stations. Plus, it is responsible for the operation and maintenance of the Vernon Water Reclamation Centre and spray irrigation system.

f) Recreation:

This segment is responsible for the management, maintenance and operation of all recreation facilities within the City. This includes planning and delivery of recreation programs for all ages of citizens, maintenance and operation of all arenas and indoor pool. As well as operating two outdoor pools in the summer.

The Corporation of the City of Vernon

Notes to the Consolidated Financial Statements



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

21. Segment Disclosure:

	General Government	Protective Services	Planning & Engineering	Recreation	Operation Services	Sanitary Sewer	2025	2024
Revenue								
Taxation	\$ 64,474	\$ -	\$ -	\$ -	\$ -	\$ 217	\$ 64,691	\$ 56,674
Services to other governments	712	264	129	1,486	512	544	3,647	3,475
Government transfers	3,941	783	5,791	173	1,256	136	12,080	15,735
Utility services	-	-	-	-	-	12,719	12,719	12,049
Sale of services	2,150	326	5,243	4,218	6,048	3	17,988	16,248
Fiscal services	4,992	-	(602)	-	42	528	4,960	6,713
Developer Contributions	245	-	22	-	4,710	804	5,781	7,061
	76,514	1,373	10,583	5,877	12,568	14,951	121,866	117,955
Expenses								
Salaries and wages	10,002	11,929	5,726	5,897	8,530	3,178	45,262	42,364
Contracted services	1,871	466	8,709	1,139	4,843	1,230	18,258	21,916
RCMP contract	-	12,206	-	-	-	-	12,206	11,213
Amortization	766	390	-	187	10,081	3,329	14,753	13,412
Supplies, materials and other	1,727	587	1,129	772	3,937	1,886	10,038	11,009
Bank fees and net loss on assets	1,824	-	8	74	257	419	2,582	1,566
Utilities, telephone and insurance	601	44	19	1,444	1,720	1,134	4,962	4,945
Equipment charges	(1,424)	247	50	189	(2,112)	3,078	28	603
	15,367	25,869	15,641	9,702	27,256	14,254	108,089	107,028
Excess (deficiency) revenue over expenses	\$ 61,147	\$ (24,496)	\$ (5,058)	\$ (3,825)	\$ (14,688)	\$ 697	\$ 13,777	\$ 10,927

The Corporation of the City of Vernon
Notes to the Consolidated Financial
Statements



Year Ended December 31, 2025
(tabular amounts in thousands of dollars)

22. Budget Data:

The budget data presented in these consolidated financial statements is based upon the 2025 operating and capital budgets approved by Council on January 27, 2025. The schedule reconciles the approved budget in the 2025-2029 Financial Plan to the budget figures reported in these consolidated financial statements.

	<u>2025</u>
Budget Deficit as presented	\$ (407)
Transfers to reserves	(17,507)
Transfers from reserves	34,760
Add back amortization and accretion	12,931
Debt principal payments	(1,154)
Capital expenditures	<u>(28,623)</u>
	<u>\$ -</u>

23. Comparative Figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year. The changes do not affect prior year annual surplus.

24. Adoption of New Accounting Standards:

In addition to the adoption of PS 3280 Asset Retirement Obligations and PS 3540 Financial Instruments on January 1, 2024 the City adopted Canadian public sector accounting standard PS 3400 Revenues. This required a \$593,000 prior year adjustment to deferred revenue to recognize transaction fee revenues that will be matched to the performance obligation when it has been satisfied.

There were also changes in Canadian public sector accounting standards for PSG-8 Purchased Intangibles and PS3160 Public Private Partnerships effective April 1,2023. Neither of these standards had impacts to the financial statements.

The Corporation of the City of Vernon
Schedule of COVID-19 Safe Restart Grant
Spending (unaudited)



Year Ended December 31, 2025

(tabular amounts in thousands of dollars)

In November 2020 the provincial government announced the "COVID-19 Safe Restart Grants for Local Governments", which provided up to \$425 million for local operations impacted by COVID-19. The Ministry of Municipal Affairs and Housing set a grant amount for each local government, of which \$4,997,000 was awarded to the City of Vernon. These funds are to be used to address revenue shortfalls, facility reopening and operating costs, emergency planning and response costs, protective services costs, virtual communications and enhanced interconnectivity costs, services for vulnerable persons, and other related costs. To ensure transparency regarding the use of the funds, the City is required to report annually on how it spent the grant as part of our annual report. This reporting must continue until the grant funds are fully spent.

Allocated to:

	2025	2024
Revenue		
Revenue shortfalls	\$ -	\$ -
Expenses		
Grants to non-profits	-	30
Labour	-	32
Disinfection supplies	-	-
Contracted services	-	73
	-	135
	-	135
COVID-19 Safe Restart grant, beginning of year	109	244
COVID-19 Safe Restart grant, end of year	\$ 109	\$ 109

The Corporation of the City of Vernon
Schedule of Growing Communities Fund
Spending (unaudited)



For the Year Ended December 31, 2025
(tabular amounts in thousands of dollars)

In March of 2023, the Province of British Columbia distributed conditional Growing Communities Fund (GCF) grants to local governments to help build community infrastructure and amenities to meet the demands of population growth. The GCF provided a one-time total of \$1 billion in grants to all 161 municipalities and 27 regional districts in British Columbia. The City of Vernon received \$9,575,000 of GCF in 2023.

Growing Communities Reserve Fund	2025	2024
Balance, beginning of year	\$ 7,036	\$ 10,003
Add: Interest earned	288	477
Less: Eligible costs	(1,229)	(3,444)
Balance, end of year	\$ 6,095	\$ 7,036



Statistical Section

Summary of Financial Results

(in \$1000's)

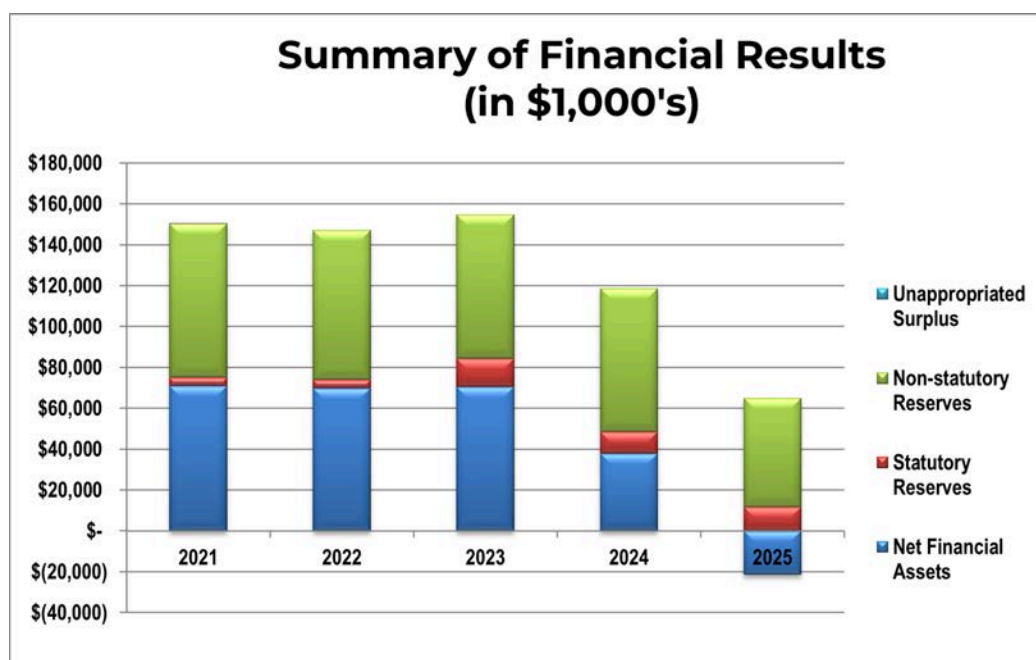
	2021	2022	2023	2024	2025
Financial Position					
Financial Assets	\$ 133,677	\$ 135,095	\$ 138,085	\$ 146,926	\$ 133,468
Financial Liabilities	62,754	65,283	67,550	109,113	154,837
Net Financial Assets (Debt)	70,923	69,812	70,535	37,813	(21,369)
Non-financial Assets	617,829	639,820	659,427	702,483	775,442
Accumulated Surplus, end of year	\$ 688,752	\$ 709,632	\$ 729,962	\$ 740,296	\$ 754,073

Statement of Operations

Revenue	\$ 95,198	\$ 108,904	\$ 123,653	\$ 117,955	\$ 121,866
Expenses	83,393	88,024	103,323	107,028	108,089
Annual Surplus	11,805	20,880	20,330	10,927	13,777
Adjustment on adoption of new revenue standard				(593)	
Accumulated Surplus, beginning of year	676,947	688,752	709,632	729,962	740,296
Accumulated Surplus, end of year	\$ 688,752	\$ 709,632	\$ 729,962	\$ 740,296	\$ 754,073

Accumulated Surplus

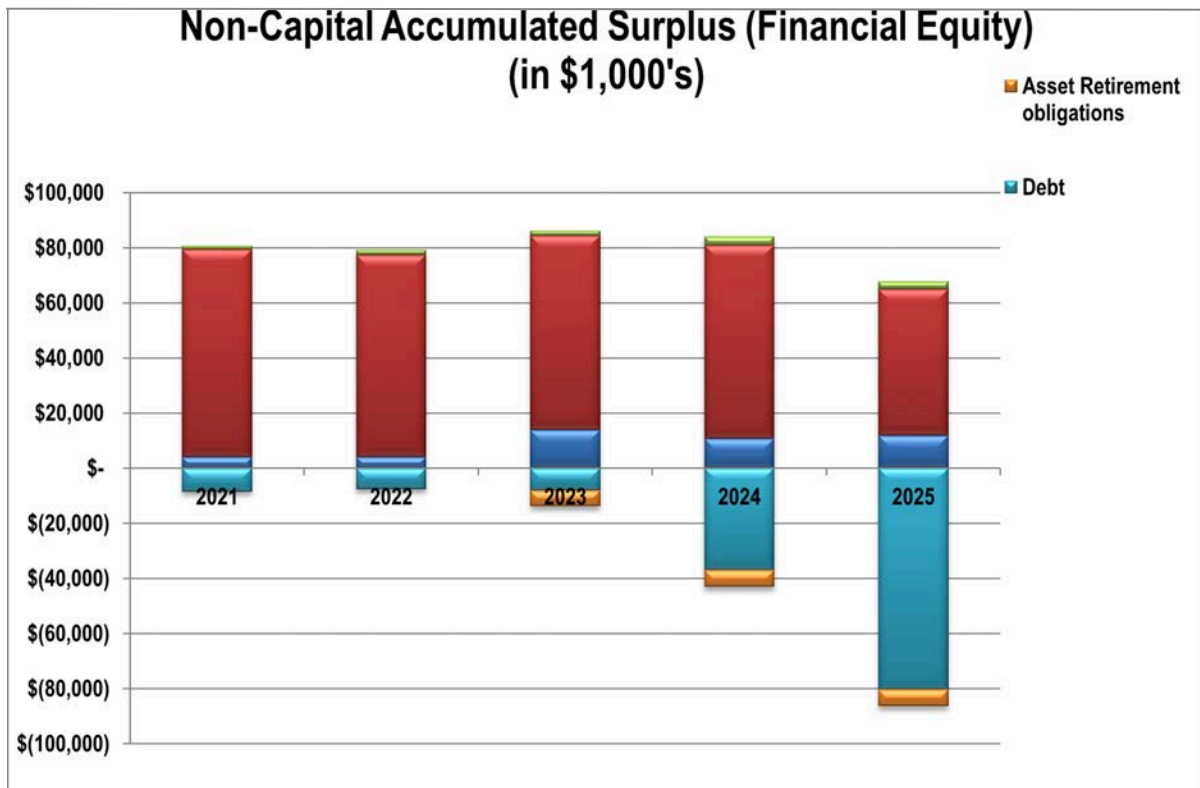
Equity in Tangible Capital Assets	\$ 616,674	\$ 638,029	\$ 657,633	\$ 699,225	\$ 772,737
Statutory Reserves	4,079	4,102	13,822	10,731	11,783
Non-statutory Reserves	75,371	73,290	70,466	70,098	53,190
Asset Retirement Obligations, Debt	(7,372)	(5,789)	(11,959)	(39,758)	(83,637)
Inventory of Supply & Prepaid Expenses					
Unappropriated Surplus	-	-	-	-	-
Accumulated Surplus, end of year	\$ 688,752	\$ 709,632	\$ 729,962	\$ 740,296	\$ 754,073



Accumulated Surplus

(In \$1,000's except for per-capita figures)

	2021	2022	2023	2024	2025
Equity in Tangible Capital Assets:					
Consolidated	\$ 616,674	\$ 638,029	\$ 651,977	\$ 699,225	\$ 772,737
Non-Capital Accumulated Surplus:					
Statutory Reserves	\$ 4,079	\$ 4,102	\$ 13,822	\$ 10,731	\$ 11,783
Non-Statutory Reserves:					
Funds Committed for Uncompleted Projects	7,061	6,358	716	702	279
Capital Purposes	38,779	40,978	43,030	39,367	34,410
Operating Purposes	7,295	9,924	9,889	14,763	6,609
Tax & User Rate Equalization	22,236	16,030	16,831	15,266	11,892
	75,371	73,290	70,466	70,098	53,190
Debt	(8,527)	(7,580)	(8,097)	(37,075)	(80,404)
Inventory of supply & prepaid expenses	1,155	1,791	1,794	3,258	2,705
Asset Retirement Obligations	-	-	(5,656)	(5,941)	(5,938)
Unappropriated surplus	-	-	-	-	-
	\$ 72,078	\$ 71,603	\$ 72,329	\$ 41,071	\$ (18,664)
Non-Capital Accumulated Surplus (Financial Equity) Per Capita	\$ 1,560	\$ 1,516	\$ 1,506	\$ 835	\$ (384)
Total Accumulated Surplus	\$ 688,752	\$ 709,632	\$ 724,306	\$ 740,296	\$ 754,073

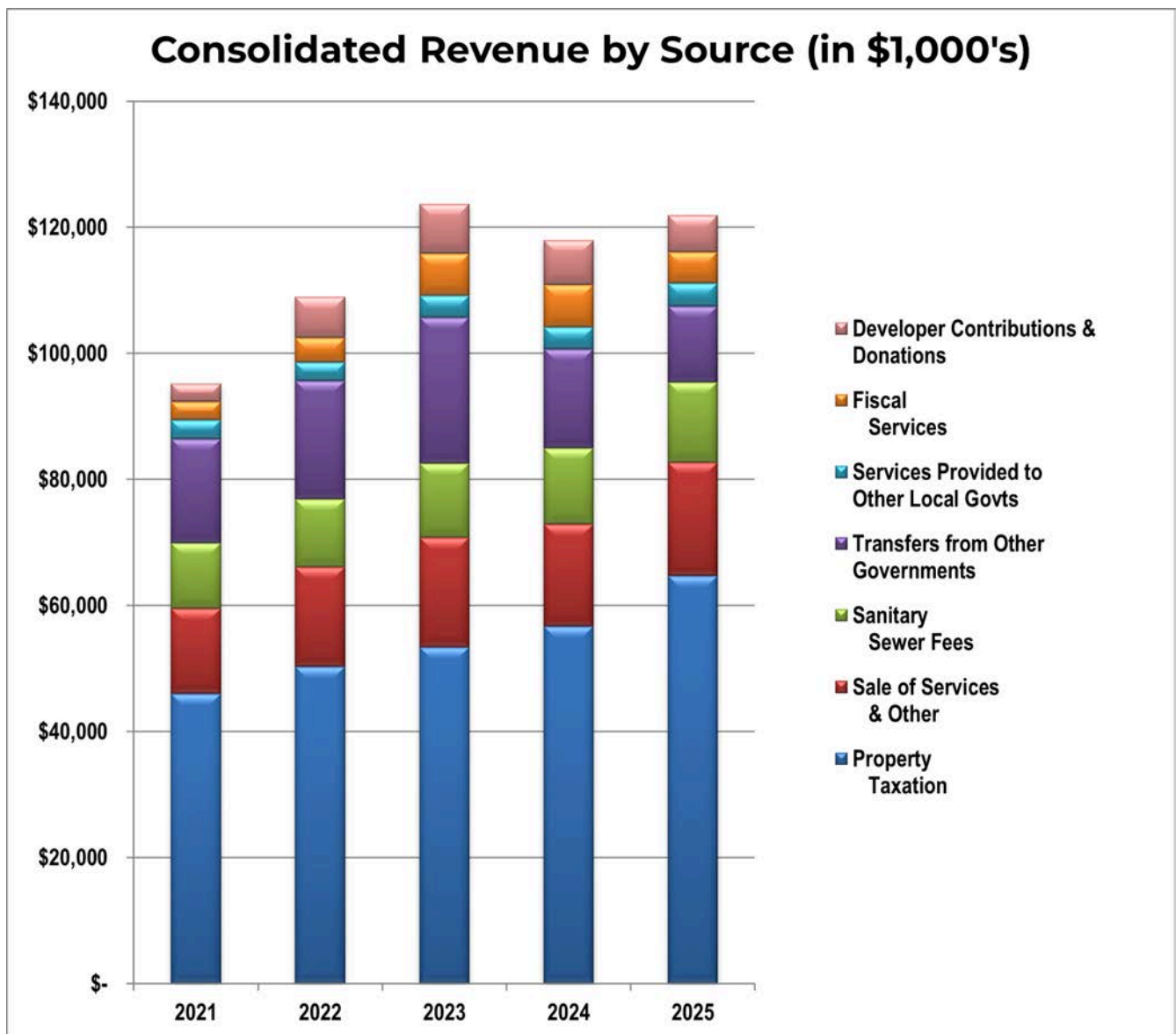


Consolidated Revenue by Source

(In \$1,000's)

	2021	2022	2023	2024	2025
Property Taxation*	\$ 46,030	\$ 50,269	\$ 53,374	\$ 56,674	\$ 64,691
Sale of Services & Other	13,485	15,814	17,400	16,247	17,988
Sanitary Sewer Fees	10,423	10,747	11,775	12,049	12,719
Transfers from Other Governments	16,456	18,818	23,156	15,736	12,080
Services Provided to Other Local	3,065	2,936	3,461	3,475	3,647
Fiscal Services	2,842	3,884	6,680	6,713	4,960
Developer Contributions & Donations	2,897	6,436	7,807	7,061	5,781
	\$ 95,198	\$ 108,904	\$ 123,653	\$ 117,955	\$ 121,866

*Includes specified area taxation (not included in Property Tax Revenue schedule).



Property Tax Revenue

(in \$1,000's)

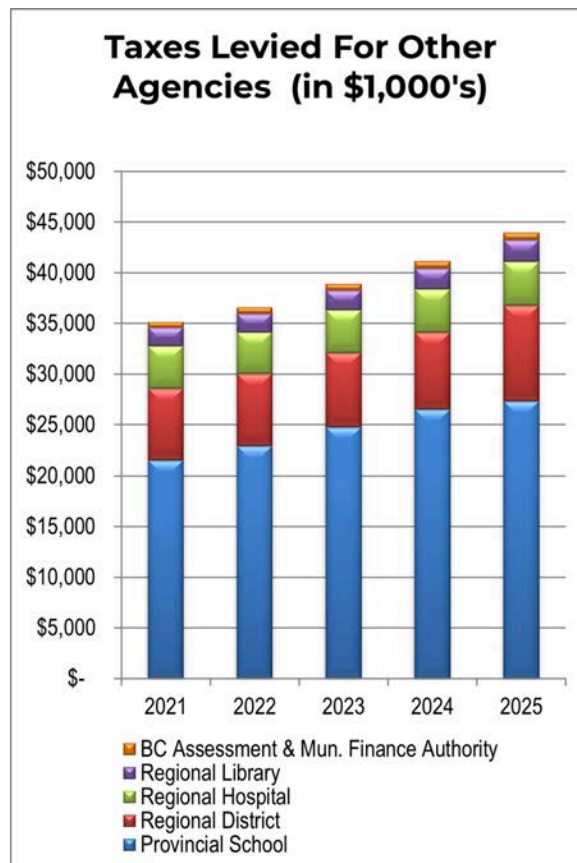
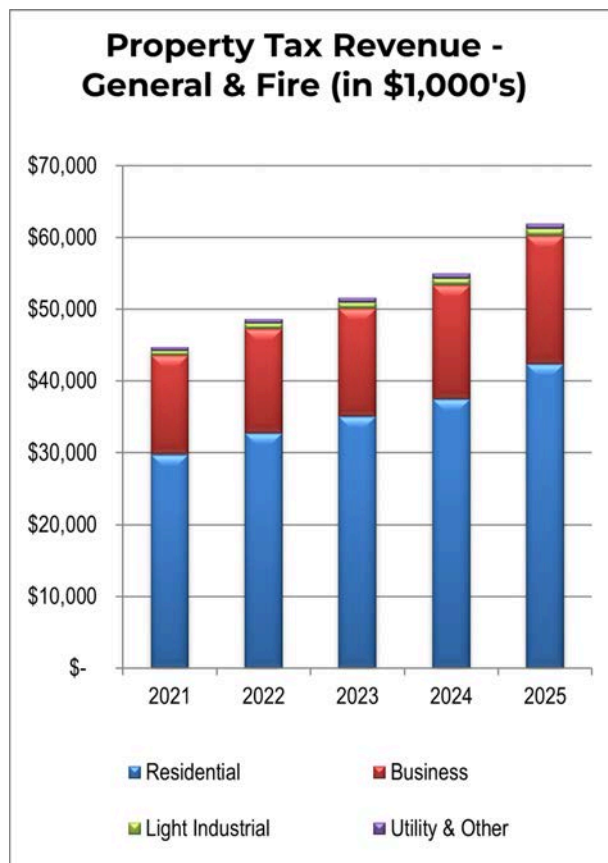
	2021	2022	2023	2024	2025
Residential	\$ 29,784	\$ 32,732	\$ 35,061	\$ 37,454	\$ 42,353
Business	13,751	14,488	15,027	15,875	17,874
Light Industrial	665	772	826	911	1,018
Utility & Other	515	586	636	710	703
	\$ 44,715	\$ 48,578	\$ 51,550	\$ 54,950	\$ 61,948

Excludes specified area taxation (included in Revenue by Source schedule)

Ratio of Tax Rates - Business to Residential (General Taxes Only)	2.94	3.34	3.24	3.01	3.03
Total Property Taxes Collected	\$ 79,069	\$ 84,401	\$ 89,636	\$ 96,081	\$ 105,889
% of Current Taxes Collected	99.02%	99.11%	99.10%	98.77%	98.86%

Taxes Levied for Other Agencies

Provincial School Taxes	\$ 21,565	\$ 22,880	\$ 24,759	\$ 26,529	\$ 27,342
Regional District of North Okanagan	7,009	7,148	7,357	7,606	9,423
Regional Hospital District	4,160	4,074	4,193	4,273	4,314
Okanagan Regional Library	1,858	1,885	1,956	2,043	2,158
BC Assessment & Mun. Finance Authority	545	594	635	680	704
	\$ 35,137	\$ 36,581	\$ 38,900	\$ 41,131	\$ 43,941

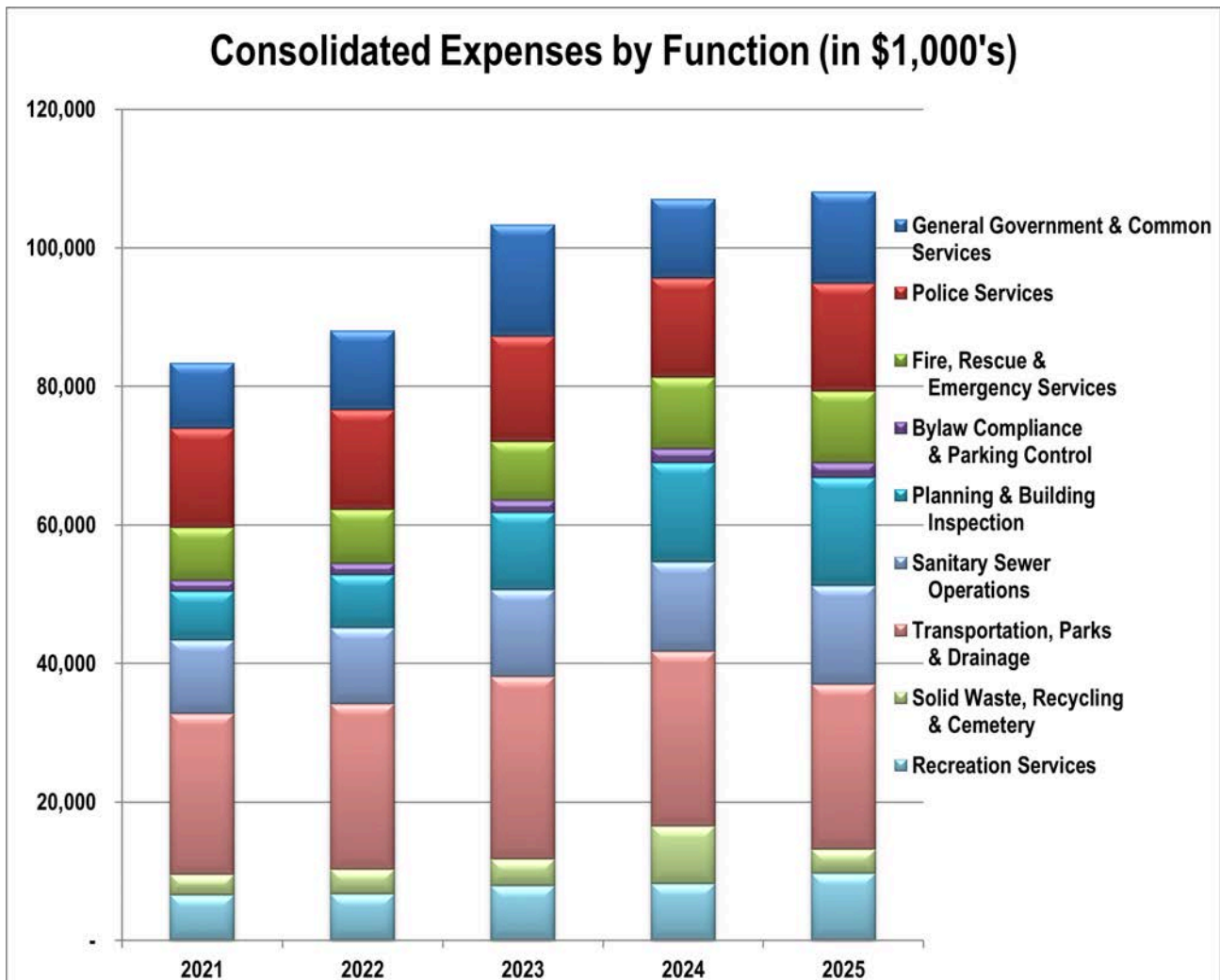


Consolidated Expenses by Function

(In \$1,000's)

	2021	2022	2023	2024	2025
General Government & Common Services	\$ 9,437	\$ 11,412	\$ 16,110	\$ 11,426	\$ 13,221
Police Services	14,349	14,368	15,170	14,324	15,577
Fire, Rescue & Emergency Services	7,626	7,828	8,499	10,297	10,292
Bylaw Compliance & Parking Control	1,582	1,619	1,738	2,032	2,146
Planning & Community Services	7,045	7,646	11,167	14,283	15,641
Sanitary Sewer Operations	10,612	10,978	12,503	12,945	14,254
Transportation, Parks & Drainage, Airport, Other	23,202	23,884	26,401	25,218	23,773
Solid Waste, Recycling & Cemetery	2,951	3,614	3,811	8,279	3,483
Recreation Services	6,589	6,675	7,924	8,224	9,702
	\$ 83,393	\$ 88,024	\$ 103,323	\$ 107,028	\$ 108,089

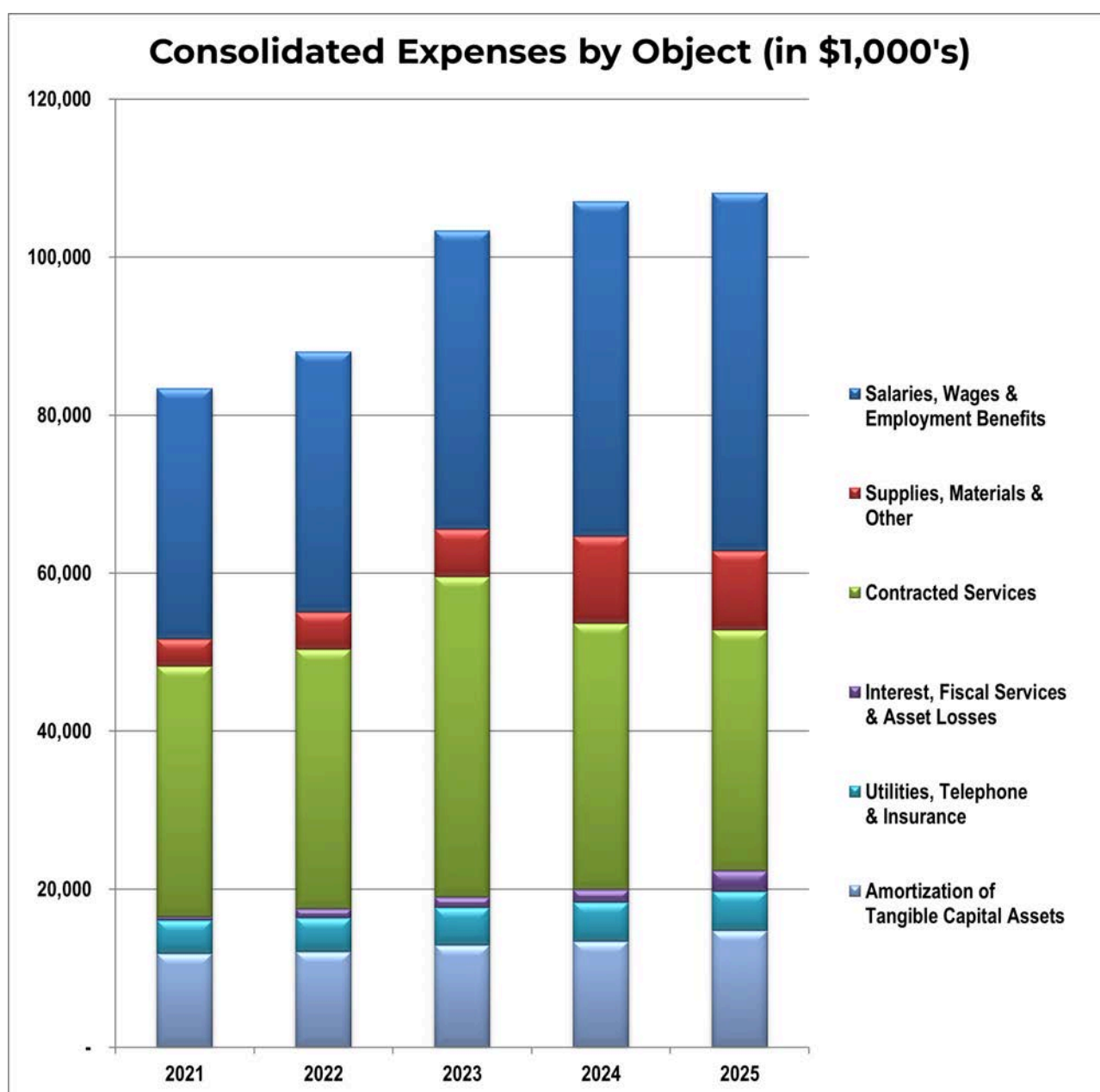
Derived from the General Fund, Sewer Fund, Statutory Reserve Funds, and wholly-owned subsidiaries. For purposes of this table, all interest, fiscal service expenses, and amortization have been integrated in their respective functions.



Consolidated Expenses by Object

(In \$1,000's)

	2021	2022	2023	2024	2025
Salaries, Wages & Employment Benefits	\$ 31,726	\$ 32,982	\$ 37,754	\$ 42,364	\$ 45,262
Contracted Services	31,755	32,821	40,502	33,732	30,464
Supplies, Materials & Other	3,448	4,711	6,058	11,009	10,038
Interest, Fiscal Services & Asset Losses	402	1,161	1,308	1,566	2,610
Utilities, Telephone & Insurance	4,202	4,266	4,770	4,945	4,962
Amortization of Tangible Capital Assets	11,860	12,083	12,931	13,412	14,753
	\$ 83,393	\$ 88,024	\$ 103,323	\$ 107,028	\$ 108,089



Number of Employees (FTE)

Number of Employees (Full-time Equivalents)*

	2021	2022	2023	2024	2025
Division:					
Administration - General	2.1	2.1	2.1	2.1	2.0
Planning & Community Services	43.8	40.3	41.8	43.3	45.7
Corporate Administration	38.8	40.4	42.5	44.2	41.7
RCMP Support Services	27.6	30.6	32.6	32.8	35.9
Financial Services	19.5	20.5	21.5	23.2	23.6
Fire Services	41.9	43.9	44.2	51.8	52.3
Human Resource Services	10.0	10.0	11.9	11.5	11.1
Recreation Services	50.1	56.0	57.6	60.9	60.8
Operations:					
Operations Services	3.5	17.5	17.5	17.5	4.5
Infrastructure	7.4	7.4	7.4	7.4	13.0
Facility Services	5.2	5.4	5.3	6.4	6.0
Fleet Services	5.7	6.1	6.1	6.2	6.2
Park Services	16.5	18.4	19.1	19.1	18.4
Public Work Services	21.1	20.8	20.7	20.7	27.1
Sewer Services	26.1	26.4	26.4	26.4	27.4
Storm Services	3.0	3.0	2.9	2.9	2.9
Water Services	23.1	23.1	23.1	23.1	23.3
Gross Number of Employees	345.5	372.0	382.8	399.2	401.6

* Full-time equivalent (FTE) is based on the total number of hours worked as a function of standard full-time hours.

** Less: Number of employees for which full employment costs are recovered from RDNO for Water Services

(23.1)	(23.1)	(23.1)	(23.1)	(23.3)
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Net Number of Employees (relating to total employment costs recorded by the City of Vernon)

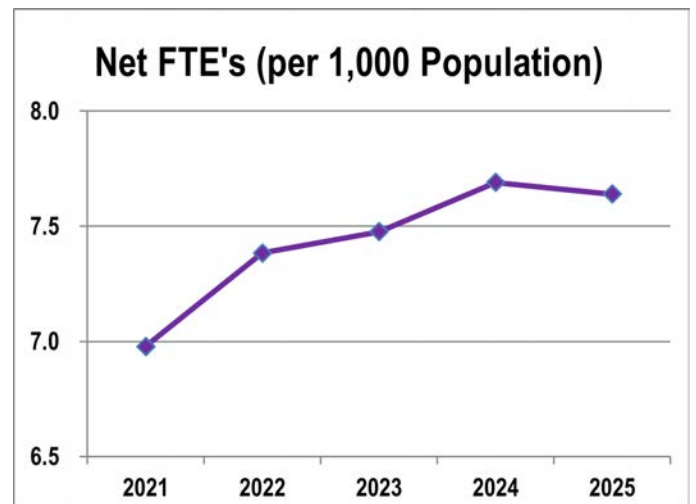
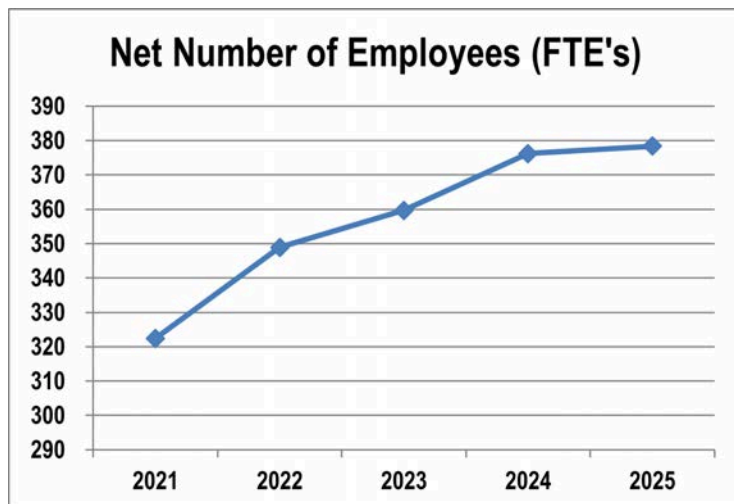
322.4	348.9	359.7	376.2	378.4
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Gross FTE Positions per 1,000 Population

7.5	7.9	8.0	8.2	8.1
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Net FTE Positions per 1,000 Population

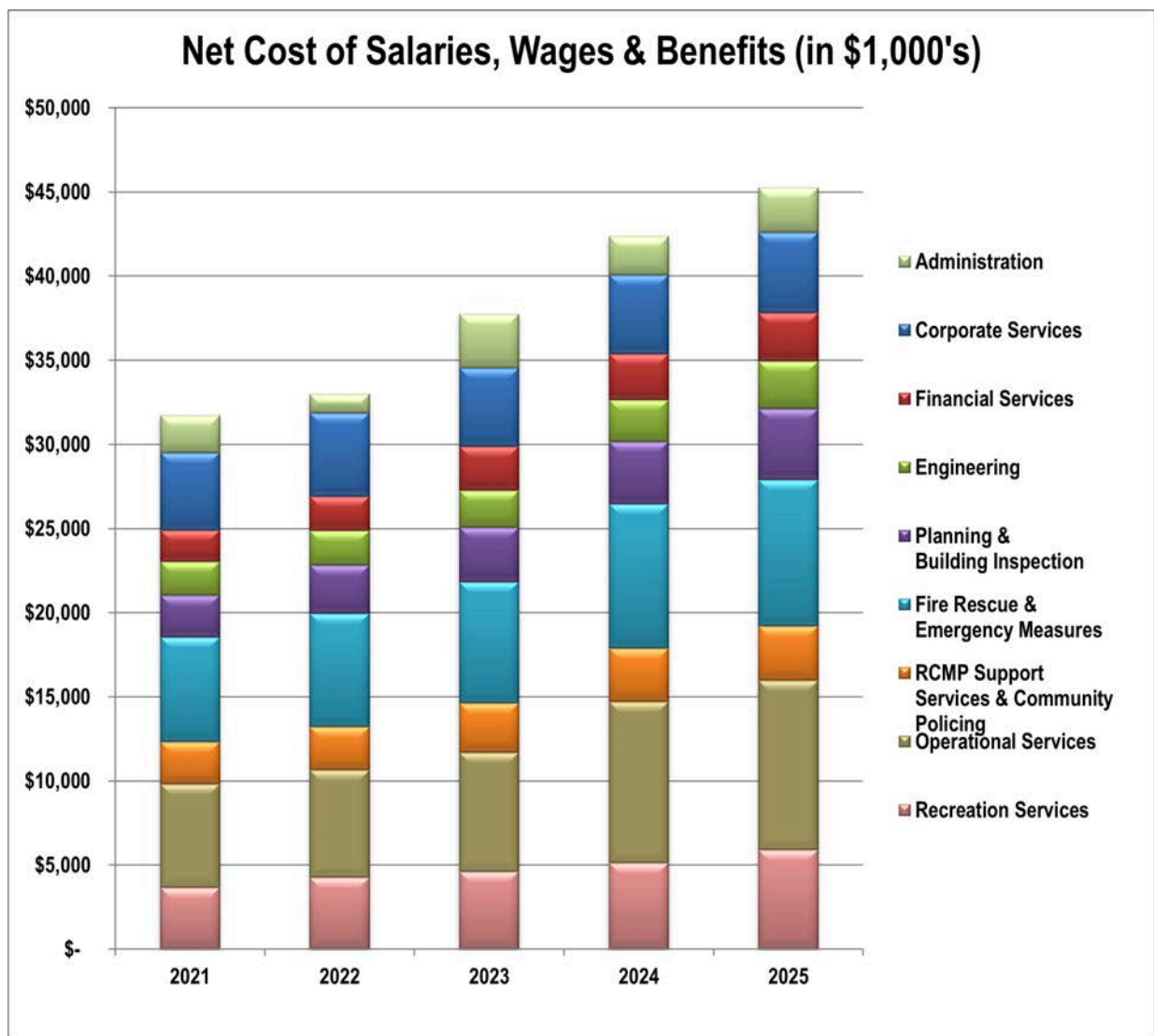
7.0	7.4	7.5	7.7	7.6
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Cost of Salaries, Wages and Benefits

(In \$1,000's)

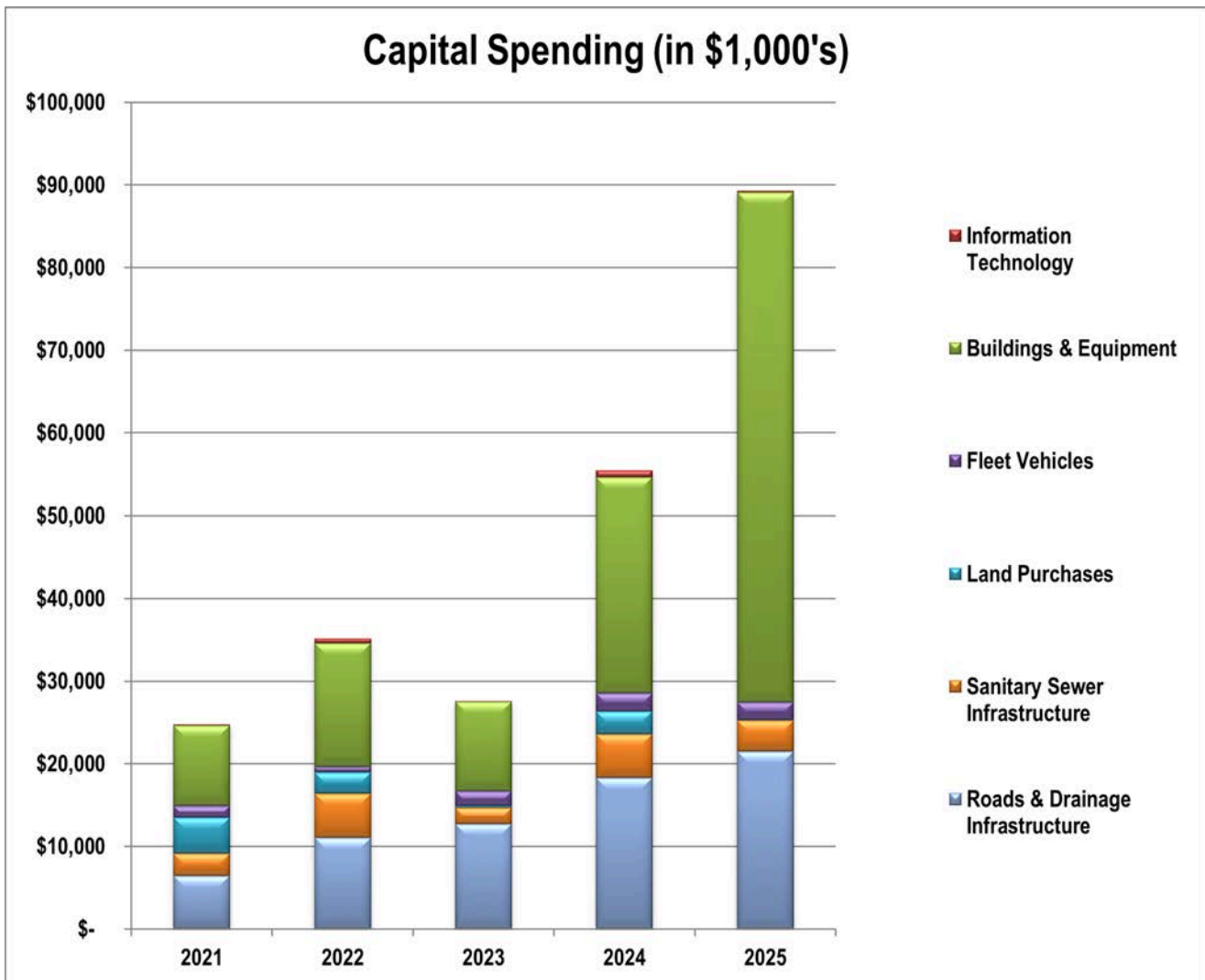
	2021	2022	2023	2024	2025
Administration	\$ 2,208	\$ 1,107	\$ 3,195	\$ 2,281	\$ 2,663
Corporate Services	4,607	4,964	4,675	4,705	4,769
Financial Services	1,891	2,024	2,631	2,719	2,881
Engineering	1,981	2,065	2,177	2,483	2,826
Planning & Building Inspection	2,490	2,884	3,252	3,712	4,224
Fire Rescue & Emergency Services	6,236	6,731	7,201	8,591	8,705
RCMP Support Services & Community Policing	2,502	2,545	2,919	3,174	3,224
Operational Services	6,138	6,406	7,100	9,584	10,073
Recreation Services	3,673	4,256	4,604	5,115	5,897
	\$ 31,726	\$ 32,982	\$ 37,754	\$ 42,364	\$ 45,262



Capital Spending

(In \$1,000's)

	2021	2022	2023	2024	2025
Roads & Drainage Infrastructure	\$ 6,454	\$ 11,068	\$ 12,682	\$ 18,291	\$ 21,485
Sanitary Sewer Infrastructure	2,684	5,333	1,983	5,273	3,744
Land Purchases	4,376	2,552	259	2,798	80
Vehicle Fleet	1,413	671	1,790	2,220	2,170
Buildings & Equipment	9,729	14,982	10,810	26,016	61,637
Information Technology	107	522	56	835	158
Total	\$ 24,763	\$ 35,128	\$ 27,580	\$ 55,433	\$ 89,274



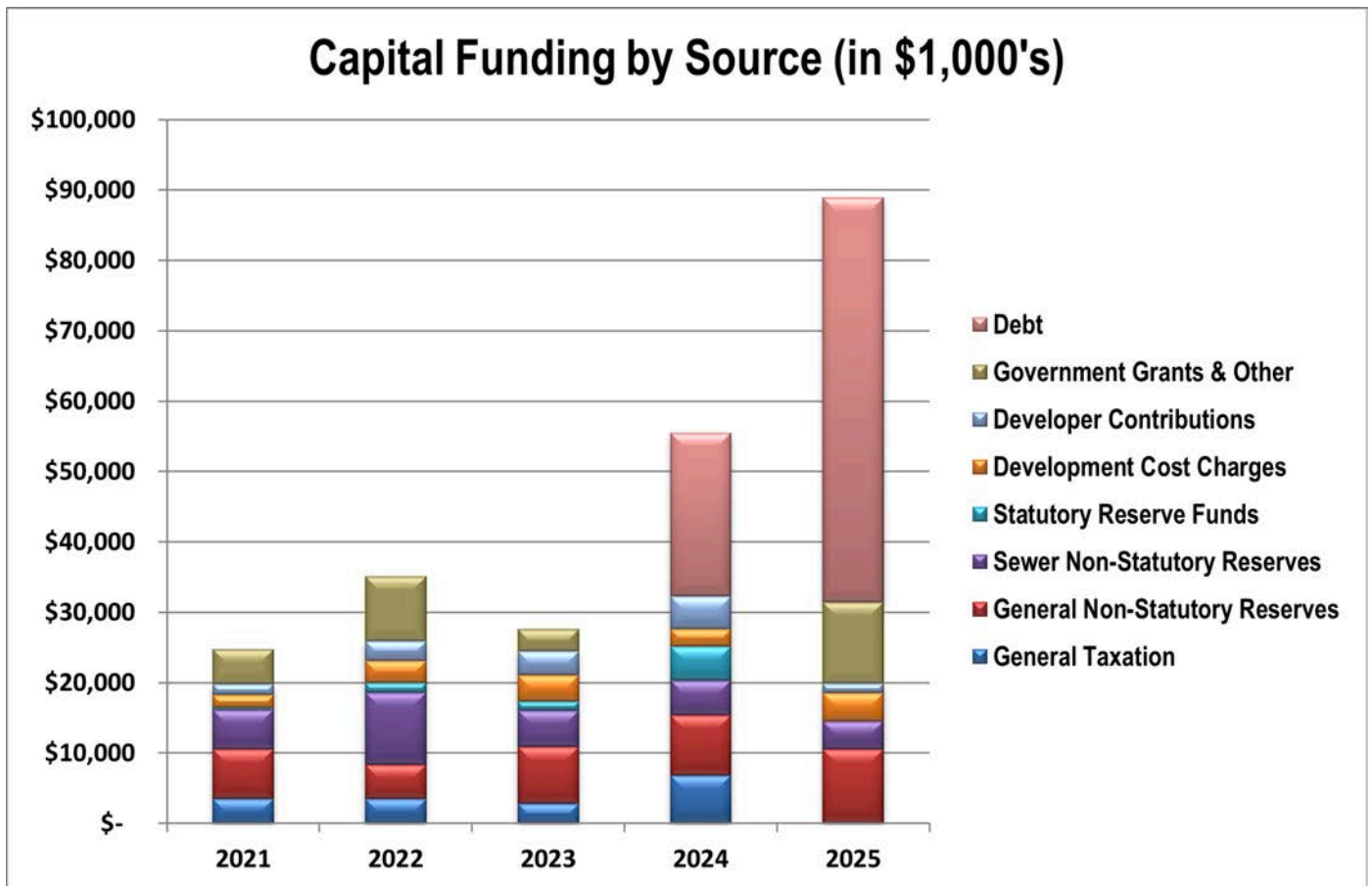
Capital Funding by Source

(In \$1,000's)

	2021	2022	2023	2024	2025
General Taxation	\$ 3,509	\$ 3,467	\$ 2,827	\$ 6,859	\$ 55
General Non-Statutory Reserves	7,065	4,885	8,072	8,506	10,495
Sewer Non-Statutory Reserves	5,605	10,237	5,184	4,940	3,956
Statutory Reserve Funds	268	1,365	1,265	4,862	372
Development Cost Charges	1,793	3,179	3,732	2,485	4,048
Developer Contributions & Donations	1,558	2,796	3,437	4,622	1,338
Government Grants & Other	4,965	9,199	3,063	-	11,541
Debt	-	-	-	23,159	57,469
	\$ 24,763	\$ 35,128	\$ 27,580	\$ 55,433	\$ 89,274

Proportional Breakdown of Capital Funding

General Taxation	14.2%	9.9%	10.3%	12.4%	0.1%
Reserves	52.2%	46.9%	52.7%	33.0%	16.6%
Developers	13.5%	17.0%	26.0%	12.8%	6.0%
Government Grants & Other	20.1%	26.2%	11.1%	0.0%	12.9%
	100.0%	100.0%	100.0%	58.2%	35.6%



Long-Term Debt by Function and Sources of Funding

(In \$1,000's except for per-capita figures)

Long-Term Debt by Function

Sanitary Sewer
Active Living Centre

	2021	2022	2023	2024	2025
Sanitary Sewer	\$ 8,527	\$ 7,580	\$ 6,597	\$ 5,575	\$ 4,514
Active Living Centre	-	-	1,500	31,500	75,890
Total	\$ 8,527	\$ 7,580	\$ 8,097	\$ 37,075	\$ 80,404

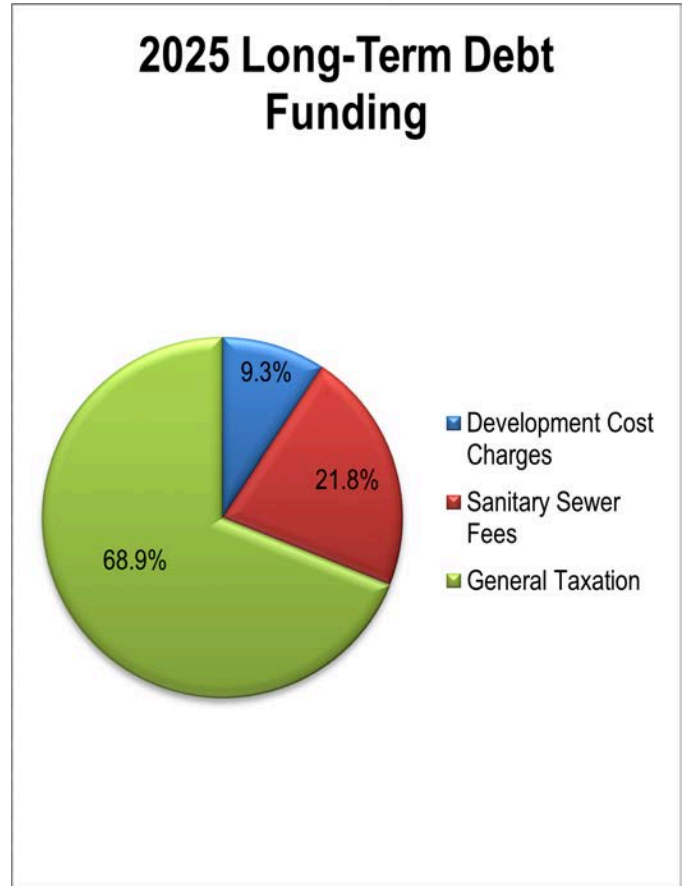
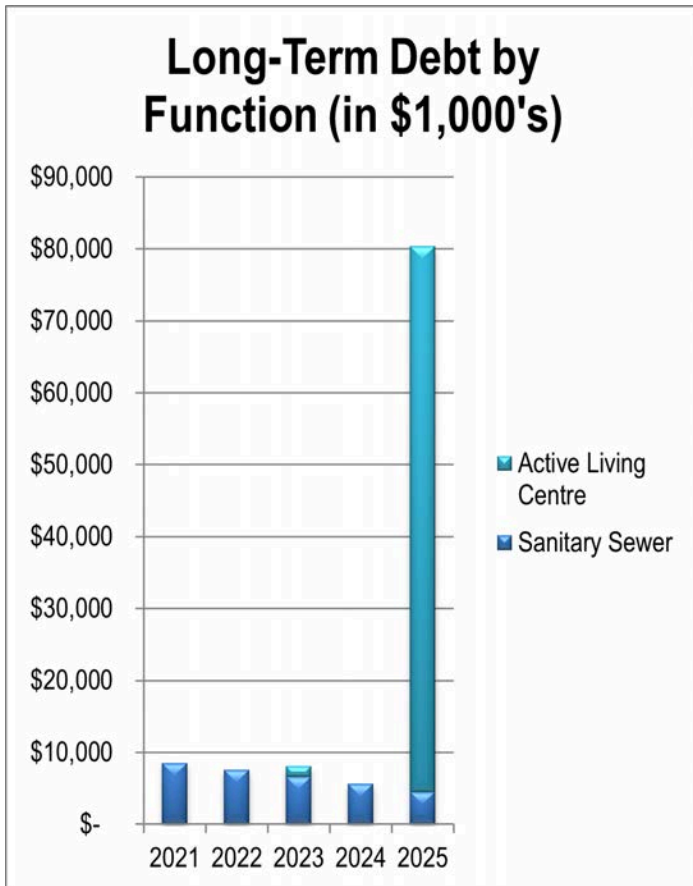
Debt Per Capita

	\$ 185	\$ 160	\$ 168	\$ 758	\$ 1,623
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Proportional Funding Sources for Long-Term Debt

Sanitary Sewer Fees
Development Cost Charges
General Taxation

Sanitary Sewer Fees	51.2%	70.0%	70.0%	10.5%	21.8%
Development Cost Charges	19.5%	30.0%	30.0%	4.5%	9.3%
General Taxation	4.1%	0.0%	0.0%	85.0%	68.9%
Total	74.8%	100.0%	100.0%	100.0%	100.0%



Debt Capacity

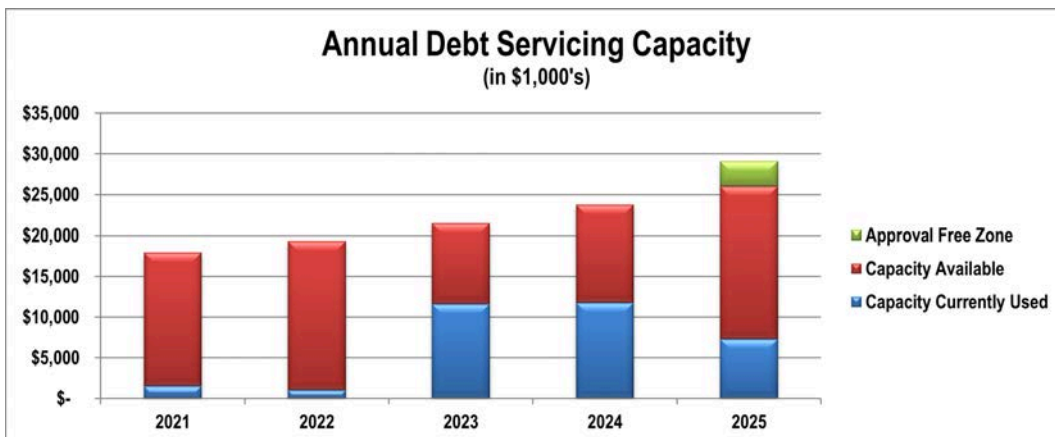
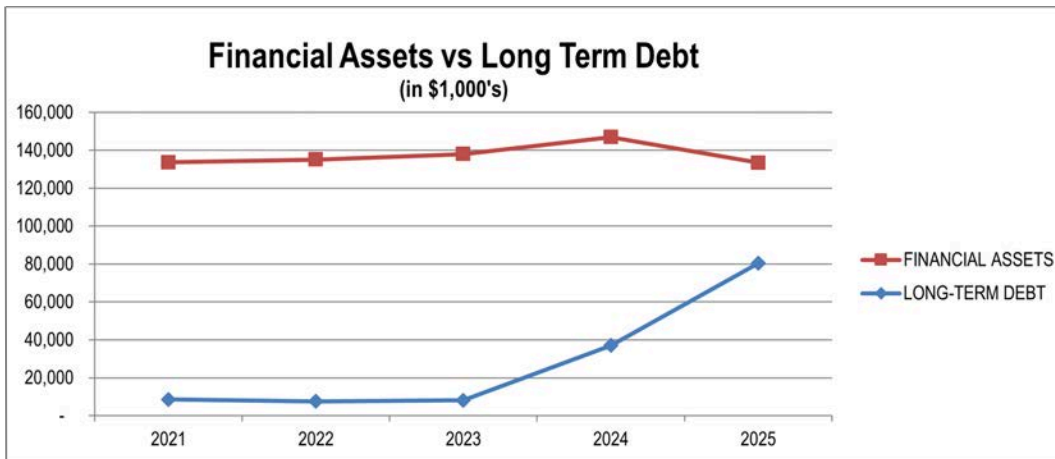
(In \$1,000's)

	2021	2022	2023	2024	2025
Financial Assets	\$ 133,677	\$ 135,095	\$ 138,085	\$ 146,926	\$ 133,468
Long-Term Debt	8,527	7,580	8,097	37,075	80,404
Ratio of Financial Assets to Long-Term Debt	15.68	17.82	17.05	3.96	1.66

The City's ability to borrow funds (debt capacity) is based on a calculation to determine the maximum principal and interest payments (liability servicing) allowed in a year. The liability servicing limit is calculated based on a percentage of applicable Municipal Revenues determined by the Province.

Municipal Revenues	\$ 71,732	\$ 77,224	\$ 85,957	\$ 95,109	\$ 104,048
Liability Servicing Factor	25%	25%	25%	25%	25%
Liability Servicing Limit	\$ 17,933	\$ 19,306	\$ 21,489	\$ 23,777	\$ 26,012
Liability Servicing Cost					
Debt Servicing for Authorized and Issued Debt	\$ 1,269	\$ 779	\$ 773	\$ 786	\$ 3,192
Estimated Debt Servicing for Unissued Debt*	237	237	10,829	10,982	4,111
Total Liability Servicing Cost	\$ 1,506	\$ 1,016	\$ 11,602	\$ 11,768	\$ 7,303
Liability Servicing Capacity Available	\$ 16,427	\$ 18,290	\$ 9,887	\$ 12,009	\$ 18,709
Approval Free Zone Servicing Capacity Available*					\$ 3,101

*In 2025, the zone was increased from 5% to 10% which changed the capacity



* Unissued debt for 2022-2024 includes authorization to borrow up to \$121 million for the new Active Living Centre.

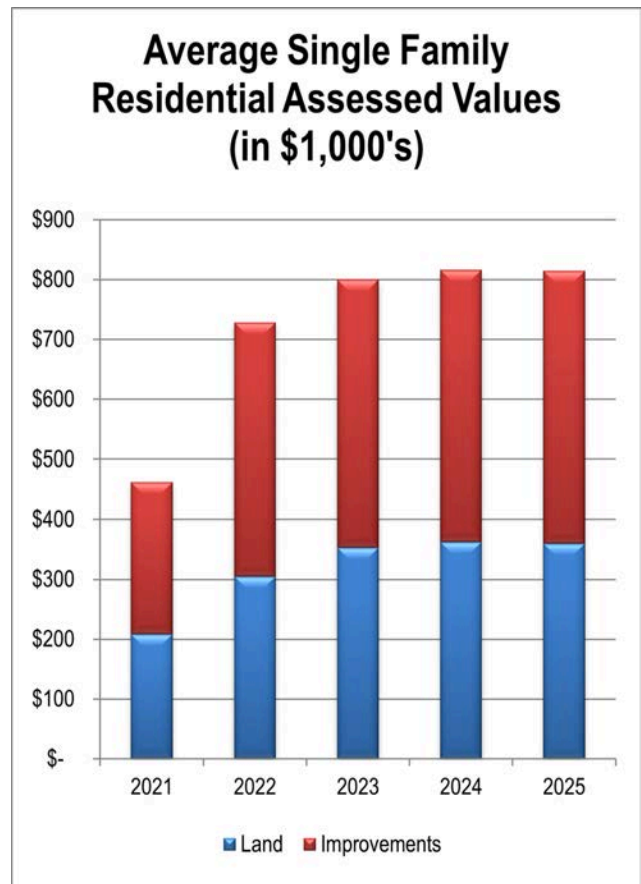
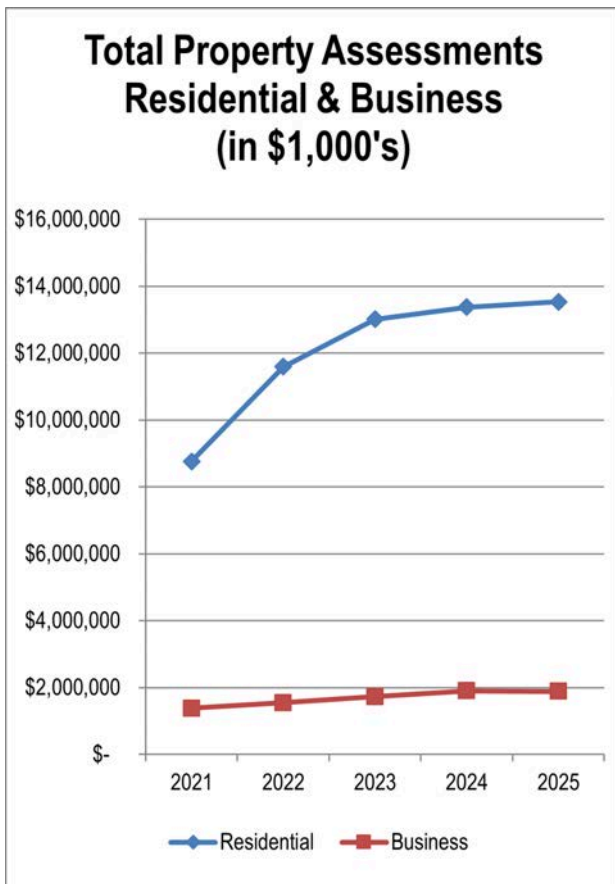
Property Assessments

(In \$,000's)

	2021	2022	2023	2024	2025
Residential	\$ 8,766,207	\$ 11,593,343	\$ 13,009,426	\$ 13,373,859	\$ 13,529,109
Business	1,378,795	1,545,251	1,729,052	1,899,815	1,889,375
Light Industrial	50,286	59,802	67,802	81,838	77,607
Recreation & Non-Profit	24,319	25,892	28,878	32,400	29,003
Utility	9,094	10,544	11,696	12,905	12,645
Farm Land & Managed Forest	3,596	3,700	3,928	4,052	4,164
	\$10,232,297	\$ 13,238,532	\$ 14,850,782	\$ 15,404,869	\$ 15,541,904
% Change From Prior Year	5.9%	29.4%	12.2%	3.7%	0.9%

Average Single Family Residential Assessed Values

Land	\$ 208	\$ 305	\$ 353	\$ 362	\$ 360
Improvements	254	423	447	454	454
	\$ 462	\$ 728	\$ 800	\$ 816	\$ 814
% Change From Prior Year	4.5%	57.6%	9.9%	2.0%	-0.2%

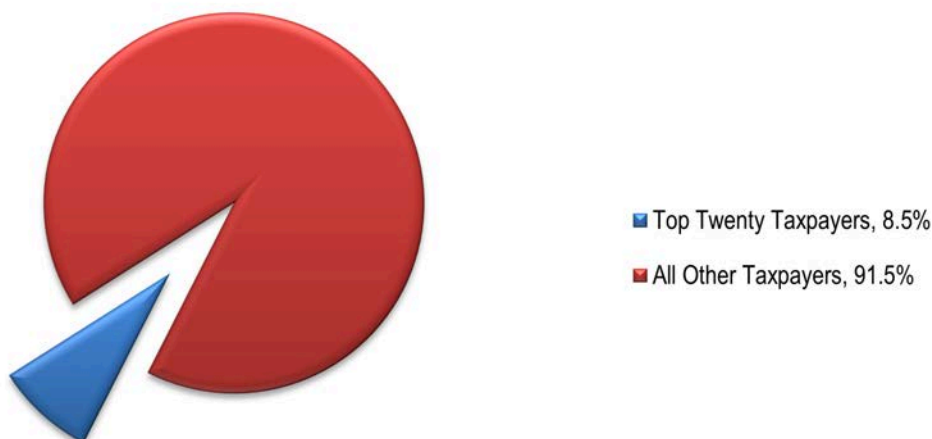


Principal Corporate Taxpayers

(in \$1000's)

Rank	Category	Common Name	General Tax Levy 2025
1	Retail	Village Green Shopping Centre	\$ 658
2	Retail	Vernon Smart Centre (including Wal-Mart)	595
3	Hotel	Sparkling Hills Resort	379
4	Retail	Real Canadian Superstore	338
5	Retail	The Shops at Polson Park	254
6	Office	Kal Tire - Corporate Office	251
7	Retail	Vernon Square (Northern Portion)	226
8	Office	Tolko Industries - Corporate Office	175
9	Retail	Vernon Storage Centre	172
10	Retail	The Home Depot	156
11	Hotel	Holiday Inn	149
12	Hotel	Best Western Premier Route Vernon	140
13	Retail	Anderson Crossing	134
14	Hotel	Fairfield Inn & Suites by Marriott	128
15	Retail	Fruit Union Plaza	125
16	Manufacturing	Tekmar	122
17	Retail	Rona	117
18	Office & Retail	Nixon Wenger Office Building	111
19	Retail	Vernon Square (Southern Portion)	109
20	Hotel	Prestige Hotel Vernon	109
Total General & Fire Tax Revenue - Top Twenty			\$ 4,448
Total General & Fire Tax Revenue - City Wide			\$ 52,175
Proportion of Taxes Paid by Top Twenty			8.5%

Tax Contribution from Principal Corporate Taxpayers



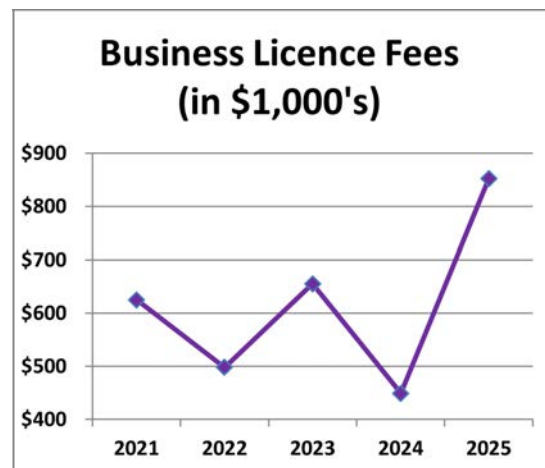
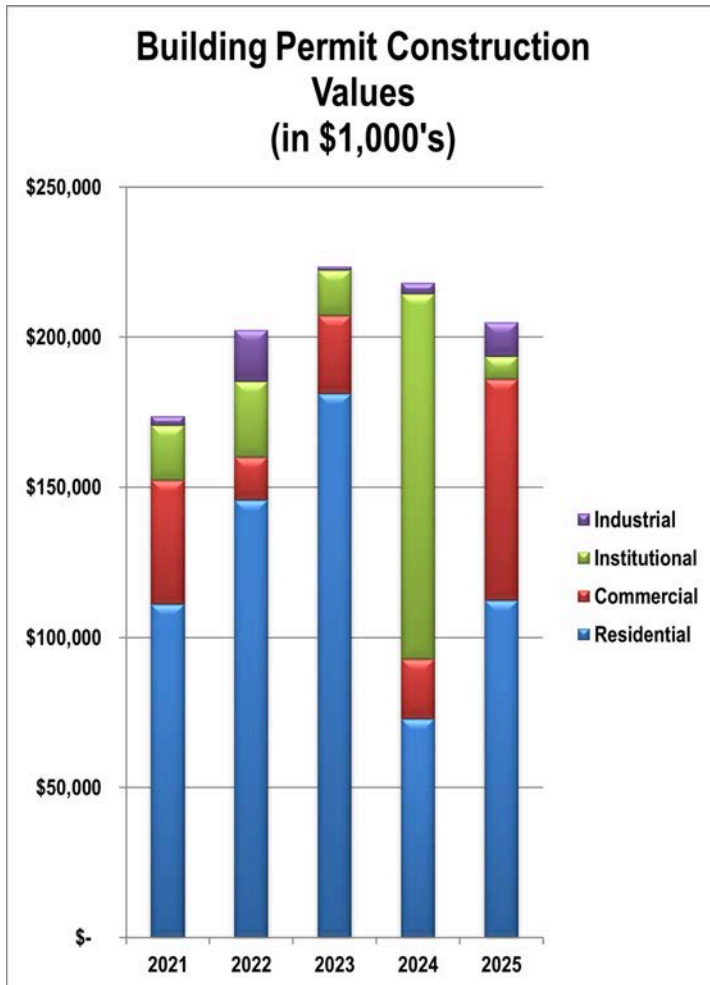
Building Permits and Business Licences

(In \$1000's)

Building Permit Construction Values

	2021	2022	2023	2024	2025
Residential	\$ 111,082	\$ 145,567	\$ 181,143	\$ 72,925	\$ 112,402
Commercial	41,193	14,332	25,953	19,934	73,527
Institutional	18,196	25,266	15,210	121,449	7,628
Industrial	3,104	17,236	1,228	3,716	11,389
Total	\$ 173,575	\$ 202,401	\$ 223,534	\$ 218,024	\$ 204,946
Building Permit Fees	\$ 1,658	\$ 1,957	\$ 2,153	\$ 1,219	\$ 1,991
Number of Building Permits Issued	433	415	345	309	318
Business Licence Fees	\$ 625	\$ 498	\$ 655	\$ 449	\$ 852
Number of Licenced Businesses	3,473	3,696	3,411	3,457	4,606
Number of Land Use Applications Processed*	226	206	222	187	139

*Includes applications for Rezoning, OCP Amendment, Development Permit, Development Variance Permit, ALR, and Subdivision



Population Demographics and Miscellaneous Statistics

Annual Estimated Population (Source: BC Statistics 2022)
(Updated numbers as of 2025)

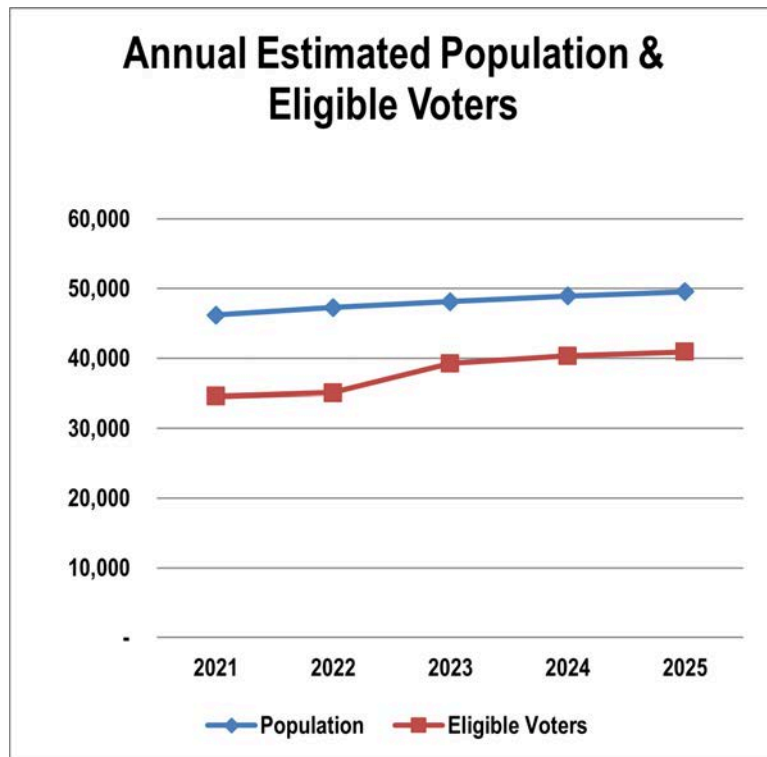
Population Growth Rates

Annual Estimated Eligible Voters

Unemployment Rates

(Source: Statistics Canada for the Thompson/Okanagan region)

	2021	2022	2023	2024	2025
Annual Estimated Population	46,199	47,249	48,106	48,920	49,527
Population Growth Rates	1.9%	2.3%	1.8%	1.7%	1.2%
Annual Estimated Eligible Voters	34,573	35,060	39,230	40,318	40,890
Unemployment Rates	6.4%	5.4%	4.2%	5.5%	6.4%



Selected Statistics:

Taxable Area (hectares)	7,677
Total Area (hectares)	11,762
Paved Roads (kilometers)	605
Sidewalks & Pathways (kilometers)	215
Number of Fire Hydrants	1,331
Storm Sewer Pipes (kilometers)	207
Sanitary Sewer Pipes (kilometers)	296
Residential Sewer Connections	11,751
Commercial & Other Sewer Connections	1,005
Sewer System Average Daily Flow (cubic metres/day)	12,479

2021 and 2016 Census (Source: Statistics Canada)

	Total	Age Group				
		0 - 14	15 - 24	25 - 44	45 - 64	65+
2021	44,520	6,035	4,020	10,145	11,805	12,515
2016	40,116	5,670	4,040	8,760	11,420	10,226
Total Net Growth	4,404	365	(20)	1,385	385	2,289
Percent Growth	11.0%	6.4%	-0.5%	15.8%	3.4%	22.4%
2021 Distribution by Age Group	100.0%	13.6%	9.0%	22.8%	26.5%	28.1%
2016 Distribution by Age Group	100.0%	14.1%	10.1%	21.8%	28.5%	25.5%

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