



CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

2004

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Vancouver City Council, 2002 - 2005

Mayor Larry W. Campbell



Fred Bass



David Cadman



Jim Green



Peter Ladner



Raymond Louie



Tim Louis



Sam Sullivan



Ellen Woodsworth



Anne Roberts



Tim Stevenson

OFFICIALS

Corporate Management Team

City Manager	J. Rogers, M.P.A.
Deputy City Manager	B. MacGregor, P. Eng.
Chief Constable	J. Graham
Director of Legal Services	F. Connell, LL.B
City Librarian	P. Whitney, M.L.S.
General Manager of Community Services	J. Forbes-Roberts
General Manager of Corporate Services	E. Lo, B. Comm, M.B.A., C.M.A.
General Manager of Engineering Services	T. Timm, P. Eng.
General Manager of Fire and Rescue Services	R. Holdgate
General Manager of Human Resource Services	M. Zora, B.Comm.
General Manager of Parks and Recreation	S.J. Mundick, B.R.I.S., R.D.M.R.
General Manager of Olympic Operations	D. Rudberg, P.Eng.

Financial Services

Director of Finance	E. Lo, B. Comm, M.B.A., C.M.A.
Director of Financial Services	T. Corrigan, C.A., M.P.A.
Director of Financial Planning and Treasury	K.B. Bayne, B.A., M.Sc. (Bus.)
Manager of Accounting Services	E. Lee, B. Comm, C.A.
Director of Budget Services	A. Klein, M.B.A.
City Treasurer and Collector	G. Merchant, M.B.A.

City Clerk

S. Baxter

City Auditor
KPMG LLP, Chartered Accountants

Banker
Bank of Montreal

Fiscal Agent - Worldwide
RBC Dominion Securities Inc.

Fiscal Agent for Certain Functions
Relating to Eurobond Issues
Royal Bank of Canada, London

Relating to Book Entry Only Issues
Canadian Depository for Securities Ltd.

BOARDS

Vancouver Public Library Board

City Librarian – P. Whitney
J. Andersen – Chair
J. Buckberrough – Vice-Chair
Shannon Daub – Vice-Chair
Angela Kenyon, School Board Representative
Anita Romaniuk, Parks and Recreation Representative
Councillor Tim Louis – Council Liaison
M. Bawa A. Higgs
K. Chong L. Kuehn
D. Foley A. Zaenker
T. Hansen

Vancouver Police Board

J. Graham – Chief Constable
Mayor L. Campbell – Chair
L. Kennedy J. Pau
M. McNeil P. Webster

Vancouver Civic Theatres Board

Director – R. Ackerman
Directors Emeritus – H. Pickett and N. Young
A. Jones – Chair
B. McLean – Vice-Chair
Councillor R. Louie – Council Liaison
M. Andrew W. Saunders
D. Lam G. Stamp

Board of Parks and Recreation

General Manager – S. Mundick
E. Riccius – Chair
L. Poaps – Vice-Chair
S. Anton A. Romaniuk
H. Deal L. Woodcock
A. De Genova

Board of School Trustees for School District No. 39 (Vancouver)

Superintendent of Schools – C. Kelly
Secretary-Treasurer – B. Ng
A. Montani – Chair
A. Blakey – Vice-Chair
J. Bouey K. Millsip
J. Cheng A. Reimer
N. Herron A. Wong
A. Kenyon

City Hall, Vancouver
April 13, 2005

**Mayor L. Campbell and
Members of Council**

It is my pleasure to submit the Consolidated Financial Statements for the City of Vancouver for the year ended December 31, 2004. These financial statements include the financial position and results of operations of the City including its boards and City-owned/controlled corporations. Effective January 1, 2004 the Province of British Columbia transferred the ownership and management of Pacific National Exhibition (PNE) to the City.

Reporting Changes for 2004

As noted in the 2003 Annual Report Director of Finance Highlights, commencing with the 2004 financial year, Public Sector Accounting Board (PSAB) standards require that the City recognize a liability and report an expense for all benefits earned by employees and expected to be provided to them by the City when they no longer provide active service to the City, either on a temporary or permanent basis. The City previously recognized \$25.3 million as a liability and expense for deferred vacation and sick leave gratuities which are future payroll obligations that could be taken in cash by employees on termination or retirement. Effective 2004, obligations for other future employee benefits including long term disability income continuation plans, nonvesting accumulated sick leave, health care continuation provisions, statutory holiday banks, full vacation entitlement at retirement and past service pension buy backs have been recorded. The change in accounting policy for the liabilities and expenses not previously reported has been applied retroactively to 2003.

The total liability at the end of 2004 is estimated to be \$68.9 million, \$39.7 million of which is due to the requirement to recognize all the additional future employee benefits. The City manages the payment of the future payroll obligations as they come due in the annual Operating Budget. The City has also provided \$14.3 million in reserves to reduce the impact on future budgets that may result from an anticipated increase in the number of employees retiring over the next 5 to 10 years.

2004 Financial Highlights

The City continued to maintain a strong financial position in 2004:

- The cash position of the City, including temporary investments, increased to \$622.6 million from \$473.5 million at the end of 2003. The increase of \$149.1 million (31.5%) was mainly due to the issuance of a \$100 million City of Vancouver debenture in early 2004, an increase in reserves for specific purposes by \$38.5 million and improved tax collections of \$10.5 million.
- Through tight fiscal control, the City was able to manage expenditures within the Operating Budget envelope ending the year with a surplus of \$1.2 million.
- Expenditures on capital works totalled \$127.2 million, compared to \$147.0 million in 2003, a 13.5% decrease due to one-time expenditures in 2003 including the purchase of the Woodward's building (\$6.2 million) and construction of the Stanley Park S-curve (\$9.1 million).
- Reserves set aside for specific purposes by Council increased during 2004 by \$38.5 million to \$243.8 million. Major increases included Community Amenities of \$11.4 million, Future Revenue Fund Budgets of \$13.2 million, Water and Sewer Utility Rate Stabilization of \$4.0 million and Solid Waste Capital of \$5.8 million.
- Funding of \$7.6 million was provided for future payroll benefit obligations. To date, total funding of \$14.3 million has been provided in reserves to meet increased employment related payments due to anticipated retirement of long term staff over the next 5 to 10 years.
- In March 2004, the City issued a \$100 million 10-year serial debenture to finance the capital expenditure program. At the time of the issue, the debenture represented the largest municipal serial issue in Canadian history. The cost to the City was 4.2%, the lowest financing cost completed by the City in over 20 years.
- Total debt outstanding at December 31, 2004 was \$552.5 million (2003 - \$477.5 million), of which \$472.3 million was held externally; the balance of \$80.2 million was held by the Sinking Fund. Of this internally held debt, \$19.1 million is to be recovered from individual property owners through local improvement charges. All debt of the City is payable in Canadian dollars.
- Solid waste landfill closure and post-closure costs increased by \$7.5 million in 2004 compared to \$1.2 million in 2003. The increase was due to three factors: a change in the discount rate from 7% to 5% due to lower interest rates (\$3.8 million), increased costs due to technological changes (\$2.1 million) and the amount of landfill capacity used in 2004 (\$1.6 million).

Property Tax Receivable

Property tax collection remained strong. As the chart shows, over the last five years, although tax levies have increased, the total tax arrears have continued to decline from over \$38 million in 2000 to \$25.3 million in 2004.

The collection of 2004 property taxes, including those amounts raised for other taxing authorities, amounted to \$871.4 million, or 98.3% of the total 2004 property taxes levied. During the year, the City also collected \$23.9 million (67.6%) of the \$34.4 million property tax in arrears at the beginning of 2004.

At year end, preauthorized tax payments were \$30.2 million compared to \$23.3 million at the end of 2003, an increase of 29.6%.

The growth in tax prepayments is indicative of the increasing participation of property owners in the Tax Installment Prepayment Program. Participation in the program continues to increase as more taxpayers find it a convenient way to budget and pay their property taxes.

The program allows taxpayers to pay in 10 equal installments, receive 1.25% interest on prepayments, and have an automatic withdrawal made from their bank accounts for any final balances due.

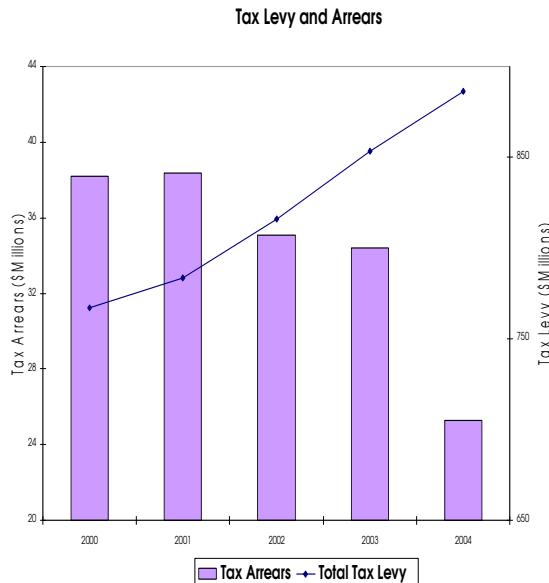
Revenue Fund

The Revenue Fund accounts for the general operations for the City. Spending authority and control for the fund are provided by Council through the annual Operating Budget.

Revenues for the year totalled \$805.7 million and expenditures, debt repayments and transfers amounted to \$804.5 million, resulting in a revenue fund surplus of \$1.2 million. The total fund balance of the Revenue Fund currently stands at \$9.2 million, compared to \$8.0 million in 2003.

Total operating revenues increased \$26.9 million from 2003 mainly due to:

- An increase in taxation revenue of \$9.1 million or 2.0% from \$456.3 million to \$465.4 million. City Council approved a 2.93% increase in the property tax levy in 2004 generating \$12.3 million in net tax revenues. Taxes from new construction added another \$3.4 million to the property tax revenue. Offsetting the increase in property tax revenue was a decrease of \$6.5 million in hotel tax revenue which is now paid directly to Tourism Vancouver.
- An increase in water utility user fees of \$3.1 million (5.2%) following Council approval of a 6.1% increase to water rates reflecting an increase in regional water costs. Offsetting the rate increase was a reduction in water consumption due to water restrictions imposed in 2004.
- An increase in solid waste utility user fees of \$1.4 million (3.9%) due mainly to the higher volume of demolition material and general waste tonnage received at the transfer station and landfill site.
- An increase in sewer utility user fees of \$1.2 million (3.8%) mainly related to a 2.4% increase to sewer rates that reflect increased regional cost of sewer services, as well as increased metered usage and an increase in the number of flat rated dwelling units due to growth.
- An increase in other fees, rates and cost recoveries of \$4.2 million due to a combination of: increased revenues from the on-street parking program due to a rate increase and improved compliance (\$1.3 million), increased permit fees due to extended hours of liquor establishments (\$0.6 million) and service and inspection fees (\$4.1 million). Offsetting the increases were \$1.7 million in lower recoveries in Police (Missing Women and Counterattack) and Fire (due to interior forest fires in 2003).
- An increase in Revenue sharing grants and contributions of \$7.7 million due to municipalities now receiving 100% rather than 25% of the Traffic Fines revenue from the Provincial Government.



REPORT OF THE DIRECTOR OF FINANCE

Total operating expenditures amounted to \$696.7 million, an increase of \$22.5 million. This increase was primarily related to the wage and fringe benefit adjustments for employees which added approximately \$6.7 million to the 2004 expenditures.

Other major areas of change in expenditures are:

- Increase in costs of \$14.2 million due to provision for obligations to be funded from future revenues. This is comprised of \$7.5 million increase in the accrual for the solid waste landfill site closure and post closure costs, \$6.1 million increase in the accrual for future payroll benefit obligations and \$0.7 million increase in accrued interest on long-term debt due to the debenture issue in 2004.
- Police expenditures increased by \$3.8 million over 2003 which included a \$2.3 million increase in accrual for future payroll benefits. As well, \$2.1 million in higher overtime was incurred by sworn officers. This was partially offset by lower separation costs of \$1.3 million incurred in 2004 versus 2003.
- An increase of \$3.1 million in the cost of water charged by the Greater Vancouver Water District which increased rates by 12%.
- A \$2.2 million increase in the requisition from E-Comm for the provision of emergency radio and communication services.
- The review of the City's electoral system and subsequent plebiscite on the Ward Electoral System increased expenditures in 2004 by \$0.9 million.
- Increased Vancouver Agreement and National Criminal Prevention Council (NCPC) activities for the Downtown Eastside of \$1.5 million.
- An increase of \$1.5 million for planning projects such as the PNE, Downtown Transportation Plan, East Fraser Lands Planning Study, and Vancouver Convention Centre II.
- An increase in the provision for uncollectible accounts of \$1.1 million for trade, rental and sundry receivables.
- Costs of \$0.9 million related to Sustainability and RAV related initiatives added in 2004.
- An increase in Recreation and Parks costs of \$1.4 million is due to \$0.7 million increase in accrual for future payroll benefits and \$1.5 million in inflation for wages and fringe benefits. Offsetting these incremental costs was a decrease of \$0.8 million related to the closure of two pools for renovations.
- Lower expenditures by \$6.5 million due to the hotel tax being directly remitted to Tourism Vancouver instead of being received and remitted by the City.
- Lower expenditures in 2004 due to one time costs of \$1.0 million incurred in 2003 for a plebiscite to assess the public's opinion on hosting the Olympic Games.

Capital Fund

The Capital Fund accounts for the City's capital expenditures and programs supporting civic infrastructure as well as the related financing. It also holds all properties required for civic use and the related long term debt. Spending authority and control are provided through the annual Capital Budget and the Three Year Capital Plan approved by Council.

The Capital Fund ended the year with a fund surplus of \$13.5 million compared to a fund shortfall of \$41.7 million in 2003, a change of \$55.2 million. This change reflects the timing difference between the capital expenditures and debenture issuance and the fact that the City issued a \$100 million debenture in early 2004.

The Property Endowment Fund and the Capital Financing Fund have provided \$16.8 million and \$59.5 million, respectively, for a total of \$76.3 million interim financing to the Capital Fund for several capital projects approved by Council outside the three year capital program. The interim financing will be repaid with interest from future operating savings or additional fees and service charges without impacting on existing property taxation levels provided in the Operating Budget. Debenture financing will not be required for these capital expenditures.

When the interim financing from the Property Endowment Fund and the Capital Financing Fund are included, the closing fund balance is \$89.8 million.

In November 2002, the electorate approved borrowing authority of \$116.8 million to finance the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure as part of the 2003 – 2005 Capital Plan. At the year end, approximately \$89.1 million of general borrowing authority and \$36.8 million of sewer and water borrowing authority from the 2003-2005 and prior Capital Plans had not been exercised by Council through issuance of debentures. Council has also indicated that it will approve an additional \$13.6 million in borrowing authority for sewer and water expenditures to complete the 2003-2005 Capital Plan.

REPORT OF THE DIRECTOR OF FINANCE

During 2004, the City spent \$127.2 million on capital works. Capital expenditures range from maintenance and improvements to roads, streets, sewers and water distribution systems to fire protection and parks and recreation facilities. Some of the major spending in 2004 included:

	\$ Million
Streets, traffic and safety	30.3
Main sewer construction and sewer abatement	24.5
Water works distribution system	19.0
Construction of Engineering works yard	6.3
Vehicle and equipment purchases	18.4
Parks, community centres, playing fields, ice rinks	12.5
Daycare, social housing and community services facilities	5.3
Technology infrastructure	5.7
Construction and capital maintenance of City buildings and systems	5.2

Capital Financing Fund

The Capital Financing Fund (CFF) provides funds for the internal financing of capital works and holds the City's Solid Waste Capital Reserve which accumulates funds to meet closure and post closure costs at the City's landfill site. Spending authority and control are provided by Council through specific approvals.

By the end of the year, the CFF had advanced \$59.5 million to the Capital Fund to finance specific capital projects. The interim financing will be repaid with interest from future operating savings or additional fees and service charges without impacting on the existing property taxation levels provided in the Operating Budget.

Sinking Fund

The Sinking Fund is a statutory requirement of the Vancouver Charter and provides for the retirement of the City's sinking fund debentures. The accumulation of annual principal installments collected through tax levies, together with interest earned, provide for retirement of principal at maturity. The Sinking Fund reserve for debt retirement at December 31, 2004 was \$163.4 million. Approximately \$27.3 million relates to internally held debt.

Surplus funds over and above those required to meet future debt maturities are transferred to the Revenue Fund. During 2004, the transfer was only \$0.1 million due to the trend of declining interest rates on temporary investments. The amount of the annual principal installments from the operating budget will have to be increased to meet future principal repayments that come due on sinking fund debenture maturities if interest rates persist at their current low levels or fall lower.

At the year end, the Sinking Fund held as investments \$80.2 million of City of Vancouver debentures.

Property Endowment Fund

The Property Endowment Fund (PEF) accounts for real estate properties not required for civic purposes including non-market housing sites, other residential and commercial properties and parking garages. The Fund is also a source of internal financing for civic projects. Specific Council approval is required for all property sales and purchases.

In 2004, the PEF spent \$30.9 million on capital assets compared to \$26.3 million in 2003. Of this amount, \$17.3 million was spent on the Gastown Parkade (Water Street and Cordova Street Parkades) with funding from the Parking Sites Reserve. \$7.5 million was spent on acquisition and renovations for non-market housing including the Granville Hotel and 1134 Burrard, funded partially by Development Cost Levies from the Capital Fund. Another \$6.1 million in properties were acquired for future strategic purposes such as assembly or development.

During the year, the PEF sold 6 properties including 2 parking sites to replenish the Parking Sites Reserve (\$13.3 million) and 3 sites surplus to the City's needs (\$4.1 million).

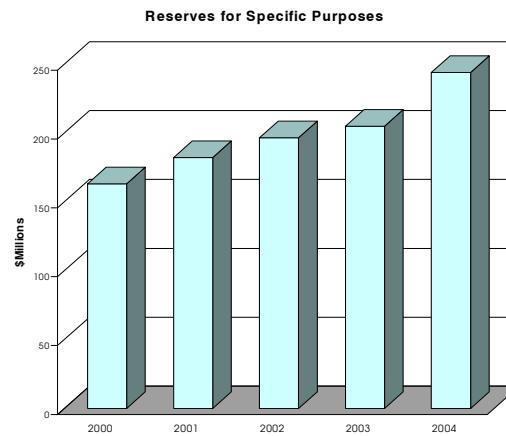
On an annual basis, \$7.0 million of the net revenue from operations is transferred to the Revenue Fund to support general operations. The PEF also financed \$1.9 million of administrative expenses in the Operating Budget. By the end of the year, the PEF had advanced \$16.8 million to the Capital Fund as financing for specific capital projects approved by Council outside the 2003-2005 Capital Plan. The interim financing will be repaid with interest from future operating savings, additional fees and service charges and within the existing property taxation level provided in the Operating Budget.

Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves. At the end of 2004, these reserves totalled \$383.4 million comprised of \$139.6 million of Sinking Fund reserve for external debt retirement and \$243.8 million of reserves set aside for other purposes.

The \$243.8 million of reserves represents an increase of \$38.5 million over 2004 or a 18.7% increase. The most significant changes were:

- The Solid Waste Capital Reserve increased by \$5.8 million to \$57.9 million as a result of surpluses from solid waste operations. This reserve is being accumulated to fund closure and post-closure costs at the City's landfill. Funds from the reserve will also be used to implement an automated garbage collection system over 2005 to 2007.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan decreased by \$1.1 million to \$28.9 million. The reserve is funded by internal equipment rates and fixed provisions in the Operating Budget. The 2004 transfer to the reserve totalled \$15.8 million. Actual expenditures drawn on the reserve were \$16.9 million.
- The Community Amenities Reserve increased by \$11.4 million to \$30.8 million due mainly to a \$10.6 million payment by the Vancouver Convention Centre Expansion Project for the Arts Complex site.
- The Sewer and Water Utility Rate Stabilization Reserves increased by \$4.0 million to \$23.6 million as a result of surpluses from operations.
- The Parking Sites Reserve increased by \$2.1 million resulting from proceeds of sale of a downtown parking site (700 block Richards) for \$13.3 million and net parking revenues of \$3.8 million. The increase was offset by funding the redevelopment of the Gastown Parkade on Cordova and Water Streets (\$14.1 million) and other parking structures capital expenditures (\$0.9 million).
- Capital Facilities Reserve decreased by \$1.6 million to provide funding of \$0.5 million for each of Four Corners Bank, Mount Pleasant Neighbourhood House and property purchase for the Rapid Transit Station at VCC.
- Future Revenue Budgets Reserve increased by \$13.2 million to provide funding mainly for future payroll benefit obligations (\$7.6 million), future debt charges (\$2.5 million), Workers Compensation costs (\$1.0 million) and provision for reduction in rent in lieu payment pending sale of property (\$2.0 million).

**Future Accounting and Reporting Changes**

PSAB is developing new standards for the accounting and reporting of capital assets and in December 2004, released a Statement of Principles. The principles that will represent a departure from the current accounting policies of the City include:

- capital assets should be reported on the statement of financial position at amortized historical cost
- capital assets should be depreciated on the statement of operations.

The impact to the City will be a reduction in the carrying value of land from BC Assessment values to historical cost and the recording of depreciation of capital assets. Finalization of the accounting standards and their implementation is expected to take several years.

Conclusion

The City of Vancouver has continued to maintain a strong financial position going into 2005. The financial strength of the City reflects the careful attention to prudent financial management provided by Council and staff.

Respectfully submitted,

Estelle Lo
Director of Finance



KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

AUDITORS' REPORT TO THE MAYOR AND COUNCILLORS OF THE CITY OF VANCOUVER

We have audited the consolidated statement of financial position of the City of Vancouver (the "City") as at December 31, 2004 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Vancouver Charter, we report that, in our opinion, these principles have been applied, to the consolidated financial statements, on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

Vancouver, Canada

April 1, 2005

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

CITY OF VANCOUVER
Consolidated Statement of Financial Position
As at December 31
($\$000$ s)

	2004	2003
		Restated Note 9(a)
FINANCIAL ASSETS		
Cash (Note 2)	\$ 66,638	\$ 36,819
Temporary investments (Note 2)	555,974	436,666
Accounts receivable and accrued interest (Note 3)	50,095	46,987
Local improvement receivable	18,614	19,735
Property taxes receivable	19,890	30,433
Lease agreement receivable (Note 10(f))	53,171	54,616
	<u>764,382</u>	<u>625,256</u>
PHYSICAL ASSETS		
Inventory	12,091	11,398
Capital assets (Note 4)	<u>7,274,586</u>	<u>6,767,071</u>
	<u>7,286,677</u>	<u>6,778,469</u>
	<u><u>\$ 8,051,059</u></u>	<u><u>\$ 7,403,725</u></u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	\$ 225,233	\$ 211,013
Mortgage and loan agreements (Note 10(f))	68,493	66,897
Long term debt (Note 6)	472,332	396,136
Deferred income	43,431	29,978
	<u>809,489</u>	<u>704,024</u>
MUNICIPAL EQUITY		
Equity in capital assets (Note 5)	6,726,096	6,299,132
Reserve for debt retirement (Note 6)	139,630	112,748
Reserves (Note 7)	243,754	205,281
Fund balances (Note 8)	232,887	169,045
Obligations to be funded from future revenue (Note 9)	<u>(100,797)</u>	<u>(86,505)</u>
	<u>7,241,570</u>	<u>6,699,701</u>
	<u><u>\$ 8,051,059</u></u>	<u><u>\$ 7,403,725</u></u>

Contingencies and commitments (Note 10)

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Financial Activities
Years Ended December 31
($\$000s$)

	2004	2003
		Restated Note 9(a)
REVENUE		
Property taxes, penalties and interest	\$ 465,447	\$ 456,300
Water fees	61,412	58,360
Solid waste fees	36,970	35,592
Sewer fees	32,951	31,756
Other fees, rates and cost recoveries	262,039	223,172
Revenue sharing, grants and contributions	14,781	7,227
Investment income	21,470	21,098
Rental and lease income	37,782	36,346
Sale of property	17,722	9,479
	<u>950,574</u>	<u>879,330</u>
EXPENDITURES		
General government	131,715	129,523
Police protection	158,412	152,583
Fire protection	75,744	75,307
Engineering	110,256	123,606
Water utility	62,338	62,717
Solid waste	37,484	29,882
Sewer utility	72,417	71,128
Planning and development	58,725	61,001
Recreation and parks	136,079	88,434
Community and cultural services	70,291	68,440
	<u>913,461</u>	<u>862,621</u>
NET REVENUE	<u>37,113</u>	<u>16,709</u>
DEBT, TRANSFERS AND OTHER		
Debt		
Principal repayments	(26,111)	(26,629)
New issues	103,903	-
Net transfers to reserves	(65,355)	(34,258)
Change in obligations to be funded from future revenue	14,292	1,922
	<u>26,729</u>	<u>(58,965)</u>
CHANGE IN FUND BALANCES	<u>63,842</u>	<u>(42,256)</u>
FUND BALANCES (Note 8)		
Beginning of year	<u>169,045</u>	<u>211,301</u>
End of year	<u>\$ 232,887</u>	<u>\$ 169,045</u>

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Cash Flows
Years Ended December 31
($\$$ 000s)

	2004	2003
		Restated Note 9(a)
CASH PROVIDED BY (USED IN):		
Operations		
Net revenue	\$ 37,113	\$ 16,709
Change in non-cash items	<u>34,222</u>	<u>6,138</u>
	<u><u>71,335</u></u>	<u><u>22,847</u></u>
Financing		
Debt issued	103,903	-
Debt repayments	<u>(26,111)</u>	<u>(26,629)</u>
	<u><u>77,792</u></u>	<u><u>(26,629)</u></u>
Investing		
Net purchase of temporary investments	<u>(119,308)</u>	<u>(39,436)</u>
NET INCREASE (DECREASE) IN CASH	29,819	(43,218)
CASH		
Beginning of year	<u><u>36,819</u></u>	<u><u>80,037</u></u>
End of year	<u><u>\$ 66,638</u></u>	<u><u>\$ 36,819</u></u>

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's)
Year Ended December 31, 2004

The City of Vancouver was incorporated in 1886 and is governed by the Vancouver Charter, a private bill consented to by the Legislative Assembly of the Province of British Columbia.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements of the City have been prepared, in all material respects, in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, Revenue, expenditures, and changes in fund balances of all funds of the reporting entity. The reporting entity is comprised of all the organizations that are accountable for the administration of their financial affairs and resources to Council and that are owned or controlled by the City. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

Outside Boards

Parks & Recreation	Vancouver Police
Vancouver Public Library	Vancouver Civic Theatres

Owned/Controlled Entities

Hastings Institute Inc.	Vancouver Civic Development Corporation
Harbour Park Development Ltd.	City of Vancouver Public Housing Corporation
Parking Corporation of Vancouver	Pacific National Exhibition

On January 1, 2004 the Province of British Columbia transferred the ownership and management of the Pacific National Exhibition (PNE) to the City.

Also included in these statements are certain assets owned by the City that are managed by the following organizations:

Vancouver Art Gallery Society	H.R. MacMillan Space Centre
Vancouver Museum	Vancouver Maritime Museum

(c) Fund Accounting

The resources and operations of the City are comprised of the funds listed below. Supporting schedules to the consolidated financial statements are included to show the financial activities and balance of each fund.

Capital

Accounts for capital expenditures supporting civic infrastructure and holds all properties required for civic use and the related long term debt.

Revenue

Accounts for revenue and expenditures for the general operations of the City including sewer, solid waste and water utilities.

Property Endowment

Accounts for properties not required for civic use which are leased to third parties, or held for, or are being developed for resale or lease.

Sinking

Accounts for the accumulation of installments generated from tax levies in accordance with the actuarial requirements for the retirement of sinking fund debt at maturity.

Capital Financing

Accounts for funds designated for the financing of capital works, for the acquisition of the City's debentures and for funds set aside for the City's solid waste disposal program.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Basis of Accounting

- (i) Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the City discharges the obligations that led to the collection of funds.
- (ii) Expenditures are recorded in the period in which the goods or services are acquired and a liability is incurred.
- (iii) Inventory of supplies and materials are valued at cost with allowances made for obsolete stock. Cost is determined on a moving average basis.
- (iv) The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenditures during the reporting period. Actual results will depend on future economic events and could differ from the estimates. Adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate.

(e) Capital Assets

- (i) Capital Fund (for civic use)

Capital assets purchased or constructed and work-in-progress are reported as capital expenditures in the period the expenditures are incurred. Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the related capital costs.

Capital assets are recorded in the Capital Fund on the following basis:

Land - At 'actual' value for assessment purposes as determined annually by the B.C. Assessment Authority. Crown land properties beneficially owned by the City are recorded at assessed value.

Waterworks and engineering assets – At cost less accumulated depreciation. Depreciation is provided at varying rates determined by the City Engineer and is reflected as a reduction in the City's equity in capital assets.

Buildings - at cost.

Plant and equipment - at cost.

Artworks and artifacts - at estimated and/or insured values.

- (ii) Property Endowment Fund (for sale or lease)

Capital assets are recorded in the Property Endowment Fund on the following basis:

Land - At 'actual' value for assessment purposes as determined annually by the B.C. Assessment Authority. The development costs incurred are charged against equity to reflect their contribution to the increases in the 'actual' value of land.

Buildings - At cost less accumulated depreciation of \$37.7 million (2003 - \$34.5 million). Depreciation is charged against Equity in Capital Assets on a 5% straight-line basis on the buildings on parking sites, and on a 5% declining balance basis on leased buildings.

Equipment - At cost less accumulated depreciation of \$2.4 million (2003 - \$1.9 million). Depreciation is calculated on a 30% declining balance basis and is charged to Equity in Capital Assets.

Property subject to sale option - At option price. The land parcel is subject to purchase by the lessee at a minimum value of \$8.4 million (with an expiry date of July 31, 2005).

(f) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and from reserves are reflected as an adjustment to the respective fund.

(g) Comparative Figures

Certain of the 2003 figures have been reclassified to conform to current year presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

2. CASH AND TEMPORARY INVESTMENTS

Cash includes short-term investments with maturity dates within 90 days of acquisition. Temporary investments are comprised of money market instruments, term deposits, bankers acceptances and federal and provincial bonds with maturity dates greater than 90 days after acquisition. Investments are recorded at cost, adjusted for amortization of premiums or discounts.

	2004	2003
Cash	\$ 8,858	\$ 15,217
Short-term investments (Maturity date within 90 days)	57,780	21,602
	66,638	36,819
Temporary investments (Maturity date greater than 90 days)	555,974	436,666
Total cash and investments	<u>\$ 622,612</u>	<u>\$ 473,485</u>
Market Value of total cash and investments	<u><u>\$ 629,439</u></u>	<u><u>\$ 479,129</u></u>

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

	2004	2003
Accounts receivable and accrued interest		Restated Note 9(a)
Accrued interest	\$ 9,227	\$ 5,994
Utility receivables	11,638	12,892
Employee advances	3,039	3,256
Rental and lease receivables	6,294	1,704
Trade and other receivables	<u>22,138</u>	<u>25,160</u>
	<u>52,336</u>	<u>49,006</u>
Valuation allowance	<u>(2,241)</u>	<u>(2,019)</u>
	<u><u>\$ 50,095</u></u>	<u><u>\$ 46,987</u></u>
Accounts payable and accrued liabilities		
Payroll liabilities	\$ 22,738	\$ 33,595
Advance deposits and receipts	50,866	42,682
Future obligations (Note 9)	100,797	86,505
Trade and other liabilities	<u>50,832</u>	<u>48,231</u>
	<u><u>\$ 225,233</u></u>	<u><u>\$ 211,013</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

4. CAPITAL ASSETS

	Capital Fund	Property Endowment Fund	2004 Total	2003 Total
Land				
- in civic use	\$ 3,964,533	\$ -	\$ 3,964,533	\$ 3,660,697
- under long-term lease	-	771,725	771,725	693,894
- for sale, lease or development	-	439,569	439,569	406,386
Buildings	401,831	80,057	481,888	456,020
Property subject to sale option	-	8,365	8,365	8,365
Leasehold interests	25,319	3,600	28,919	28,934
Engineering assets	866,400	-	866,400	832,517
Waterworks	304,047	-	304,047	295,748
Plant, equipment, artworks and artifacts	389,031	1,958	390,989	372,637
	<u>\$ 5,951,161</u>	<u>\$ 1,305,274</u>	<u>7,256,435</u>	<u>6,755,288</u>
City of Vancouver Public Housing Corporation *			11,099	11,783
Pacific National Exhibition*			7,052	-
Total			<u>\$ 7,274,586</u>	<u>\$ 6,767,071</u>

* At cost less depreciation

5. EQUITY IN CAPITAL ASSETS

	2004	2003
Capital expenditures	\$ 160,568	\$ 175,084
Debt issued	(103,903)	-
Debt principal repayments	26,111	26,629
Disposals	(14,274)	(12,644)
Depreciation	(46,702)	(42,765)
Increase in assessed values	408,162	228,974
Capital grants	(1,554)	(820)
Lease receivable payments	(1,444)	(2,320)
Change in equity in capital assets	426,964	372,139
Balance, beginning of year	6,299,132	5,926,993
Balance, end of year	<u>\$ 6,726,096</u>	<u>\$ 6,299,132</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

6. LONG TERM DEBT

Debenture debt is shown at its face amount. The City does not carry debt issued by other organizations.

Maturing In	General *	Local Improvements	Total
2005	\$ 26,306	\$ 2,567	\$ 28,873
2006	127,400	2,412	129,812
2007	28,650	2,180	30,830
2008	19,410	1,980	21,390
2009	160,295	1,760	162,055
Thereafter	171,310	8,242	179,552
Total	533,371	19,141	552,512
Internally held	(61,039)	(19,141)	(80,180)
Net external debt	<u>\$ 472,332</u>	<u>\$ -</u>	<u>\$ 472,332</u>

* General including Waterworks

The rates of interest payable on the principal amount of the debentures range from 2.25% to 10.50% per annum. The average rate on interest on total debt to maturity is 5.47%. Total interest paid in 2004 on externally held debt amounted to \$26.2 million (2003 - \$25.6 million). All debentures are payable in Canadian funds.

Reserve for debt retirement at December 31, 2004 amounted to \$139.6 million (2003 - \$112.7 million).

7. RESERVES

These amounts are set aside by Council resolution for specific purposes:

	2003	Change During Year	2004
Plant and Equipment	\$ 30,028	(\$1,108)	\$ 28,920
Water and Sewer Utility Rate Stabilization	19,682	3,967	23,649
Self-insurance	17,278	(275)	17,003
Community Amenities	19,408	11,356	30,764
Capital Facilities	9,668	(1,562)	8,106
Childcare Endowment	4,076	792	4,868
Park Board	1,878	324	2,202
Library	2,130	646	2,776
Emerging Neighbourhood	4,010	154	4,164
Civic Theatres	2,270	-	2,270
Parking Sites	2,467	2,051	4,518
Solid Waste Capital	52,131	5,784	57,915
Mortgage Debenture Retirement	1,948	62	2,010
Art Gallery Operations	3,574	-	3,574
Outstanding Commitments	5,482	1,671	7,153
Future Revenue Fund Budgets	12,561	13,231	25,792
Affordable Housing	3,572	646	4,218
Pacific National Exhibition	2,694	(445)	2,249
Hastings Park	1,833	750	2,583
Other	8,591	429	9,020
	<u>\$ 205,281</u>	<u>\$ 38,473</u>	<u>\$ 243,754</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

8. FUND BALANCES

	2003	Change During Year	2004
Revenue Fund	\$ 8,044	\$ 1,198	\$ 9,242
Capital Fund	(41,732)	55,241	13,509
Capital Financing Fund	164,520	6,204	170,724
Sinking Fund	551	(551)	-
Property Endowment Fund	91,552	(2,792)	88,760
Harbour Park Development Ltd.	20	(1)	19
Vancouver Civic Development Corp.	8,705	267	8,972
Hastings Institute Inc.	143	22	165
Pacific National Exhibition	-	(3,073)	(3,073)
City of Vancouver Public Housing Corporation	(235)	24	(211)
	<u>231,568</u>	<u>56,539</u>	<u>288,107</u>
Adjustment for internally-held debt on consolidation	(62,523)	7,303	(55,220)
	<u>\$ 169,045</u>	<u>\$ 63,842</u>	<u>\$ 232,887</u>

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE

The following amounts are included in Accounts payable and accrued liabilities:

	2004	2003
Deferred payroll costs	\$ 68,883	\$ 62,800
Accrued interest on long term debt	12,407	11,678
Landfill closure and post-closure	19,507	12,027
	<u>\$ 100,797</u>	<u>\$ 86,505</u>

(a) Deferred Payroll Costs

Effective January 1, 2004, the City adopted the recommendations under Section PS 3255 of the CICA Public Sector Accounting Board Handbook for post-employment benefits.

Employees are entitled to earned benefits related to non-vested accumulating sick leave, sick leave gratuity and full vacation entitlement at retirement. Employees may also defer current vacation entitlements. The liability and expense for these post-employment benefits and compensated absences is recognized in the financial statements in the period in which employees render services and on the basis that the benefits are expected to be provided when the employees are no longer providing active service.

As well, certain employees are entitled to income continuation benefits under long term disability plans. The City recognizes a liability and expense for these post-employment benefits in the period when the event occurs that obligates the City to provide the benefit.

The City had previously reported a liability and expense for sick leave gratuity and deferred vacation valued at management's best estimates which was based on the vested benefits at year end, past experience and assumptions about retirements, wage and salary increases, employee turnover and rates of return. In 2004, the City has accrued future benefit obligations for all post-employment benefits using the projected benefits method prorated on service.

The liabilities reported in 2004 are based on an actuarial valuation as at December 31, 2003 using the following valuation assumptions:

	2003	2004
Discount rate	5.25%	5.00%
Inflation rate	2.00%	2.00%
Rate of compensation increase	3.08% to 5.00%	3.08% to 5.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE - continued

(a) Deferred Payroll Costs - continued

Employee benefit liabilities as at December 31 are as follows:

	<u>2004</u>	<u>2003</u>
Sick leave gratuity	\$ 17,712	\$ 14,247
Deferred vacation	12,136	11,092
Non-vested accumulating sick leave	18,040	17,324
Long term disability	9,981	9,828
Other post-employment benefits	<u>10,895</u>	<u>10,309</u>
	<u>68,764</u>	<u>62,800</u>
Unamortized actuarial gain	119	-
	<u>\$ 68,883</u>	<u>\$ 62,800</u>

The continuity of the City's employee benefit liabilities are as follows:

	<u>2004</u>	<u>2003</u>
Beginning of year	\$ 62,800	\$ 61,860
Current service cost	8,003	2,120
Interest cost	3,463	1,983
Actual benefits paid	<u>(5,383)</u>	<u>(3,163)</u>
End of year	<u>\$ 68,883</u>	<u>\$ 62,800</u>

The change in accounting policy as it relates to non-vested accumulating sick leave, income continuation, statutory holiday banks, full vacation at retirement and non-contributory pension service buyback has been applied retroactively and has increased amounts previously reported for accounts payable and accrued liabilities and decreased amounts previously reported for municipal equity as follows:

	Adjustments to Opening Balances	
	<u>2004</u>	<u>2003</u>
Municipal equity as previously reported	\$ 6,737,162	\$ 6,373,398
Decrease to reflect change in accounting for future benefit obligations	<u>(37,461)</u>	<u>(35,916)</u>
Municipal equity as restated	<u>\$ 6,699,701</u>	<u>\$ 6,337,482</u>

The change in accounting policy resulted in an increase of \$1.5 million over expenditures previously reported for 2003 and an additional \$2.5 million of expenditures in 2004 over the amount that would have been reported under the policy previously in place.

The impact on the previously reported future benefit obligation liability for sick leave gratuity and deferred vacation entitlement as a result of the change in the method used to estimate the liability has been treated as a change in accounting estimate and accounted for in the financial results of 2004.

The City manages the payment of these future payroll obligations as they come due in the current Operating Budget. The City has also provided funding of \$14.3 million (\$6.7 million in 2003) in a reserve.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE

(b) Landfill Closure and Post-Closure Costs

The City has agreed with the Ministry of Environment Lands and Parks to assume certain obligations in order to obtain the Operating Certificate for its landfill site. Those obligations include closure and post-closure liability. The present value of the City's estimated future liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability of \$19.5 million (2002 - \$12.0 million) represents the portion of the estimated total expenditure recognized as at December 31, 2004. This liability and annual expenditure is calculated based on the ratio of utilization to total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities. The discount rate used in 2004 was 5% compared to 7% in 2003 which resulted in an increase in the liability of \$3.8 million.

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the landfill. The remaining capacity of the landfill site is estimated at 17.3 million tonnes, which is 56% of the site's total capacity. The landfill site is expected to reach its capacity in 2042. At December 31, 2004, the discounted future cash flows for closure and post-closure cost is estimated at \$51.2 million and includes \$8.5 million increased costs for the closure of the western 40 hectares of the landfill.

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for 87% of the overall liability for closure and post-closure costs. The City has provided a reserve to fund future landfill capital expenditure and waste diversion programs with a balance as at December 31, 2004 of \$57.9 million (2003 - \$52.1 million).

10. CONTINGENCIES AND COMMITMENTS

(a) Contingent Liability for Debentures Issued by Others

The City is contingently liable in respect of debentures of the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Regional District.

(b) Collection of Taxes on Behalf of Other Taxing Authorities

The City is obligated to collect and transmit the tax levies of the following bodies. Such levies are not included in the revenue of the City.

Provincial Government – Schools	British Columbia Assessment Authority
Greater Vancouver Regional District	Municipal Finance Authority
Greater Vancouver Transportation Authority	

(c) Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan with about 130,000 active members and approximately 45,000 retired members. Active members include approximately 29,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the surplus to individual employers. The City paid \$34.3 million during 2004 (2003 - \$31.7 million) for employer contributions to the Plan. The employees' contributions during 2004 amounted to \$25.5 million (2003 - \$23.1 million).

(d) Contingent Legal Liabilities

As at December 31, 2004, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has made provision for certain uninsured claims in its self-insurance liability reserve, but has made no specific provision for those where the outcome is presently indeterminable.

(e) Property Assessment Appeals

As at December 31, 2004, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable, and general provision for those where the outcome is presently indeterminable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2004

10. CONTINGENCIES AND COMMITMENTS - Continued

(f) Mortgage and Lease Agreements

Principal payments on mortgages over the next five years and thereafter are as follows:

2005	\$ 4,013
2006	3,331
2007	2,510
2008	8,996
2009	2,333
Thereafter	47,310
	<hr/>
	\$ 68,493

Outstanding mortgages include \$54.2 million on the Library Square Project due on January 14, 2021. Interest at 9.875% per annum is compounded semi-annually with monthly repayments of principal and interest. The debentures are secured by a first charge on the land and any proceeds from the sale of the land on which the office building is situated, the office building and any improvements to it including machinery, plant and equipment, and any proceeds of the lease of the office building.

The City has executed a 25-year lease of the Library Square office building with the Federal Government which commenced April 30, 1995. Annual lease payments of \$6.7 million will fully offset debenture principal and interest payments. The lease provides options to purchase the office building at the end of the 10th and 20th years and at the end of the lease term. The balance of the lease receivable is \$53.2 million (2003 - \$54.6 million).

The City has \$10.8 million (2003 - \$11.2 million) in mortgages payable to Canada Mortgage and Housing Corporation for 5 non-market housing projects. Interest rates range from 4.24 % to 8.0% with maturity dates from February 1, 2006 to December 1, 2027.

(g) Loan Guarantee

The City has guaranteed a \$12.0 million line of credit for the Pacific National Exhibition effective January 1, 2005 for a period of one year.

(h) Property Acquisition

On March 9, 2004, Council approved a 4-year agreement for the City to act as a backup to a property acquisition. The agreement commits the City to purchase the property from the original purchaser at the original purchase price of \$24.5 million plus up to \$5.0 million for site development and remediation costs, if for any reason the original purchaser is unable to proceed with their proposed development.

11. TRUST FUNDS

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of, and stands in fiduciary relationship to, the beneficiary. The following trust funds and assets are excluded from the City's financial statements:

	2004	2003
Vancouver Agreement	\$9,296	\$10,244
Cemetery Perpetual Care	3,050	2,977
Atrium	285	294
General	325	315
	<hr/>	<hr/>
	\$ 12,956	\$ 13,830

The Vancouver Agreement is an urban development agreement between the Governments of Canada, British Columbia and the City to facilitate sustainable economic, social and community development in the City. The Province of British Columbia contributed \$10 million in 2003 and \$3.3 million in 2004 for the implementation of a number of social strategies under the direction of the Vancouver Agreement Policy Committee.

12. EXPENDITURES BY OBJECT

	2004	2003
		Restated Note 9(a)
Wages, salaries and benefits	\$542,991	\$522,320
Contract services	71,073	99,212
Supplies, material and equipment	273,237	215,537
Debt charges	26,160	25,552
	<hr/>	<hr/>
	\$ 913,461	\$ 862,621



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AUDITORS' REPORT
TO THE MAYOR AND COUNCILLORS OF THE CITY OF
VANCOUVER

We have audited and reported separately herein on the consolidated financial statements of the City of Vancouver as at and for the year ended December 31, 2004.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the City taken as a whole. The current year's supplementary information included in the following Schedules of Financial Activities of the Revenue Fund, Capital Fund, Capital Financing Fund, Sinking Fund, Property Endowment Fund and Utilities is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Vancouver, Canada

April 1, 2005

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

CITY OF VANCOUVER
Revenue Fund
Schedule of Financial Activities
Years Ended December 31
(*\$000s*)

	2004 Budget	2004	2003
Restated Note 9(a)			
REVENUE			
Property taxes, penalties and interest	\$ 476,703	\$ 465,447	\$ 456,300
Water fees	61,760	61,412	58,360
Solid waste fees	33,058	36,970	35,592
Sewer fees	32,214	32,951	31,756
Other fees, rates and cost recoveries	146,072	159,468	155,277
Revenue sharing, grants and contributions	6,337	14,077	6,411
Investment income	10,850	11,376	11,348
Rental and lease income	21,159	23,953	23,768
	<u>788,153</u>	<u>805,654</u>	<u>778,812</u>
EXPENDITURES			
General government	79,353	74,605	72,329
Police protection	151,484	153,684	150,715
Fire protection	75,016	75,295	74,145
Engineering	60,084	65,331	62,193
Water utility	44,848	44,495	41,379
Solid waste	28,574	37,484	29,883
Sewer utility	48,715	49,108	47,238
Planning and development	61,418	58,725	60,999
Recreation and parks	81,237	80,642	79,355
Community and cultural services	56,192	57,321	56,011
	<u>686,921</u>	<u>696,690</u>	<u>674,247</u>
NET REVENUE	<u>101,232</u>	<u>108,964</u>	<u>104,565</u>
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(27,734)	(27,734)	(26,933)
Transfers			
Net transfers to other funds	(48,189)	(74,199)	(63,422)
Net transfers to reserves	(25,309)	(20,044)	(12,593)
Change in obligations to be funded from future revenue	-	14,211	(1,266)
	<u>(101,232)</u>	<u>(107,766)</u>	<u>(104,214)</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>1,198</u>	<u>351</u>
FUND BALANCE			
Beginning of year	8,044	8,044	7,693
End of year	<u>\$ 8,044</u>	<u>\$ 9,242</u>	<u>\$ 8,044</u>

CITY OF VANCOUVER
Capital Fund
Schedule of Financial Activities
Years Ended December 31
(*\$000s*)

	2004	2003
REVENUE		
Fees, charges and recoveries	\$ 48,290	\$ 48,444
Grants and contributions	704	816
Property sale	505	2,633
	<u>49,499</u>	<u>51,893</u>
EXPENDITURES		
Capital expenditures		
General government	6,811	14,200
Police protection	4,728	1,868
Fire protection	449	1,162
Engineering	47,292	63,953
Sewer utility	24,487	25,195
Water utility	19,021	22,673
Recreation and parks	13,861	9,404
Community and cultural services	10,520	8,587
	<u>127,169</u>	<u>147,042</u>
NET EXPENDITURES	<u>(77,670)</u>	<u>(95,149)</u>
DEBT AND TRANSFERS		
Debt issued	101,388	2,146
Transfers		
Net transfers to reserves	(10,322)	(1,500)
Net transfers from other funds	41,845	33,636
	<u>132,911</u>	<u>34,282</u>
CHANGE IN FUND BALANCE	<u>55,241</u>	<u>(60,867)</u>
FUND BALANCE		
Beginning of year	<u>(41,732)</u>	<u>19,135</u>
End of year	<u>\$ 13,509</u>	<u>\$ (41,732)</u>

CITY OF VANCOUVER
Capital Financing Fund
Schedule of Financial Activities
Years Ended December 31
(\$000s)

	2004	2003
REVENUE		
Investment income	\$ 4,935	\$ 4,884
TRANSFERS		
Net transfer from other funds	7,171	6,594
Net transfer to reserves	(5,902)	(4,875)
	1,269	1,719
CHANGE IN FUND BALANCE	6,204	6,603
FUND BALANCE		
Beginning of year	164,520	157,917
End of year	\$ 170,724	\$ 164,520

CITY OF VANCOUVER
Sinking Fund
Schedule of Financial Activities
Years Ended December 31
($\$000s$)

	2004	2003
REVENUE AND EXPENDITURES		
Investment income	\$ 7,139	\$ 6,841
Administration expenses	74	75
	<hr/> <hr/>	<hr/> <hr/>
	7,065	6,766
DEBT AND TRANSFERS		
Debt repayments	(35)	(45,032)
Transfers		
Net transfer from Revenue Fund	25,330	27,069
Net transfer (to) from reserves	<hr/> <hr/>	<hr/> <hr/>
	(32,911)	9,792
	<hr/> <hr/>	<hr/> <hr/>
	(7,616)	(8,171)
CHANGE IN FUND BALANCE		
	(551)	(1,405)
FUND BALANCE		
Beginning of year	<hr/> <hr/>	1,956
End of year	\$ -	<hr/> <hr/>
	\$ 551	

CITY OF VANCOUVER
Property Endowment Fund
Schedule of Financial Activities
Years Ended December 31
(\$000s)

	2004			2003	
	Revenue	Expenses	Net	Net	
OPERATIONS					
Rental and leases	\$ 12,547	\$ 4,610	\$ 7,937	\$ 8,529	
Parking	15,854	11,915	3,939	3,556	
Water moorage	869	418	451	381	
Property sales	17,217	493	16,724	6,319	
	\$ 46,487	\$ 17,436	29,051	18,785	
Interest income			2,765	3,364	
Miscellaneous income			542	545	
			32,358	22,694	
Expenses					
Administration			1,602	1,558	
Capital expenditures			30,889	26,314	
Other operating			309	151	
			32,800	28,023	
NET EXPENDITURES			(442)	(5,329)	
TRANSFERS					
Debt principal repayments			-	(2,002)	
Net transfer (to) from reserves			(2,205)	10,343	
Transfer to Revenue Fund			(7,000)	(7,000)	
Net transfer from other funds			6,855	3,123	
			(2,350)	4,464	
CHANGE IN FUND BALANCE			(2,792)	(865)	
FUND BALANCE					
Beginning of year			91,552	92,417	
End of year	\$ 88,760	\$ 91,552			

CITY OF VANCOUVER
Utilities
Schedule of Financial Activities *
Years Ended December 31
(*\$000s*)

	2004	2003
SOLID WASTE UTILITY		
REVENUE		Restated Note 9(a)
Fees and service charges	\$ 36,970	<u>\$ 35,592</u>
EXPENDITURES AND TRANSFERS		
Garbage collection and disposal	8,392	8,073
Recycling	4,729	4,886
Composting	3,479	3,333
Commercial	12,723	12,233
Management and solid waste levy	681	184
Post closure costs	7,480	1,174
	<u>37,484</u>	<u>29,883</u>
Transfers from other funds	(7,732)	(894)
Transfer to reserves	7,218	6,603
	<u>\$ 36,970</u>	<u>\$ 35,592</u>
WATER UTILITY		
REVENUE		
Fees and service charges	\$ 61,412	<u>\$ 58,360</u>
EXPENDITURES AND TRANSFERS		
Purchase of water	29,289	26,149
Water debt charges	8,472	9,451
Operations	6,734	5,778
	<u>44,495</u>	<u>41,378</u>
Debt principal repayments	6,619	6,416
Transfer to Sinking Fund	7,135	8,328
Transfer to reserves	3,163	2,238
	<u>\$ 61,412</u>	<u>\$ 58,360</u>
SEWER UTILITY		
REVENUE		
Fees and service charges	\$ 32,951	\$ 31,757
Contribution from property taxes	32,341	31,208
	<u>\$ 65,292</u>	<u>\$ 62,965</u>
EXPENDITURES AND TRANSFERS		
Contribution to Joint Sewerage Board	36,845	36,090
Sewer debt charges	7,065	7,745
Operations	5,198	3,402
	<u>49,108</u>	<u>47,237</u>
Debt principal repayments	6,188	5,996
Transfer to Sinking Fund	5,462	6,416
Transfer to reserves	4,534	3,316
	<u>\$ 65,292</u>	<u>\$ 62,965</u>

* These amounts have been reported as part of the Revenue Fund Schedule of Financial Activities.



**SUPPLEMENTARY
FINANCIAL
INFORMATION**



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AUDITORS' REPORT TO THE MAYOR AND COUNCILLORS OF THE CITY OF VANCOUVER

We have reported to the Mayor and Members of Council on our examination for the purpose of expressing an opinion on the consolidated financial statements of the City of Vancouver for the year ended December 31, 2004.

We do not express an opinion on the following management prepared schedules since our examination did not extend to the detailed information therein.

KPMG LLP

Chartered Accountants

Vancouver, Canada

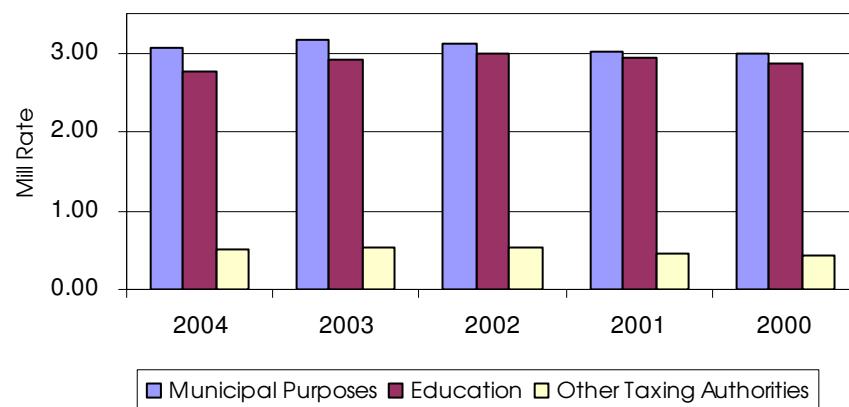
April 1, 2005

KPMG LLP, a Canadian limited liability partnership is the Canadian member firm of KPMG International, a Swiss cooperative.

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2004	2003	2002	2001	2000
Property Assessment (\$000s)					
Rateable property general purposes	80,246,519	72,843,427	67,522,799	65,917,550	64,557,937
Tax Rates – Rate per \$1,000 of Assessment					
Residential					
Municipal purposes	3.06186	3.17221	3.11743	3.01093	2.99466
Education	2.75856	2.91461	2.98026	2.94593	2.85424
Other taxing authorities	0.51531	0.52729	0.52335	0.44698	0.43302
Total Residential	6.33573	6.61411	6.62104	6.40384	6.28192
Business/Other					
Municipal purposes	16.75464	16.36674	15.48259	14.82695	14.87354
Education	10.35432	10.06992	9.92035	9.87587	9.85529
Other taxing authorities	2.28976	2.28677	2.28468	2.09721	2.09208
Total Business/Other	29.39872	28.72343	27.68762	26.80003	26.82091
Major Industrial					
Municipal purposes	28.58468	27.71701	28.13435	29.72034	30.54048
Education	12.50000	12.50000	12.50000	12.50000	12.50000
Other taxing authorities	3.18900	3.27333	3.35615	3.13486	3.16417
Total Major Industrial	44.27368	43.49034	43.99050	45.35520	46.20465
Light Industrial					
Municipal purposes	16.02039	16.09242	15.45070	14.86333	14.94131
Education	9.90000	9.90000	9.90000	9.90000	9.90000
Other taxing authorities	2.94250	3.00313	3.03205	2.78146	2.78917
Total Light Industrial	28.86289	28.99555	28.38275	27.54479	27.63048
Total Utilities	51.26064	50.80137	49.64316	48.06845	48.02345
Total Recreational/Non-Profit	7.86989	8.05780	8.13357	7.97683	8.07069
Total Farm – All Purposes	10.16989	10.35798	10.43470	10.30773	10.39959

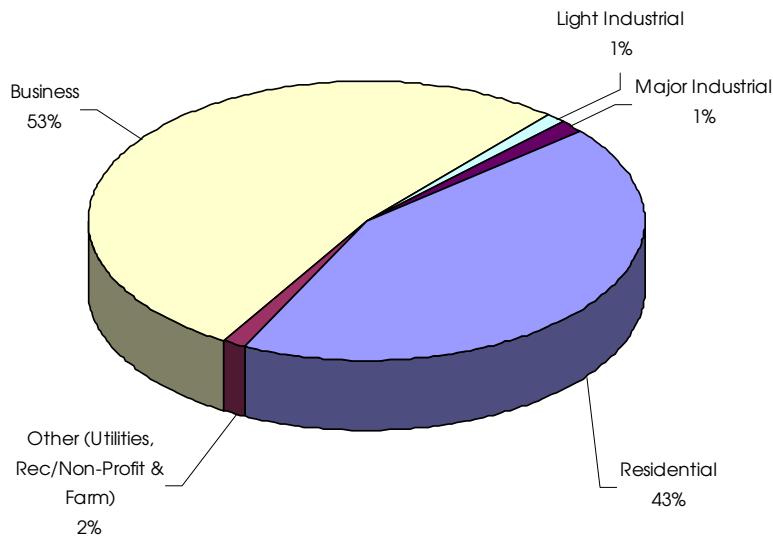
Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2004	2003	2002	2001	2000
Population *	583,300	578,000	572,900	569,500	563,100
Property Tax Revenue by Property Class (%)					
Residential - Class 1	43.3	42.9	42.2	41.8	42.7
Business - Class 6	52.8	53.3	53.8	54.2	53.4
Major industrial - Class 4	1.4	1.2	1.3	1.3	1.3
Light industrial - Class 5	1.0	1.1	1.1	1.0	0.9
Other (Utilities, Rec/Non-Profit and Farm)	1.5	1.5	1.6	1.7	1.7
Total	100.0	100.0	100.0	100.0	100.0

Property Tax by Class



Property Taxation - Levy and Collections

Total tax levy (all purposes) (\$000s)	886,391	853,460	815,877	783,315	767,289
Total tax arrears outstanding (\$000s)	25,253	34,386	35,090	38,333	38,206
% of current collections to current levy	98.51	97.74	97.82	97.50	97.29
% of total collections to current levy	101.22	100.32	100.82	100.56	100.69

*Source: Population Section, B.C. Stats

Ministry of Management Services, Government of British Columbia

NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES (\$000s)
Years Ended December 31

The City is required to collect taxes on behalf of and transfer these amounts to the government agencies listed below:

	2004	2003
Taxes collected:		
Property and business taxes	\$ 826,927	\$ 797,328
Payment in lieu of taxes	28,391	29,180
Hotel tax	1,140	7,601
Local improvement levies	4,040	4,173
	860,498	838,282
Less taxes collected on behalf of:		
Province of British Columbia - School Taxes	328,650	317,847
Greater Vancouver Transportation Authority	43,875	42,313
B.C. Assessment Authority	11,594	11,747
Greater Vancouver Regional District	10,911	10,056
Municipal Finance Authority	21	19
	395,051	381,982
NET TAXES - MUNICIPAL PURPOSES	\$ 465,447	\$ 456,300

STATEMENT OF TAX RECEIPTS AND PROPERTY TAXES RECEIVABLE (\$000s)
Years Ended December 31

	2004	2003
Analysis of Tax Receipts and Receivables		
Balance, before allowance for tax write-offs, beginning of year	\$ 34,386	\$ 35,090
Add: Interest and adjustments (net)	1,011	1,041
	<u>35,397</u>	<u>36,131</u>
Less: Receipts	(23,932)	(21,830)
Outstanding - prior years	<u>11,465</u>	<u>14,301</u>
Current tax levy including utility and other charges	886,391	851,370
Less : Receipts	(873,253)	(832,122)
Current arrears	13,138	19,248
Add: Penalties on current arrears	650	837
Outstanding - current year	<u>13,788</u>	<u>20,085</u>
Balance, before allowance for tax write-offs, end of year	<u>\$ 25,253</u>	<u>\$ 34,386</u>

Analysis of Property Taxes Receivable by Year

Current year	\$ 13,788	\$ 20,085
Prior year	6,549	8,847
Prior 2 year	<u>4,916</u>	<u>5,454</u>
	25,253	34,386
Less: allowance for tax write-offs	(5,363)	(3,953)
Balance, after allowance for tax write-offs, end of year	<u>\$ 19,890</u>	<u>\$ 30,433</u>

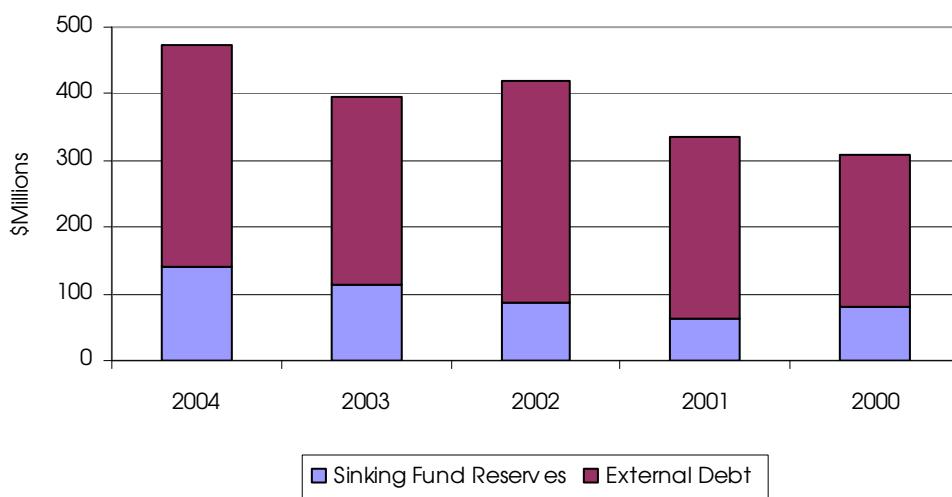
REVENUE FUND – OTHER FEES, RATES AND RECOVERIES (\$000s)
Years Ended December 31

	2004 Budget	2004	2003
Permits and licences			
Business	\$ 11,491	\$ 11,012	\$ 10,595
Dog	515	469	542
False Alarm Reduction Programme	1,200	1,130	1,137
Other	942	1,571	848
	<u>14,148</u>	<u>14,182</u>	<u>13,122</u>
Municipal by-law fines	<u>9,654</u>	<u>9,867</u>	<u>10,276</u>
Service and inspection fees			
Development permits	4,658	4,880	4,716
Building permits	5,300	6,752	4,977
Plumbing inspection	3,600	3,712	3,567
Electrical inspection	2,600	2,650	2,362
Other	6,513	7,641	5,940
	<u>22,671</u>	<u>25,635</u>	<u>21,562</u>
On street parking	<u>20,800</u>	<u>21,568</u>	<u>20,254</u>
Sundry fees and services			
Recovery - Greater Vancouver Transit Authority	3,240	3,239	2,758
Provincial school tax administration fee	314	326	314
Utility company access	337	276	433
Other	1,479	1,590	1,703
	<u>5,370</u>	<u>5,431</u>	<u>5,208</u>
Departmental revenues			
Parks and recreation - general operations	32,429	32,767	32,010
Britannia Community Services	711	774	662
Libraries	4,447	5,308	4,376
Civic theatres	5,990	5,578	6,393
General government	2,435	4,578	4,563
Fire	6,314	6,527	7,127
Police	12,360	10,956	12,485
Engineering	2,066	4,543	5,125
Community services	6,677	11,754	12,114
	<u>73,429</u>	<u>82,785</u>	<u>84,855</u>
TOTAL	<u>\$ 146,072</u>	<u>\$ 159,468</u>	<u>\$ 155,277</u>

FIVE YEAR STATISTICAL REVIEW – DEBT AND OTHER
Years Ended December 31

	2004	2003	2002	2001	2000
Long Term Debt (000s)					
Debenture debt outstanding	\$ 552,512	\$ 477,509	\$ 546,072	\$ 510,898	\$ 496,140
Less: Internally held debt	(80,180)	(81,373)	(126,846)	(176,965)	(188,882)
Externally held debt	472,332	396,136	419,226	333,933	307,258
Sinking Fund reserves	139,630	112,748	87,116	62,680	80,772
Net externally held debt	<u>\$ 332,702</u>	<u>\$ 283,388</u>	<u>\$ 332,110</u>	<u>\$ 271,253</u>	<u>\$ 226,486</u>
Debt per capita (externally held)	\$ 809.76	\$ 685.36	\$ 731.76	\$ 586.36	\$ 545.65

Long Term Debt - External



(\$000s)

Capital expenditures	127,169	147,042	149,374	110,908	137,024
Internally restricted reserves	243,754	205,281	196,655	182,062	160,225

CHANGES IN DEBENTURE DEBT OUTSTANDING (\$000s)
Year Ended December 31, 2004

	Externally Held	Internally Held	Total
Balance, beginning of year	\$ 396,136	\$ 81,373	\$ 477,509
Add: Debentures issued during 2004	100,000	-	100,000
Local improvements	-	1,388	1,388
	496,136	82,761	578,897
Less: Maturities			
General and water	23,804	-	23,804
Local improvements	-	2,581	2,581
	23,804	2,581	26,385
Balance, end of year	<u>\$ 472,332</u>	<u>\$ 80,180</u>	<u>\$ 552,512</u>

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2004

GENERAL DEBT

Bylaw	Maturity Date & Purpose	Rate	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
7506 (3)	January 11, 2006	7.500	10		
	Communications			\$1,200	\$955
	Emergency operations			4,834	3,848
	Parks			5,090	4,052
	Roads, walks streets and lanes			39,260	31,252
	Sewers			20,267	16,133
	Waterworks			29,349	23,362
				<u>100,000</u>	<u>79,602</u>
7811 (3)	October 31, 2007	5.500 to 5.750	10		
	Communications			664	-
	Emergency operations			96	-
	Fire protection			3,151	-
	Infrastructure			892	-
	Parks			6,652	-
	Pedestrian/cycling facilities			3,420	-
	Sewers			7,387	-
	Street lighting			901	-
	Waterworks			5,344	-
				<u>28,507</u>	<u>-</u>
8042* (1)	July 12, 2009	5.900	10		
	Parks			5,000	2,247
	Roads, walks streets and lanes			15,000	6,745
	Sewers			20,000	8,993
	Waterworks			20,000	8,993
				<u>60,000</u>	<u>26,978</u>
8077 (3)	October 7, 2009	6.000	10		
	Roads, walks streets and lanes			46,533	20,680
	Sewers			11,417	5,074
	Waterworks			22,050	9,799
				<u>80,000</u>	<u>35,553</u>
8269* (1)	December 14, 2010	6.000	10		
	Roads, walks streets and lanes			<u>1,038</u>	<u>357</u>
	Carried Forward			\$269,545	\$142,490

* Held Internally

Payable at (1) City Treasurer's Office, Vancouver
(2) Government of Canada, Ottawa
(3) Canadian Depository for Securities Ltd, Toronto
(4) Royal Bank of Canada (London, Suisse); Barclays Bank PLC; The Industrial Bank of Japan (Luxembourg) S.A.; Internationale Nederlanden Bank (Belgium) S.A.; Bank of Montreal (Vancouver).

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2004

GENERAL DEBT

Bylaw	Maturity Date & Purpose	Rate	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
			Carried Forward	\$269,545	\$142,490
8295 (3)	February 21, 2011	5.850	10		
	Infrastructure			2,238	585
	Parks			13,858	3,622
	Pedestrian/cycling facilities			1,678	439
	Public works/fire facilities			10,600	2,770
	Roads, walks streets and lanes			2,382	623
	Sewers			17,015	4,448
	Street lighting/communication/undergrounding			857	224
	Street lighting/communications			4,476	623
	Street lighting			2,384	1,170
	Transit /safety improvements			6,162	1,611
	Waterworks			18,350	4,796
				80,000	20,911
8460 (4)	April 17, 2012	3.500	10		
	Local area improvement			4,982	-
	Parks			5,864	-
	Pedestrian/cycling facilities			3,351	-
	Public works/fire facilities			6,074	-
	Sewers			25,132	-
	Street lighting			5,445	-
	Street/bridge infrastructure			924	-
	Transit /safety improvements			6,870	-
	Waterworks			25,132	-
				83,774	-
8808 (4)	March 16, 2014	2.250 to 4.650	10		
	Civic facilities			500	-
	Local area improvement			6,131	-
	Parks			9,202	-
	Pedestrian/cycling facilities			5,767	-
	Public works/fire facilities			1,128	-
	Sewers			32,060	-
	Street lighting			2,382	-
	Street/bridge infrastructure			4,182	-
	Transit /safety improvements			8,305	-
	Waterworks			30,343	-
				100,000	-
4214 (2)	December 15, 2005	5.375	40		
	Waterworks			38	-
4221 (2)	February 1, 2006	5.250	40		
	Waterworks			2	-
4236 (2)	May 1, 2006	5.375			
	Waterworks			12	-
	Total			\$533,371	\$163,401

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2004

LOCAL IMPROVEMENT - Property Owners' Share

Held Internally

Bylaw	Maturity Date	Purpose	Rate	Term (Yr)	Debt Balance
6680	June 20 2005	Beautification	10.500	15	\$6
6681	June 20 2005	Lane paving, speed ramps, sidewalks & curbs	10.500	15	322
6848	June 19 2006	Lane paving, speed ramps, sidewalks & curbs	10.000	15	668
6849	June 19 2006	Beautification	10.000	15	68
6990	June 17 2007	Lane paving, speed ramps, sidewalks & curbs	9.500	15	781
6991	June 17 2007	Beautification	9.500	15	99
7129	June 23 2008	Lane paving, speed ramps, sidewalks & curbs	9.000	15	1,167
7312	June 22 2009	Lane paving, speed ramps, sidewalks & curbs	7.000	15	1,020
7313	June 22 2009	Beautification	7.000	15	263
7315	June 22 2009	Underground wiring	7.000	15	23
7446	June 21 2010	Lane paving, speed ramps, sidewalks & curbs	9.500	15	1,047
7447	June 21 2010	Underground wiring	9.500	15	51
7584	June 26 2011	Lane paving, speed ramps, sidewalks & curbs	7.500	15	1,298
7758	June 25 2012	Lane paving, speed ramps, sidewalks & curbs	7.000	15	1,484
7759	June 25 2012	Beautification	7.000	15	108
7912	June 24 2013	Beautification	6.000	15	153
7914	June 24 2008	Street lighting	6.000	10	4
7915	June 24 2013	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,611
8037	June 23 2014	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,737
8204	June 21 2015	Lane paving, speed ramps, sidewalks & curbs	7.000	15	1,298
8205	June 21 2015	Lane lighting	7.000	15	5
8206	June 21 2010	Street lighting	7.000	10	17
8207	June 21 2015	Beautification	7.000	15	96
8208	June 21 2010	Granville Street beautification	7.000	10	119
8209	June 21 2015	Beautification	7.000	15	21
8501	June 26 2017	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,799
8502	June 26 2007	Lane lighting	6.000	5	31
8503	June 26 2012	Street lighting	6.000	10	9
8504	June 26 2017	Beautification	6.000	15	205
8505	June 26 2007	Traffic circle	6.000	5	6
8506	June 25 2017	Underground wiring	6.000	15	189
8693	June 27 2018	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,984
8694	June 25 2018	Lane lighting	6.000	15	8
9696	June 25 2018	Beautification	6.000	15	54
8871	June 23 2019	Lane paving, speed ramps, sidewalks & curbs	5.750	15	1,372
8872	June 23 2009	Traffic circle	5.750	5	5
8873	June 23 2009	Lane lighting	5.750	5	13
					<u><u>\$19,141</u></u>

DEBT INTEREST RATES (\$000s)
Year Ended December 31, 2004

Interest Rate	General (including Waterworks)	Local Improvement	Total
10.500	\$ -	\$ 327	\$ 327
10.000	-	735	735
9.500	-	1,978	1,978
9.000	-	1,165	1,165
7.500	100,000	1,300	101,300
7.000	-	4,453	4,453
6.875	-	-	-
6.125	24,610	-	24,610
6.000	92,302	7,795	100,097
5.900	60,000	-	60,000
5.875	10,638	-	10,638
5.850	80,000	-	80,000
5.750	29,583	1,388	30,971
5.625	8,984	-	8,984
5.500	9,536	-	9,536
5.375	49	-	49
5.250	9,051	-	9,051
4.875	8,618	-	8,618
4.650	11,827	-	11,827
4.500	11,314	-	11,314
4.350	10,842	-	10,842
4.150	10,405	-	10,405
3.950	10,010	-	10,010
3.650	9,657	-	9,657
3.300	9,350	-	9,350
2.950	9,080	-	9,080
2.500	8,855	-	8,855
2.250	8,660	-	8,660
	\$533,371	\$19,141	\$552,512

Average rate of interest on total debt to maturity - 5.466%

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2004

Total Debt (Internal and External)

	General			Waterworks			Local Improvements			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	\$18,606	\$826	\$19,432	\$7,700	\$337	\$8,037	\$2,567	\$212	\$2,779	\$28,873	\$1,375	\$30,248
2006	90,063	6,216	96,279	37,337	2,574	39,911	2,412	192	2,604	129,812	8,982	138,794
2007	20,306	1,007	21,313	8,344	410	8,754	2,180	165	2,345	30,830	1,582	32,412
2008	13,555	651	14,206	5,855	281	6,136	1,980	144	2,124	21,390	1,076	22,466
2009	112,123	6,553	118,676	48,172	2,812	50,984	1,760	122	1,882	162,055	9,487	171,542
2010-2014	125,692	6,465	132,157	45,618	2,283	47,901	6,074	392	6,466	177,384	9,140	186,524
Thereafter	-	-	-	-	-	-	2,168	130	2,298	2,168	130	2,298
	\$380,345	\$21,718	\$402,063	\$153,026	\$8,697	\$161,723	\$19,141	\$1,357	\$20,498	\$552,512	\$31,772	\$584,284

External Debt Only

	General			Waterworks			Total			General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	\$18,606	\$826	\$19,432	\$7,700	\$337	\$8,037	\$26,306	\$1,163	\$27,469			
2006	90,063	6,216	96,279	37,337	2,574	39,911	127,400	8,790	136,190			
2007	20,306	1,007	21,313	8,344	410	8,754	28,650	1,417	30,067			
2008	13,555	651	14,206	5,855	281	6,136	19,410	932	20,342			
2009	72,123	4,193	76,316	28,172	1,632	29,804	100,295	5,825	106,120			
2010-2014	124,653	6,403	131,056	45,618	2,283	47,901	170,271	8,686	178,957			
Thereafter	-	-	-	-	-	-	-	-	-			
	\$339,306	\$19,296	\$358,602	\$133,026	\$7,517	\$140,543	\$472,332	\$26,813	\$499,145			

OUTSTANDING BORROWING AUTHORITY
Year Ended December 31, 2004

General borrowing is approved by the electors. Sewer and Water borrowing is approved by Council.

	<u>Amount Authorized</u>	<u>Debentures Issued to Dec 31, 2004</u>	<u>Balance</u>
General (excluding Sewer and Water)			
1997 - 1999	\$ 83,383	\$ 83,383	\$ -
2000 - 2002	85,955	85,955	-
2003 - 2005	<u>116,790</u>	<u>27,692</u>	<u>89,098</u>
	<u><u>\$ 286,128</u></u>	<u><u>\$ 197,030</u></u>	<u><u>\$ 89,098</u></u>
Sewer and Water			
1997 - 1999	\$ 111,117	\$ 111,117	\$ -
2000 - 2002	103,445	103,445	-
2003 - 2005	<u>91,150</u>	<u>54,323</u>	<u>36,827</u>
	<u><u>\$ 305,712</u></u>	<u><u>\$ 268,885</u></u>	<u><u>\$ 36,827</u></u>
Total General, Water and Sewer			
1997 - 1999	\$ 194,500	\$ 194,500	\$ -
2000 - 2002	189,400	189,400	-
2003 - 2005	<u>207,940</u>	<u>82,015</u>	<u>125,925</u>
	<u><u>\$ 591,840</u></u>	<u><u>\$ 465,915</u></u>	<u><u>\$ 125,925</u></u>

GENERAL STATISTICS
Year Ended December 31, 2004

Schools and annexes	109
Pupils	57,833
Teachers (F.T.E.)	3,164

Waterworks

Annual consumption (cubic metres)	131.0
Number of services - metered	13,728
- flat rate	80,812
Total number of services	<u>94,540</u>
Kilometres of water main	1,460

Parks and Recreation Facilities

Public Parks	200 (1,297.9 hectares)
Beaches	11
Ice Rinks	8
Swimming Pools	15
Golf Courses	6
Community Centres	23
Tennis Courts	181
Other Recreational facilities	2

	2004	2003	2002	2001	2000
Value of Building Permits (\$000s)	1,640,663	1,062,780	1,300,141	1,119,043	823,322
Roads and Sewers (kilometres)					
Permanent street pavements	1,437	1,223	1,219	1,215	1,213
Permanent lane pavements	863	592	588	582	574
Temporary asphaltic surfaces	170	170	174	178	173
Cement concrete sidewalks	2,000	2,058	2,057	2,055	2,050
Sewers	1,984	1,974	1,962	1,951	1,942