



BRITISH COLUMBIA

**CONSOLIDATED
FINANCIAL STATEMENTS**

2009

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VANCOUVER CITY COUNCIL 2008 – 2011



Mayor Gregor Robertson



**Councillor
Suzanne Anton**



**Councillor
David Cadman**



**Councillor
George Chow**



**Councillor
Heather Deal**



**Councillor
Kerry Jang**



**Councillor
Raymond Louie**



**Councillor
Geoff Meggs**



**Councillor
Andrea Reimer**



**Councillor
Tim Stevenson**



**Councillor
Ellen Woodsworth**

OFFICIALS

Corporate Management Team

City Manager	P. Ballew, MD, FRCP
Deputy City Manager	S. A. Johnston, LEED AP
Chief Constable	J. Chu, B.B.A, M.B.A.
Director of Legal Services	F. Connell, LL.B.
City Librarian	P. Whitney, M.L.S.
General Manager of Business Planning and Services	K.B. Bayne, B.A., M.Sc. (Bus.)
General Manager of Community Services	D. McLellan, B.E.S, M.C.I.P.
General Manager of Engineering Services	T. Timm, P. Eng.
General Manager of Fire and Rescue Services	J. McKeanrey, M.A.
General Manager Intergovernmental Services and Strategic Partnerships	R. Adair
General Manager of Financial and Human Resource Services	P. Impey, B.Sc., M.B.A.
General Manager of Parks and Recreation	P. Kuran, B.Sc. M.B.A.
General Manager of Olympic and Paralympic Operations	P. Judd, P.Eng.

Financial Services

Director of Financial Services	E. Lee, B. Comm., C.A.
Associate Director of Financial Services	G. Krueger, B. Comm., C.A.
Manager of Accounting Operations	S. Helm, C.M.A
Director of Budget Services	A. Klein, B.Comm., M.B.A.

City Clerk

M. Coulson

City Auditor
KPMG LLP, Chartered Accountants

Banker
Bank of Montreal

Agents - Worldwide
RBC Dominion Securities Inc.
CIBC World Markets 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
L. Bohach – Vice-Chair
E. Kazemi – Vice-Chair
M. Lombardi - School Board Representative
S. Mackinnon - Parks and Recreation Representative
Councillor T. Stevenson – City Council Representative
M.L. Baum C. Evans
C. Brooks D. Millward
D. Chariandy T. Tao
S. Daub

Vancouver Police Board

Chief Constable – J. Chu
Mayor G. Robertson – Chair
M. Collins J. McLean
T. La Liberté S. Williamson
P. Marfleet G. Wong

Board of Parks and Recreation

Acting General Manager – P. Kuran
A. Jasper – Chair
S. Blyth – Vice-Chair
C. Barnes I. Robertson
R. Hundal L. Woodcock
S. Mackinnon

Vancouver Civic Theatres Board

Director – R. Ackerman
B. McLean – Chair
M. Noon – Vice-Chair
Councillor T. Stevenson – Council Liaison
C. Green J. Kennedy
R. Haynes I. Woo
K. Heller

City Hall, Vancouver
April 12, 2010

Mayor G. Robertson 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, 2009. These financial statements include the financial position and results of operations of the City including its boards and City controlled corporations.

New Financial Reporting and Prior Period Adjustments

In 2009 the City has adopted Public Sector Accounting Board (PSAB) sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements and section 3150 requires governments to record and amortize their tangible capital assets in their financial statements.

The major impact to the City's financial statements has been a restatement of tangible capital assets values, in particular with respect to land. The City's policy has been to record land at fair value based on annual assessed values determined by the BC Assessment Authority. To comply with PS 3150, land values have been restated to historical (acquisition) costs resulting in a decrease of approximately \$8.5 billion. This decrease was partially offset by increased asset values for infrastructure assets which were previously expensed or valued on a different basis. Accumulated amortization on assets was also calculated with a resulting net decrease to Tangible capital assets balance of \$7.2 billion.

In addition, the City recorded a prior period adjustment of \$9.7 million related to building permit liabilities. The net impact of these changes is as follows:

	<u>Previous</u>	<u>Restated</u>	<u>Change</u>
Opening Accumulated Surplus, January 1, 2008	\$11.0 billion	\$5.6 billion	(\$5.4 billion)
Tangible Capital Assets, December 31, 2008	\$13.1 billion	\$5.8 billion	(\$7.2 billion)
2008 Annual (Deficit) Surplus	(\$157.0 million)	\$94.9 million	\$252.9 million

2009 Consolidated Financial Results

The City's financial statements consist of:

- Consolidated Statement of Financial Position – summary of financial and non-financial assets, liabilities and accumulated surplus at yearend.
- Consolidated Statement of Operations – summary of revenues, expenses and annual surplus for the year.
- Consolidated Statement of Change in Net Debt – summary of changes in financial assets and liabilities.
- Consolidated Statement of Cash Flow – summary of the sources and uses of cash in the year.

Consolidated Financial Position

<u>(\$000s)</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Financial assets	\$ 1,394.7	\$ 890.1	\$ 504.6
Liabilities	1,716.9	1,056.8	660.1
Net debt	(322.2)	(166.7)	(155.5)
Non-financial assets	6,213.9	5,895.9	318.0
Accumulated Surplus	<u>\$ 5,891.7</u>	<u>\$ 5,729.2</u>	<u>\$ 162.5</u>

The City's financial position improved by \$162.5 million in 2009 with accumulated surplus totaling \$5.89 billion (2008 - \$5.72 billion).

Financial Assets increased by \$504.6 million while Liabilities increased by \$660.1 million. The increase to both Financial Assets and Liabilities was mainly due to the City's financing of the Millennium Olympic Village development; at year end the City had advanced \$694.5 million as a loan receivable and financed the advances with borrowings of \$630.0 million.

Net Debt, calculated as Financial Assets less Liabilities is an indicator of the amount of future revenues required to pay for past transactions and events. The City's Net Debt increased by \$155.5 million to a total of \$322.2 million and reflects investment in non-financial assets and the amount expended on the South East False Creek development pending receipt of proceeds from the sale of the land of approximately \$200.0 million.

REPORT OF THE DIRECTOR OF FINANCE

Consolidated Results of Operations

The City's consolidated revenues were \$1.29 billion (2008 - \$1.17 billion) and include property taxes, utilities and user charges, government transfers and capital contributions. Consolidated expenses totaled \$1.13 billion (2008 - \$1.08 billion) resulting in an annual surplus of \$162.5 million.

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 totaled \$1.035 billion and expenditures totaled \$873.7 million resulting in a Net revenue amount of \$161.1 million. After debt charges and transfers to reserves and other funds, the net change in the Revenue fund balance was \$1.2 million. The total fund balance of the Revenue Fund currently stands at \$13.1 million, compared to \$11.9 million in 2008. The following highlights the major changes in revenues and expenditures.

Total operating revenues increased by \$63.3 million from 2008 mainly due to:

- An increase in net taxation revenue of \$38.1 million or 6.9% from \$551.1 million to \$589.2 million. City Council approved a 5.85% increase in the property tax levy in 2009 that generated \$35.5 million in tax revenues (including \$6.0 million from new construction).
- An increase in water utility user fees of \$1.5 million (2.0%) was due to a Council approved rate increase of 4.9% to reflect rising regional water costs, offset by reduced consumption by commercial and multi-family users.
- An increase in solid waste utility user fees of \$1.6 million (3.8%) mainly due to higher collection fees for garbage, recycling and yard waste.
- An increase in sewer utility user fees of \$3.0 million (8.0%) was due to a Council approved rate increase of 11% which includes a \$2.0 million shift in sanitary sewer infrastructure costs from the general purpose tax levy to sanitary sewer user rates, offset by lower consumption by commercial and multifamily users.
- An increase in other fees, rates and cost recoveries of \$17.8 million due to a combination of the following:
 - Revenues and recoveries associated with Olympic related Host City programs (\$9.9 million)
 - \$2.0 million increase in on-street parking revenues due to Council approved increases in rates and expansion of meter zones.
 - \$2.5 million increase in parking by-law enforcement revenue due to extended late night enforcement hours
 - Increase in secondment recoveries of \$1.5 million due to a higher number of police officers being assigned to other agencies.
 - Increased Park Board recreational revenues, including golf revenues, mainly attributable to increased patronage due to favorable weather conditions (\$2.7 million)
- An increase in provincial revenue sharing grants and contributions of \$9.7 million (44.4%) due to a change in the allocation of the provincial traffic fine revenue and increased gaming revenue.
- A decrease in investment income of \$9.5 million (38.0%) due to lower interest rates compared with 2008.

Total operating expenditures amounted to \$873.7 million, an increase of \$13.9 million mainly due to:

- Expenditures in advance of the 2010 Olympic and Paralympic Games (\$11.7 million) included in General Government, offset by revenues and recoveries of \$9.9 million
- Contractual wage and fringe benefit adjustments for employees, which added approximately \$20.9 million to the 2009 expenditures
- An increase of \$8.4 million in the cost of water charged by the Greater Vancouver Water District
- A \$1.6 million increase in the Greater Vancouver Sewerage & Drainage District levy charged to the Sewer Utility due to an increased amount of capital work being carried out by Metro Vancouver.
- Civic election costs of \$1.8 million incurred in November 2008 were not incurred in 2009
- A decrease of \$14.9 million in solid waste landfill costs reflecting an adjustment to the post-closure liability
- A decrease in the costs for snow removal in 2009 compared with 2008 due to a reduced snow and ice volume in December 2009.

Tangible Capital Assets

The City's tangible capital assets are held in two funds.

- Capital Fund accounts for tangible capital assets required for civic use and the related long term debt.
- Property Endowment Fund (PEF) accounts for real estate properties including non-market housing sites, other residential and commercial properties and parking garages. A number of these properties are managed on a commercial basis generating income to benefit current and future citizens.

The Capital Fund holds \$4.80 billion of assets at the end of 2009. Capital additions totalled \$324.5 million with the following major projects:

	\$ Million
• Streets, traffic and safety Traffic calming plans, streetlights, signals, sidewalks, Cambie Street, Granville Mall, Convention centre viaduct	95.3
• Sewer main construction and sewer abatement projects	33.6
• Water works distribution system	21.3
• Solid Waste utility	10.4
• Vehicle and equipment purchases	22.9
• Parks, community centres, playing fields, ice rinks Emery Barnes Park, Percy Norman Aquatic Centre, Hillcrest Curling Centre Killarney and Trout Lake skating rinks, Renfrew Community Centre	22.7
• Construction and capital maintenance of City buildings and systems Civic Theatres upgrades, #1 Kingsway, Mountain View Cemetery, Crossholds leasehold, libraries, Tactical Training Centre and Dog Squad facilities	66.1
• Technology infrastructure Hardware upgrades, Infrastructure Management, Access Vancouver program	15.6
• Neighbourhood Energy Utility infrastructure	28.4
• Books, equipment and furniture	8.2

The Property Endowment Fund holds \$1.38 billion of assets at the end of 2009. Capital additions totalled \$131.85 million with expenditures for SEFC affordable housing, community centre and the Salt Building as well as parking structures improvements.

Long Term Debt

In addition to the borrowing for the Millennium advance, debt outstanding at year end was \$497.8 million (2008 - \$484.4 million). During the year, \$140.0 million sinking fund debentures and \$33.5 million serial debentures matured. In June 2009, the City issued a 10 year \$125.0 million sinking fund debenture at rate of 4.90%. The City has sinking fund debt reserves of \$ 87.2 million for the future repayments.

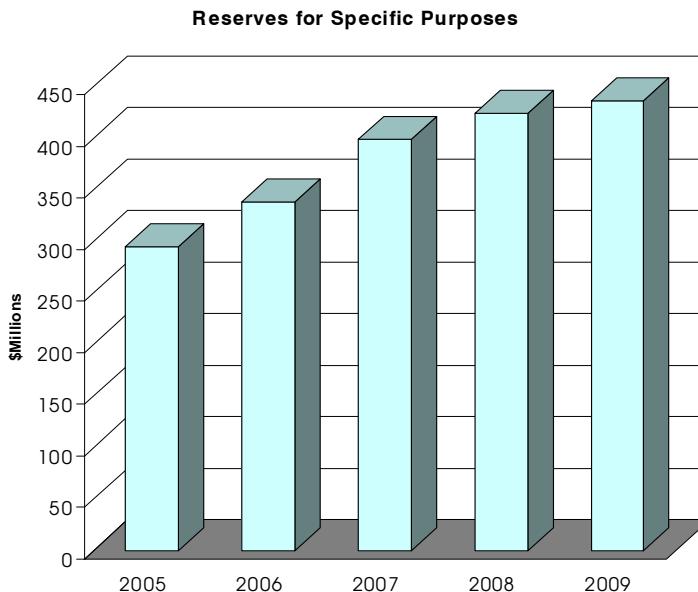
(000s)	2009	2008	Change
Debenture debt outstanding	\$ 510,628	\$ 558,538	\$ (47,910)
Less: Internally held debt	<u>(12,800)</u>	<u>(74,172)</u>	<u>61,372</u>
Externally held debt	<u>\$ 497,828</u>	<u>\$ 484,366</u>	<u>\$ 13,462</u>
Sinking Fund reserves	<u>\$ 87,198</u>	<u>\$ 138,415</u>	<u>\$ (51,217)</u>

In November 2008, the electorate approved borrowing authority of \$222.0 million to finance the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure as part of the 2009-2011 Capital Plan. Council approved an additional \$159.2 million in borrowing authority for sewer and water capital expenditures to bring total borrowing authority to \$381.2 million. In addition, there is \$69.1 million remaining authority from the 2006-2008 Capital Plan for an overall outstanding borrowing authority of \$450.3 million.

Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves in addition to the sinking fund debt repayment reserve. At the end of 2009, these reserves totalled \$436.7 million, up \$12.3 million over 2008. The most significant reserve balances and changes were:

- Community Amenity contributions from developers amounted to \$3.6 million and were offset by expenditures of \$5.0 million bringing the total reserve balance to \$49.2 million.
- Future Revenue Fund Budgets Reserve increased by \$15.5 million to a balance of \$51.5 million. This was mainly the result of the transfer of \$7.0 million to fund future payroll obligations and \$7.9 million of traffic fine revenue sharing to fund 2010 expenditures.
- Funding for future debt charges of \$6.8 million was transferred into the Future Debt Repayment Reserve bringing the balance to \$29.0 million.
- The Olympic Legacy Facilities Reserve has a balance of \$6.5 million to fund the conversion of the Hillcrest Complex after the Olympic and Paralympic Games.
- The Olympic Legacy Reserve decreased by \$1.3 million resulting in a balance of \$10.2 million. Expenditures of \$7.0 million for Host City events and programs were netted against the contributions of \$6.7 million. Contributions included the annual \$3.6 million transfer from the extension of a lease of a City property and \$5.1 million from the Federal government and sponsorships.
- The South East False Creek Construction Reserve of \$25.0 million is unchanged and is to provide for contingent costs for the completion of the Olympic Village.
- The Parking Sites Reserve holds the net parking revenues from the City's parkades and parking lots, managed and operated by Vancouver Parking Corporation (EasyPark). The balance of the reserve at year end was \$18.2 million, an increase of \$6.0 million.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan decreased by \$1.1 million to \$43.2 million. The reserve is funded by internal equipment charges provided in the Operating and Capital Budgets and in 2009 this amounted to \$22.7 million. Actual expenditures drawn on the reserve were \$23.8 million.
- The Solid Waste Capital Reserve is being accumulated to fund closure and post-closure costs at the City's landfill. The present liability is calculated based on the ratio of utilization to the total capacity of the landfill site and the discounted value of future estimated cash flows associated with closure and post-closure activities. At year end, the liability amounted to \$40.7 million, with the remaining capacity of 16.9 million tonnes (51.1% of total capacity) to be utilized by 2056. During the year the reserve decreased by \$6.5 million to \$67.7 million as a result of landfill capital and other expenditures of \$10.1 million offset by surplus and interest of \$3.6 million.
- Water and Sewer Utility Rate Stabilization Reserves decreased by \$8.6 million to a total of \$23.2 million as a result of lower user consumption revenues and higher debt charges than anticipated.



REPORT OF THE DIRECTOR OF FINANCE

Summary

(\$000s)	2009	2008	Change
Investment in tangible capital assets	\$ 5,682.6	\$ 5,379.8	\$ 302.8
Reserve for debt retirement	87.2	138.4	(51.2)
Reserves	436.7	424.4	12.3
Fund balances	(185.7)	(68.0)	(117.7)
Obligations to be funded from future revenues	(129.1)	(145.4)	16.3
Accumulated Surplus	<u>\$ 5,891.7</u>	<u>\$ 5,729.2</u>	<u>\$ 162.5</u>

The City's consolidated operations for the year 2009 resulted in a surplus of \$162.5 million. Net investment in tangible capital assets was \$302.8 million as engineering infrastructure, parks and recreation facilities, libraries and cultural facilities were improved and expanded to provide better services to a growing population. This has however, resulted in a negative fund balance due to the delayed timing of revenues and debt related to these expenditures.

During 2010, the City will be implementing several projects that will facilitate the continuous improvement of financial management and reporting. With the completion of the major work to inventory, value and restate the City's tangible capital assets for PS3150, staff will incorporate this information into asset management and life-cycle costing. This information will also be a critical component as staff work on a comprehensive long term financial plan to support corporate capital planning and financing strategy.

Respectfully submitted,



Patrice Impey, B.Sc. MBA
General Manager of Financial and Human Resource Services
Director of Finance



Esther Lee CA
Director of Financial Services
Deputy Director of Finance



KPMG Enterprise™
Metrotower II 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
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Internet www.kpmg.ca/enterprise

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, 2009 and the consolidated statements of operations, change in net debt 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, 2009 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 after giving effect to the prior year adjustments disclosed in note 2.

KPMG LLP

Chartered Accountants

Burnaby, Canada

March 26, 2010

KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

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

	2009	2008
		(Restated Note 2)
FINANCIAL ASSETS		
Cash (Note 3)	\$ 87,170	\$ 35,581
Temporary investments (Note 3)	414,216	609,676
Accounts receivable and accrued interest (Note 4)	111,970	77,007
Local improvement receivable	11,753	12,249
Property taxes receivable	25,930	24,272
South East False Creek development receivable (Note 9(i))	694,549	79,896
Long term lease agreement receivable (Note 9(f)(i))	49,063	51,402
	<hr/>	<hr/>
	1,394,651	890,083
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	295,981	263,636
Deferred payroll, landfill and interest liabilities (Note 8)	129,137	145,362
Mortgage and loan agreements (Note 9(f))	61,926	61,633
South East False Creek Financing (Note 9(i))	630,000	-
Long term debt (Note 5)	497,828	484,366
Deferred income (Note 11)	102,015	101,805
	<hr/>	<hr/>
	1,716,887	1,056,802
NET DEBT		
	<hr/>	<hr/>
	(322,236)	(166,719)
NON-FINANCIAL ASSETS		
Inventory and prepaids	16,625	17,434
Tangible capital assets (Note 6)	6,197,344	5,878,500
	<hr/>	<hr/>
	6,213,969	5,895,934
ACCUMULATED SURPLUS (Note 7)		
	<hr/>	<hr/>
	\$ 5,891,733	\$ 5,729,215

Contingencies and commitments (Note 9)
 See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Operations
Years ended December 31
(\$000s)

	2009	2008
(Restated Note 2)		
REVENUES		
Property taxes, penalties and interest	\$ 589,202	\$ 551,114
Water fees	78,367	76,857
Solid waste fees	43,828	42,222
Sewer fees	40,752	37,731
Other fees, rates and cost recoveries	392,970	353,369
Revenue sharing, grants and contributions	40,023	24,966
Investment income	59,600	36,829
Rental and lease income	43,851	47,905
Gain (loss) on disposal of tangible capital assets	(443)	1,911
	<u>1,288,150</u>	<u>1,172,904</u>
EXPENSES		
General government	154,819	105,849
Police protection	218,698	204,140
Fire protection	91,794	88,186
Engineering	163,425	164,307
Water utility	78,170	69,372
Solid waste	23,785	54,764
Sewer utility	69,557	65,491
Planning and development	69,852	71,629
Recreation and parks	161,699	159,664
Community and cultural services	93,833	94,577
	<u>1,125,632</u>	<u>1,077,979</u>
ANNUAL SURPLUS	<u>162,518</u>	<u>94,925</u>
ACCUMULATED SURPLUS (Note 7)		
Beginning of year	5,729,215	5,634,290
End of year	<u>\$ 5,891,733</u>	<u>\$ 5,729,215</u>

See accompanying Notes to Consolidated Financial Statements

CITY OF VANCOUVER
Consolidated Statement of Change in Net Debt
Years ended December 31
(\$000s)

	2009	2008
Annual Surplus	\$ 162,518	\$ 94,925 (Restated Note 2)
Acquisition of tangible capital assets	(451,740)	(375,893)
Amortization of tangible capital assets	128,410	123,929
Loss (gain) on sale of tangible capital assets	443	(1,911)
Proceeds on sale of tangible capital assets	4,043	5,282
	<u>(318,844)</u>	<u>(248,593)</u>
Change in inventory and prepaids	809	(528)
CHANGE IN NET DEBT	(155,517)	(154,196)
NET DEBT		
Beginning of year	(166,719)	(12,523)
End of year	<u>\$ (322,236)</u>	<u>\$ (166,719)</u>

See accompanying Notes to Consolidated Financial Statements.

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

	2009	2008
(Restated Note 2)		
CASH PROVIDED BY (USED IN):		
Operating Transactions		
Annual surplus	\$ 162,518	\$ 94,925
Items not involving cash		
Amortization	128,410	123,929
Loss (gain) on sale of tangible capital assets	443	(1,911)
Change in non-cash items	(3,626)	17,146
Change in obligations to be funded from future revenues	(16,225)	19,139
Increase in inventories and prepaids	809	(528)
	<u>272,329</u>	<u>252,700</u>
Financing Transactions		
Debt issued	128,687	1,514
Debt repayments	(112,747)	(31,530)
Deferred revenue	210	(4,624)
South East False Creek Credit Facility program	630,000	-
	<u>646,150</u>	<u>(34,640)</u>
Capital Transactions		
Acquisition of tangible capital assets	(451,740)	(375,893)
Proceeds of sale of tangible capital assets	4,043	5,282
	<u>(447,697)</u>	<u>(370,611)</u>
Investing Transactions		
South East False Creek Financing	(614,653)	(79,896)
Net sale of temporary investments	195,460	196,591
	<u>(419,193)</u>	<u>116,695</u>
NET INCREASE (DECREASE) IN CASH CASH	51,589	(35,856)
Beginning of year	35,581	71,437
End of year	<u>\$ 87,170</u>	<u>\$ 35,581</u>

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's)
Year Ended December 31, 2009

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 and expenses of the reporting entity. The reporting entity is comprised of all the organizations controlled by the City. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

Vancouver Board of Parks & Recreation	Vancouver Police Board
Vancouver Public Library Board	Vancouver Civic Theatres Board
Hastings Institute Inc.	Vancouver Civic Development Corporation
Harbour Park Development Ltd.	City of Vancouver Public Housing Corporation
Parking Corporation of Vancouver	Pacific National Exhibition

The resources and operations of the City are accounted for in the following funds:

- 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 which are leased to third parties, being developed or held resale or lease.
- Sinking - Accounts for the accumulation of instalments 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.

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) Basis of Accounting

The City follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Non-financial Assets

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

(i) Tangible capital assets

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

	<u>Years</u>
Landfill and land improvements	15 to 60
Buildings and building improvements	15 to 50
Leasehold improvements	5 to 20
Vehicles, equipment and furniture	5 to 20
Computer systems	5 to 20
Library Collection	10
Infrastructure	
Streets and structures	25 to 85
Water system	75 to 105
Sewer system	75 to 100

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. The City does not capitalize interest associated with the acquisition or construction of a capital asset.

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

Works of art, artifacts, cultural and historic assets are not recorded as assets in the financial statements.

(ii) Inventories and prepaid expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost and replacement cost.

(e) Deferred income

Deferred income represents development cost levies which have been collected in accordance to Council approved by-laws to finance growth-related projects. These amounts will be recognized as revenues in the year in which the expenditures are incurred.

(f) Budget information

The City currently does not prepare annual budgets on a consolidated basis. The unaudited budget for the Revenue Fund is presented in the supplementary information section.

(g) Estimates

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits. In addition, the City's implementation of the PSAB Handbook section PS3150 has requirement management to make estimates of historical costs and useful lives of tangible capital assets.

Actual results could differ from the estimates and adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

2. ADOPTION OF ACCOUNTING POLICY AND PRIOR PERIOD ADJUSTMENTS

During the year the City has made the following changes in accounting and reporting standards.

- (a) The City has adopted PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. PS1200 establishes general reporting principles and standards for the disclosure of information in government financial statements and PS 3150 requires governments to record and amortize their tangible capital assets in their financial statements. The costs of tangible capital assets were based on historical cost records or, when historical costs records were not available, other methods determined to provide a best estimate of historical costs and accumulated amortization of the assets. In certain cases, the City used replacement costs and appropriate indices to deflate the replacement cost to an estimated historical cost at the year of acquisition.
- (b) The City has also corrected the prior year figures to recognize the liability for building inspections payments related to certain major development projects. The liability was based on a percentage of outstanding building permits.
- (c) Other adjustments related to corrections of prepaids and investment in tangible capital assets reported by PNE and City of Vancouver Public Housing Corporation to be consistent with PSAB standards.

The adoption of these accounting and reporting standards has been applied retroactively and prior periods have been restated as follows:

	<u>2009</u>	<u>2008</u>
Accumulated surplus, January 1		
As previously reported	\$ 12,994,662	\$ 10,966,148
Adjustment for net book value of tangible capital assets	(7,257,871)	(5,323,985)
Adjustment for building permit liability	(9,214)	(9,472)
Other	1,638	1,599
Restated	<u>\$ 5,729,215</u>	<u>\$ 5,634,290</u>
Annual Surplus for 2008		
Net revenues, as previously reported	\$ (157,012)	
Tangible capital assets capitalized but previously expensed	375,892	
Amortization expense not previously recorded	(123,929)	
Gain on sale of assets	(1,911)	
Proceeds on disposal reported as revenue	5,282	
Other	(3,397)	
Restated	<u>\$ 94,925</u>	
Tangible Capital Assets, December 31, 2008		
As previously reported	\$ 13,136,371	
Adjustment for net book value	(7,257,871)	
Restated	<u>\$ 5,878,500</u>	

3. 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.

	<u>2009</u>	<u>2008</u>
Cash	\$ 87,170	\$ 35,581
Temporary investments	414,216	609,676
Total cash and investments	<u>\$ 501,386</u>	<u>\$ 645,257</u>
Market Value of total cash and investments	<u>\$ 522,766</u>	<u>\$ 668,156</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

4. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

	2009	2008
Accounts receivable and accrued interest		
Accrued interest	\$ 9,546	\$ 9,399
Utility receivables	22,767	18,318
Employee advances	2,408	2,424
Rental and lease receivables	1,073	1,545
Trade and other receivables	<u>77,718</u>	<u>46,891</u>
	113,512	78,577
Allowance for doubtful accounts	(1,542)	(1,570)
	<u>\$ 111,970</u>	<u>\$ 77,007</u>
Accounts payable and accrued liabilities		
Payroll liabilities	\$ 46,684	\$ 47,219
Advance deposits and receipts	119,284	105,139
Trade and other liabilities	<u>130,013</u>	<u>111,278</u>
	<u>\$ 295,981</u>	<u>\$ 263,636</u>

5. LONG TERM DEBT

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

Maturing In	Total	Internally Held	External
2010	\$ 35,777	\$ 2,811	\$ 32,966
2011	116,119	1,615	114,504
2012	37,631	1,471	36,160
2013	25,756	1,289	24,467
2014	26,603	1,098	25,505
Thereafter	<u>268,742</u>	<u>4,516</u>	<u>264,226</u>
Total	<u><u>\$ 510,628</u></u>	<u><u>\$ 12,800</u></u>	<u><u>\$ 497,828</u></u>

The rates of interest payable on the principal amount of the debentures range from 3.60% to 9.50% per annum. The weighted average interest rate on total debt to maturity is 4.68%. Total interest paid in 2009 on externally held debt amounted to \$26.3 million (2008 - \$25.1 million). All debentures are payable in Canadian funds.

Reserve for debt retirement at December 31, 2009 amounted to \$87.2 million (2008 - \$138.4 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

6. TANGIBLE CAPITAL ASSETS

	Balance beginning of year	Additions	Disposals	Balance end of year
Cost				
Land	\$ 1,840,609	\$ 5,618	\$ (2,020)	\$ 1,844,207
Landfill and land improvements	200,803	4,391	-	205,194
Buildings and building improvements	787,901	47,213	(11)	835,103
Leasehold improvements	11,974	5,077	-	17,051
Vehicles, equipment and furniture	238,658	34,328	(10,016)	262,970
Computer systems	77,397	30,713	-	108,110
Library Collection	49,239	4,281	-	53,520
Infrastructure				
Streets and structures	2,573,396	137,300	-	2,710,696
Water system	608,602	25,607	-	634,209
Sewer system	1,154,879	28,275	-	1,183,154
Assets under construction	350,189	128,937	-	479,126
Total Cost	\$ 7,893,647	\$ 451,740	\$ (12,047)	\$ 8,333,340
Accumulated amortization				
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	90,525	6,463	-	96,988
Buildings and building improvements	251,104	14,884	-	265,988
Leasehold improvements	6,346	605	-	6,951
Vehicles, equipment and furniture	128,420	17,480	(7,561)	138,339
Computer systems	35,711	4,978	-	40,689
Library Collection	30,840	3,605	-	34,445
Infrastructure				
Streets and structures	1,031,466	60,464	-	1,091,930
Water system	144,926	7,640	-	152,566
Sewer system	295,809	12,291	-	308,100
Accumulated amortization	\$ 2,015,147	\$ 128,410	\$ (7,561)	\$ 2,135,996
Net book value				
Land *	\$ 1,840,609	\$ 5,618	\$ (2,020)	\$ 1,844,207
Landfill and land improvements	110,278	(2,072)	-	108,206
Buildings and building improvements	536,797	32,329	(11)	569,115
Leasehold improvements	5,628	4,472	-	10,100
Vehicles, equipment and furniture	110,238	16,848	(2,455)	124,631
Computer systems	41,686	25,735	-	67,421
Library Collection	18,399	676	-	19,075
Infrastructure				
Streets and structures	1,541,930	76,836	-	1,618,766
Water system	463,676	17,967	-	481,643
Sewer system	859,070	15,984	-	875,054
Assets under construction	350,189	128,937	-	479,126
Net Book Value	\$ 5,878,500	\$ 323,330	\$ (4,486)	\$ 6,197,344
Net Book Value 2008	\$ 5,629,909	\$ 251,964	\$ (3,373)	\$ 5,878,500

*The Assessed Value of land is \$10,255,148 (2008 - \$10,323,390)
 Additions include contributed tangible capital assets - \$17.8 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

7. ACCUMULATED SURPLUS

	2009	2008
Investment in capital assets	\$ 5,682,705	\$ 5,379,799
Reserve for sinking fund debt retirement	87,198	138,415
Reserves	436,709	424,404
Fund balances	(185,742)	(68,041)
Obligations to be funded from future revenues	(129,137)	(145,362)
	<u>\$ 5,891,733</u>	<u>\$ 5,729,215</u>

The following reserve amounts are set aside for specific purposes:

	2008	Change During Year	2009
Affordable Housing	\$ 10,264	\$ (844)	\$ 9,420
Art Gallery Operations	4,085	-	4,085
Capital Facilities	1,418	185	1,603
Childcare Endowment	7,297	133	7,430
Community Amenities	50,661	(1,435)	49,226
Cultural Precinct	4,427	2,599	7,026
Emerging Neighbourhood	6,337	134	6,471
Future Revenue Fund Budgets	35,993	15,458	51,451
Future Debt Repayment	23,088	5,959	29,047
Hastings Park	6,465	711	7,176
Library	5,972	(473)	5,499
Mortgage Debenture Retirement	5,613	505	6,118
Olympic Village Trust	-	18	18
Olympic Legacy	11,439	(1,267)	10,172
Olympic Legacy Facilities	6,299	194	6,493
Outstanding Commitments	14,511	(2,880)	11,631
Pacific National Exhibition	202	(71)	131
Park Board	3,682	1,370	5,052
Parking Sites	12,168	6,021	18,189
Plant and Equipment	44,282	(1,108)	43,174
Public Art	7,571	(210)	7,361
Self-insurance	19,189	2,278	21,467
South East False Creek Construction	25,000	-	25,000
Solid Waste Capital	74,177	(6,515)	67,662
Stanley Park Restoration	1,947	(1,034)	913
Water and Sewer Utility Rate Stabilization	31,790	(8,583)	23,207
Other	10,527	1,160	11,687
	<u>\$ 424,404</u>	<u>\$ 12,305</u>	<u>\$ 436,709</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

7. ACCUMULATED SURPLUS (continued)

Fund balances are comprised of:

	2008	Change During Year	2009
	(Restated Note 2)		
Revenue Fund	\$ 11,906	\$ 1,213	\$ 13,119
Capital Fund	(148,179)	(56,680)	(204,860)
Capital Financing Fund	178,799	9,958	188,757
Sinking Fund	-	-	-
Property Endowment Fund	(99,120)	(83,059)	(182,178)
Harbour Park Development Ltd.	16	-	16
Vancouver Civic Development Corp.	10,426	276	10,702
Hastings Institute Inc.	259	19	278
Pacific National Exhibition	(957)	1,243	286
City of Vancouver Public Housing Corporation	449	(44)	405
	<u>(46,401)</u>	<u>(127,074)</u>	<u>(173,475)</u>
Elimination for internally-held debt on consolidation	<u>(21,640)</u>	<u>9,373</u>	<u>(12,267)</u>
	<u><u>\$ (68,041)</u></u>	<u><u>\$ (117,701)</u></u>	<u><u>\$ (185,742)</u></u>

8. Deferred payroll, landfill and interest liabilities

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

	2009	2008
Deferred payroll costs	\$ 83,901	\$ 83,868
Accrued interest on long term debt	4,505	5,444
Landfill closure and post-closure	40,731	56,050
	<u>\$ 129,137</u>	<u>\$ 145,362</u>

(a) Deferred Payroll Costs

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 cost of post-employment benefits is actuarially determined based on service provided, a best estimate of retirement ages and expected future salary and wage increases. The liability under these benefit plans is accrued based on projected benefits as the employees render service necessary to earn the future benefits.

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 liabilities reported in 2009 are based on an actuarial valuation as at December 31, 2009 using the following valuation assumptions:

	2009	2008
Discount rate	5.00%	5.00%
Inflation rate	3.00%	2.00%
Rate of compensation increase	2.58% to 4.50%	3.08% to 5.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

8. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE - continued

(a) Deferred Payroll Costs - continued

Employee benefit liabilities are as follows:

	<u>2009</u>	<u>2008</u>
Sick leave gratuity	\$ 22,028	\$ 21,748
Deferred vacation	10,304	10,817
Non-vested accumulating sick leave	14,611	14,425
Long term disability	13,547	12,729
Other post-employment benefits	<u>14,933</u>	<u>16,085</u>
	<u>75,423</u>	<u>75,804</u>
Unamortized actuarial gain	8,478	8,064
	<u>\$ 83,901</u>	<u>\$ 83,868</u>

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

	<u>2009</u>	<u>2008</u>
Beginning of year	\$ 83,868	\$ 80,267
Current service cost	5,807	7,813
Interest cost	3,821	4,095
Amortization of actuarial (gain) loss	(681)	366
Actual benefits paid	<u>(8,914)</u>	<u>(8,673)</u>
End of year	<u>\$ 83,901</u>	<u>\$ 83,868</u>

The City has provided \$31.0 million in a reserve for the funding for these liabilities.

(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 \$40.7 million (2008 - \$56.1 million) represents the portion of the estimated total expenditure recognized as at December 31, 2009. 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. A discount rate of 5.00% (2008 - 5.00%) was used.

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the landfill. The landfill site is expected to reach its capacity in 2056 with phased closures starting in 2009. At year end the estimate of the remaining capacity is 16.9 million tonnes, which is 51.1% of the site's total capacity and the discounted future cash flows for closure and post-closure cost is estimated at \$133.1 million (2008 - \$151.0 million).

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for 77% 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, 2009 of \$67.7 million (2008 - \$74.2 million).

9. CONTINGENCIES AND COMMITMENTS

(a) Contingent Liability and Commitment

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.

The City is a shareholder and member of Emergency Communications for Southwest British Columbia Incorporated (E-Comm), whose services include: regional 911 call centre for the Greater Vancouver Regional District, Wide Area Radio emergency communications network, dispatch operations and records management. The City holds 2 Class A shares (of a total 23 Class A and 25 Class B shares issued and outstanding at December 31, 2009). As a Class A shareholder, the City is committed to paying levies for services received under a cost-sharing formula to fund operating and capital costs of the E-Comm operations. In addition, the City is contingently liable to cover its proportionate share of such costs should any member be unable to fulfill its funding obligations. Annual levy amounts fluctuate based on various factors under the cost-sharing formula, and amounted to \$17.8 million during the year (2008 - \$17.3 million).

(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
South Coast BC 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 benefits. The Plan is a multi-employer contributory defined benefit pension plan with about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 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, 2006 indicated a surplus of \$438.0 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The City paid \$49.1 million during 2009 (2008 - \$46.8 million) for employer contributions to the Plan. Employee contributions during 2009 amounted to \$37.3 million (2008 - \$34.5 million).

(d) Contingent Legal Liabilities

As at December 31, 2009, 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, but has made no specific provision for those where the outcome is presently indeterminable. The City has a reserve of \$21.5 million (2008 - \$19.2 million) for potential claims.

(e) Property Assessment Appeals

As at December 31, 2009, 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.

9. CONTINGENCIES AND COMMITMENTS - Continued

(f) Long Term Lease, Mortgage and Loan Agreements

- (i) The City has executed a 25-year lease of the Library Square office building to the Federal Government which commenced April 30, 1995. Annual lease payments of \$6.7 million will fully offset mortgage principal and interest payments. The lease provides options for the Federal Government 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 \$43.4 million (2008 - \$45.8 million).
- (ii) The City has executed a \$5.6 million no-interest take-back mortgage on the sale of the former Woodward's site to a developer. The terms provide for discharge and forgiveness of the mortgage upon the developer's conveyance to the City of an air space parcel by April 30, 2010.

Principal payments on mortgages over the next 5 years and thereafter are as follows:

2010	\$ 8,709
2011	4,310
2012	3,842
2013	8,753
2014	3,872
Thereafter	<u>32,440</u>
	<u><u>\$ 61,926</u></u>

Outstanding mortgages include:

- \$8.8 million (2008 - \$9.3 million) in mortgages payable to Canada Mortgage and Housing Corporation for 5 non-market housing projects. Interest rates range from 3.16 % to 8.0% with maturity dates from April 12, 2010 to December 1, 2027.
- \$45.1 million (2008 - \$47.3 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 mortgage is 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 on the lease of the office building.

(g) Loan Guarantee

The City has guaranteed a \$12.0 million line of credit for the Pacific National Exhibition to December 31, 2010.

(h) Property Acquisition

The City has entered into an agreement to purchase a property for \$38.0 million should the owner not be able to proceed with their intended development of the property. The agreement expires May 9, 2011.

(i) Southeast False Creek and Olympic Village Development

In 2006, the City entered into a lease, development and sale agreement (the "Agreement") with Millennium Southeast False Creek Properties Ltd. ("Millennium") to develop some of the City's properties in Southeast False Creek Area 2A. This development was, in part, used by the City and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC) as the Vancouver Athletes' Village. Under the Agreement, Millennium is required to construct market housing and commercial spaces (the "Market Project") on several parcels (the "Development Parcels"). In addition, Millennium is required to design and construct at the City's cost, non-market housing buildings and a civic centre on additional parcels to be retained by the City. Millennium has provided the City with a deposit of approximately \$29.0 million as security for its obligations to the City under the Agreement. This deposit is to be credited against the purchase price (the "Purchase Price") of approximately \$200.0 million to be paid by Millennium in September 2010 for the Development Parcels. The City retains ownership of the Development Parcels until the purchase price is paid and, therefore, this amount has not been reflected in the City's accounts.

9. CONTINGENCIES AND COMMITMENTS - Continued

(i) Southeast False Creek and Olympic Village Development - continued

Millennium arranged construction financing (the "Loan") of approximately \$750.0 million for the Market Project from Fortress Credit Corp. ("Fortress") in 2007. In addition to the security provided by Millennium to Fortress, the City (as landlord under the ground lease portion of the Agreement) provided additional security to Fortress including: (i) a Completion Guarantee which obligated the City to complete the Market Project to market-ready status; (ii) subordination of the balance of the Purchase Price (then approximately \$170.0 million) to repayment of the Loan; and (iii) a Payment Guarantee of approximately \$190.0 million should Millennium be unable to repay the Loan. In return, Millennium and its principals provided the City with the same guarantees provided to Fortress, albeit in a second position, and Fortress granted the City a right to purchase or assume the Loan.

In February, 2009, the City purchased and took assignment of the Loan in the amount of \$319.0 million extinguishing the City's obligations to Fortress and making the City the lender for the Market Project. In September 2009, the City and Millennium entered into the Amended and Restated Credit Agreement ("Amended Loan Agreement") which specifies the terms under which the City will continue to provide financing to the Market Project. These terms include:

- an extension of the term of the financing until December 31, 2012, with the possibility of a further six month extension
- a maximum loan amount of \$968.8 million before consideration of revenues from the sale of market units
- restated financing costs based on a spread of 4.00% to 5.00% over the higher of the prime interest rate offered by the City's primary financial institution or the City's cost of funds to fund the loan with a minimum of 7.00% to 8.00% (the rates are dependent upon Millennium meeting specific milestones and timelines)
- reduced interest rate during the period the Development Parcels are used as the Olympic and Paralympic Village
- retroactive interest rate reductions ranging from 0.25% to 3.00% should Millennium repay the financing under the Amended Loan Agreement and the balance of the Purchase Price at specified dates in advance of the maturity date.

The Agreement was also amended in September 2009 to include:

- bonus payments for on time delivery of the Market Project for the 2010 Olympic Games, resulting in payments to Millennium of \$1.5 million
- extension of the due date for payment of the Purchase Price to match the maturity of the Amended Loan Agreement with interest accruing from September 30, 2010 at bank prime plus 6.00%.

At December 31, 2009 Millennium owes the City \$695.0 million (including interest) plus the balance of the Purchase Price. This amount increased to \$710.0 million as of March 26, 2010.

In June 2009, the City issued a \$150.0 million, five year term debenture at 3.40% and raised the balance of the necessary funds to finance the Market Project through a commercial paper program backed by a Credit Facility arranged through a consortium of Canadian financial institutions. The total financing raised through the Credit Facility at December 31, 2009 is \$480.0 million at a current cost of approximately 0.80% per annum. These rates will vary in the future based on changes in Canadian interest rates. The term of the Credit Facility is matched to the term of the Amended Loan Agreement.

The City's purchase of the Loan from Fortress, the Amended Loan Agreement and substantial completion of the Market Project have mitigated the City's risks in the following ways:

- commitments made to Fortress have been extinguished and the City's interests are secured in first position as lender to the Market Project
- construction costs have been determined
- approximately \$200 million of unit pre-sales are expected to be realized during 2010
- the differential in the cost of City funds to finance the loan and the interest being paid to the City by Millennium creates additional security which reduces the City's exposure on a default in repayment of the Loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2009

9. CONTINGENCIES AND COMMITMENTS - Continued

(i) Southeast False Creek and Olympic Village Development - continued

The City's ongoing risk is primarily dependent on the value and timing of the proceeds from the sale of the balance of the Market Project during the term of the Amended Loan Agreement. The City is satisfied that the value of the completed but unsold residential inventory and of the rental residential and commercial components in the Market Project exceeds the amount of financing advanced to Millennium by the City and that the financing will be fully recovered.

10. 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:

	2009	2008
Vancouver Agreement	\$ 11,567	\$ 14,694
Cemetery Perpetual Care	3,448	3,366
General	654	677
	<hr/>	<hr/>
	\$ 15,669	\$ 18,737

The Vancouver Agreement is an urban development agreement between the Federal and Provincial Governments and the City to facilitate sustainable economic, social and community development in the City.

11. DEFERRED INCOME

Deferred income is comprised of the following:

	2008	Change During		2009
		Year	Year	
Development cost levies				
City-wide	\$ 67,019	\$ (3,225)	\$ 63,794	
Area-specific	33,605	3,236	36,841	
	<hr/>	<hr/>	<hr/>	
100,624		11		100,635
Capital contributions	1,181	199	1,380	
	<hr/>	<hr/>	<hr/>	
	\$ 101,805	\$ 210	\$ 102,015	

Development cost levies (DCL) are collected from development to fund growth related capital projects including parks, child care facilities, replacement housing and engineering infrastructure. DCLs must be spent on projects and within defined area boundaries authorized in the Vancouver Charter and in the enabling bylaws. DCLs are recognized as revenue as Council approved expenditures are incurred. During the year, \$18.5 million of DCLs were collected and \$20.8 million was used to fund capital expenditures and the balance accrued interest of \$3.1 million.

12. SEGMENTED INFORMATION

City services are provided by departments and their activities are reported in the City's Funds as described in note 1(b). Segmented financial information for certain departments is provided in Schedule 1. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. Revenues not directly attributable to a specific segment are shown in General Government. The segments include:

- General Government which provides internal support services to Council and other departments who provide direct services to its citizens. These internal departments include the City Managers Office, City Clerk's department, Financial Services, Business Planning Services, Legal and Human Resources.
- Police Protection which provides operational and investigation services to maintain public order, uphold the rule of law and prevent crime.
- Fire Protection which provides emergency and prevention services related to firefighting and medical services.
- Engineering which provides planning, design, construction and maintenance of the City's streets, street lighting, traffic control, parking enforcement, transportation planning and utility and communication corridors.
- Utilities are managed by the Engineering department which provides planning, design, construction and maintenance related to the water distribution, sewerage collection, drainage and refuse removal services.
- Planning and Development creates plans, programs and policies required for city-wide and community planning, zoning and subdivision, building by-law administration and inspection, various licensing and animal control services.
- Recreation and Parks provides recreation services through its parks, community centres, swimming pools and ice rinks.
- Community and Cultural Services includes the City's libraries, civic theatres and the Britannia Community Centre and other programs to create sustainable, creative and inclusive communities for living and working.

SCHEDULE I – SEGMENTED INFORMATION
Year Ended December 31, 2009

Revenue & Capital Fund											2009	2008
	General Government	Police Protection	Fire Protection	Engineering	Utilities	Planning & Development	Recreation & Parks	Community & Cultural	Other Funds & Entities	Eliminations	Consolidated	Consolidated
Revenue												
Property taxes, penalties and interest	\$ 589,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	589,202	\$ 551,114
Utility fees	-	-	-	-	-	162,947	-	-	-	-	162,947	156,810
Other fees, rates and cost recoveries	125,756	21,272	7,796	73,657	12,845	13,690	46,396	11,911	79,763	(116)	392,970	353,369
Revenue sharing, grants and contributions	31,538	-	-	8,048	44	113	280	-	-	-	40,023	24,966
Investment Income	15,508	-	-	-	-	-	-	-	51,309	(7,217)	59,600	36,829
Rental and lease income	21,094	-	-	-	-	-	-	-	22,757	-	43,851	47,905
Gain (loss) on disposal of tangible capital assets	163	-	-	(1,348)	-	-	-	-	742	-	(443)	1,911
	783,261	21,272	7,796	80,357	175,836	13,803	46,676	11,911	154,571	(7,333)	1,288,150	1,172,904
Operating Expenditures												
Wages, salaries and benefits	59,858	188,478	82,863	81,949	45,184	48,750	70,106	38,033	14,783	-	630,004	560,364
Contract services	14,098	2,075	685	2,388	377	4,933	7,413	586	7,543	-	40,098	30,555
Supplies, material and equipment	14,329	22,989	3,516	31,182	100,319	23,394	22,831	12,694	55,587	(116)	286,725	302,971
Debt charges	-	911	107	11,437	13,844	-	3,700	687	9,282	(7,217)	32,751	25,083
Allocated Costs	35,618	867	1,501	(44,576)	(9,228)	3,105	(1,789)	17,253	4,893	-	7,644	35,077
	123,903	215,320	88,672	82,380	150,496	80,182	102,261	69,253	92,088	(7,333)	997,222	954,050
Amortization												
	6,633	3,378	3,118	67,232	23,377	353	11,896	10,258	2,165	-	128,410	123,929
	130,536	218,698	91,790	149,612	173,873	80,535	114,157	79,511	94,253	(7,333)	1,125,632	1,077,979
NET REVENUES (EXPENSES)	\$ 652,725	\$ (197,426)	\$ (83,994)	\$ (69,255)	\$ 1,963	\$ (66,732)	\$ (67,481)	\$ (67,600)	\$ 60,318	\$ -	\$ 162,518	\$ 94,925

**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, 2009.

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

Burnaby, Canada

March 26, 2010

KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

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

	2009 Budget	2009	2008 (Restated)
REVENUE			
Property taxes, penalties and interest	\$ 585,204	\$ 589,202	\$ 551,114
Water fees	80,872	78,367	76,857
Solid waste fees	45,337	43,828	42,222
Sewer fees	41,320	40,752	37,731
Other fees, rates and cost recoveries	178,027	214,501	196,684
Revenue sharing, grants and contributions	22,550	31,538	21,847
Investment income	15,040	15,508	24,995
Rental and lease income	22,955	21,094	20,013
	<u>991,305</u>	<u>1,034,790</u>	<u>971,463</u>
EXPENDITURES			
General government	113,159	109,598	92,209
Police protection	208,300	215,150	200,053
Fire protection	88,270	88,559	84,955
Engineering	73,247	77,100	80,358
Water utility	72,597	68,533	59,525
Solid waste	37,196	22,173	53,052
Sewer utility	57,111	56,767	56,591
Planning and development	66,705	69,499	71,629
Recreation and parks	99,909	97,387	95,307
Community and cultural services	72,467	68,931	66,109
	<u>888,961</u>	<u>873,697</u>	<u>859,788</u>
NET REVENUE	102,344	161,093	111,675
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(28,976)	(33,535)	(32,397)
Transfers			
Net transfers to other funds	(54,547)	(96,286)	(88,955)
Net transfers to reserves	(18,821)	(12,121)	(2,827)
Change in obligations to be funded from future revenue	-	(17,938)	19,070
	<u>(102,344)</u>	<u>(159,880)</u>	<u>(105,109)</u>
CHANGE IN FUND BALANCE	-	1,213	6,566
FUND BALANCE			
Beginning of year (restated)	11,906	11,906	5,340
End of year	<u>\$ 11,906</u>	<u>\$ 13,119</u>	<u>\$ 11,906</u>

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

	2009 Budget	2009	2008
Permits and licences			
Business	\$ 13,000	\$ 12,799	\$ 12,467
Dog	810	812	1,179
False Alarm Reduction Programme	1,100	1,202	1,088
Other	861	797	765
	<u>15,771</u>	<u>15,610</u>	<u>15,499</u>
Municipal by-law fines	<u>14,956</u>	<u>15,505</u>	<u>12,993</u>
Service and inspection fees			
Development permits	2,511	6,071	5,539
Building permits	3,121	5,454	5,472
Plumbing inspection	2,632	3,158	4,189
Electrical inspection	2,146	3,407	3,547
Other	7,388	7,665	8,363
	<u>17,798</u>	<u>25,755</u>	<u>27,110</u>
On street parking	<u>30,970</u>	<u>31,327</u>	<u>29,377</u>
Sundry fees and services			
Recovery - Greater Vancouver Transit Authority	3,765	3,767	3,692
Provincial school tax administration fee	390	402	391
Utility company access	210	324	295
Other	1,336	1,613	1,804
	<u>5,701</u>	<u>6,106</u>	<u>6,182</u>
Departmental revenues			
Parks and recreation - general operations	40,622	41,477	38,493
Britannia Community Services	876	982	981
Libraries	4,987	5,358	6,061
Civic theatres	6,359	5,574	5,900
General government	3,121	14,075	3,950
Fire	7,019	7,825	7,321
Police	15,311	21,450	20,721
Engineering	5,426	11,501	10,189
Community services	9,110	11,956	11,907
	<u>92,831</u>	<u>120,198</u>	<u>105,523</u>
TOTAL	<u>\$ 178,027</u>	<u>\$ 214,501</u>	<u>\$ 196,684</u>

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

	2009			2008	
	Revenue	Expenses	Net	Net	Net
OPERATIONS					
Rental and leases	\$ 21,207	\$ 6,518	\$ 14,689	\$ 13,297	
Parking	23,175	14,926	8,249	8,495	
Water moorage	1,100	665	435	469	
	<u><u>\$ 45,482</u></u>	<u><u>\$ 22,109</u></u>	23,373	22,261	
Interest and other income			4,442	1,608	
Gain in sale of tangible capital assets			742	434	
			<u><u>28,557</u></u>	<u><u>24,303</u></u>	
Expenses					
Administration and amortization			11,123	11,643	
NET REVENUES			<u><u>17,434</u></u>	<u><u>12,660</u></u>	
TRANSFERS					
Debt principal repayments			-	(39)	
Net transfer to reserves			(6,155)	(9,097)	
Net transfer (to) from other funds			(295)	22,479	
			<u><u>(6,450)</u></u>	<u><u>13,343</u></u>	
CHANGE IN FUND BALANCE			<u><u>\$ 10,984</u></u>	<u><u>\$ 26,003</u></u>	

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

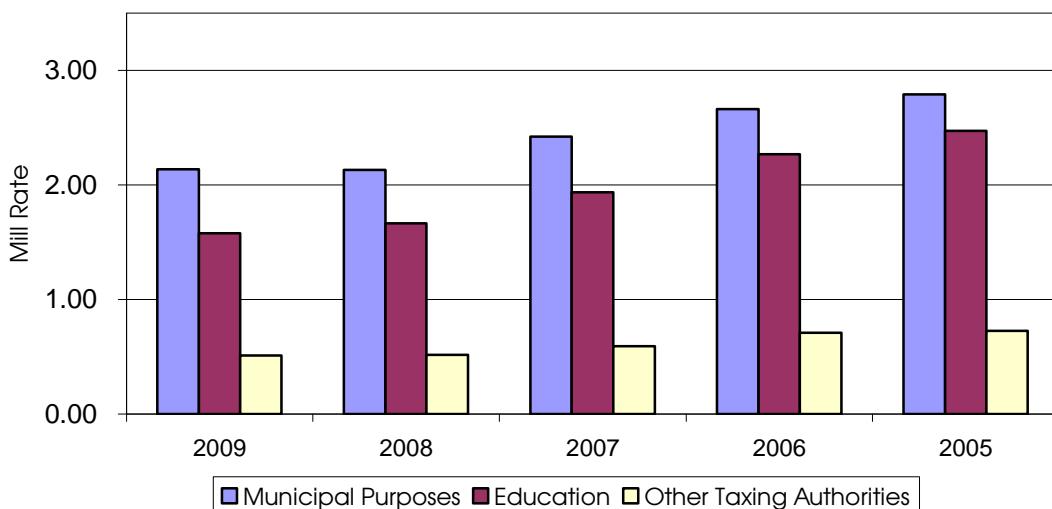
	2009	2008
SOLID WASTE UTILITY		
REVENUE		
Fees and service charges	\$ 43,828	\$ 42,222
EXPENDITURES AND TRANSFERS		
Garbage collection and disposal	9,585	9,343
Recycling	6,251	4,968
Composting	5,236	5,472
Commercial	15,607	16,989
Management and solid waste levy	813	434
Post closure costs	(15,319)	15,846
	22,173	53,052
Transfers from other funds	-	(16,151)
Transfer to reserves	21,655	5,321
	\$ 43,828	\$ 42,222
WATER UTILITY		
REVENUE		
Fees and service charges	\$ 78,367	\$ 76,857
EXPENDITURES AND TRANSFERS		
Purchase of water	52,843	44,480
Water debt charges	6,828	6,933
Operations	8,862	8,112
	68,533	59,525
Debt principal repayments	7,967	7,630
Transfer to Sinking Fund	7,005	6,434
Transfer to (from) reserves	(5,138)	3,268
	\$ 78,367	\$ 76,857
SEWER UTILITY		
REVENUE		
Fees and service charges	\$ 40,752	\$ 37,731
Contribution from property taxes	31,660	36,682
	\$ 72,412	\$ 74,413
EXPENDITURES AND TRANSFERS		
Contribution to Joint Sewerage Board	44,310	42,675
Sewer debt charges	7,016	6,848
Operations	5,441	7,068
	56,767	56,591
Debt principal repayments	9,166	8,782
Transfer to Sinking Fund	6,331	5,876
Transfer to reserves	148	3,164
	\$ 72,412	\$ 74,413

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

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2009	2008	2007	2006	2005
Property Assessment (\$000s)					
Rateable property general purposes	183,955,565	157,347,427	134,958,971	107,777,325	94,494,731
Tax Rates – Rate per \$1,000 of Assessment					
Residential					
Municipal purposes	2.13692	2.13092	2.42045	2.66174	2.78956
Education	1.57888	1.66466	1.93546	2.26854	2.47345
Other taxing authorities	0.50993	0.51583	0.59226	0.70825	0.72621
Total Residential	4.22573	4.31141	4.94817	5.63853	5.98922
Business/Other					
Municipal purposes	10.34798	10.81610	13.34754	15.48272	16.44104
Education	7.29402	7.75987	8.94972	9.96944	10.16357
Other taxing authorities	2.18056	2.31524	2.57445	2.80508	2.79649
Total Business/Other	19.82256	20.89121	24.87171	28.25724	29.40110
Major Industrial					
Municipal purposes	30.28937	28.28632	30.25422	28.46539	28.31661
Education	7.48227	9.30000	12.50000	12.50000	12.50000
Other taxing authorities	2.72814	3.06928	3.36844	3.76664	3.81372
Total Major Industrial	40.49978	40.65560	46.12266	44.73203	44.63033
Light Industrial					
Municipal purposes	10.34798	10.81610	13.34754	14.28709	15.52713
Education	7.48227	8.36739	8.86071	9.20000	9.60000
Other taxing authorities	2.72814	3.19158	3.44676	3.51684	3.57582
Total Light Industrial	20.55839	22.37507	25.65501	27.00393	28.70295
Total Utilities	57.40031	52.21255	55.85287	54.09031	52.27359
Total Recreational/Non-Profit	6.23958	5.99796	6.50882	7.23303	7.69044
Total Farm – All Purposes	9.46778	9.19796	9.40882	9.83303	9.99004

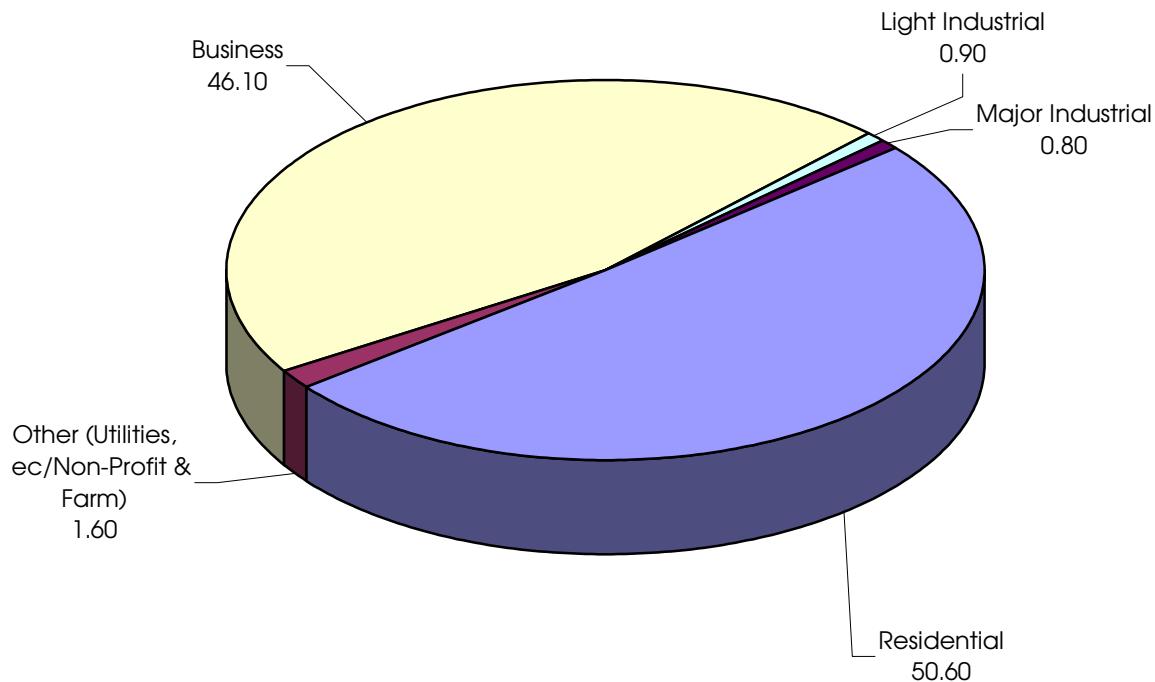
Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2009	2008	2007	2006	2005
Property Tax Revenue by Property Class (%)					
Residential - Class 1	50.6	48.4	47.2	44.9	43.5
Business - Class 6	46.1	48.4	49.5	51.6	52.7
Major industrial - Class 4	0.8	1.2	1.1	1.2	1.3
Light industrial - Class 5	0.1	0.8	0.9	0.9	1.0
Other (Utilities, Rec/Non-Profit and Farm)	1.6	1.2	1.3	1.4	1.5
Total	100.0	100.0	100.0	100.0	100.0

Property Tax by Class

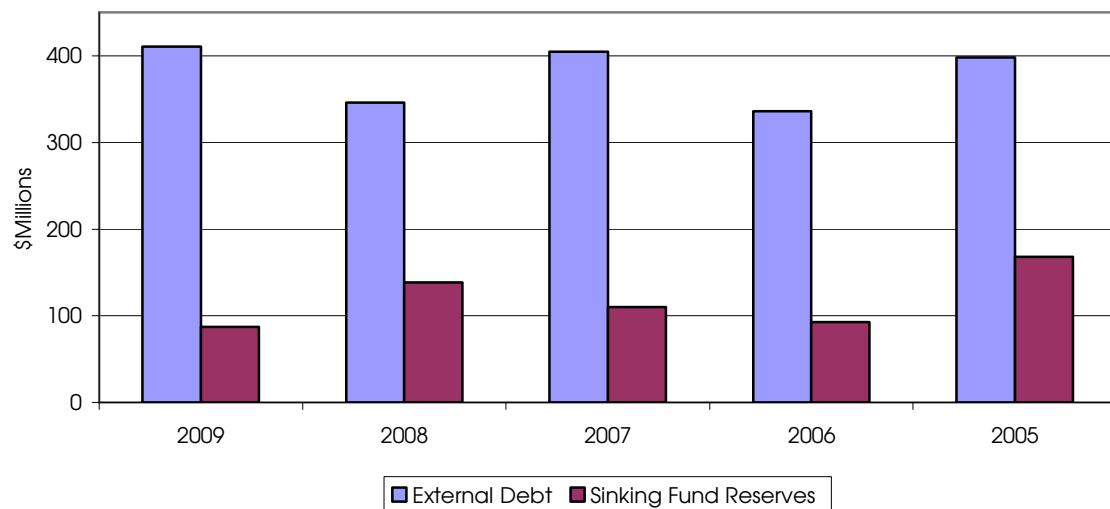


Property Taxation - Levy and Collections	2009	2008	2007	2006	2005
Total tax levy (all purposes) (\$000s)	1,152,139	1,094,882	1,050,887	1,007,751	951,769
Total tax arrears outstanding (\$000s)	5,929	24,273	24,059	22,238	21,254
% of current collections to current levy	98.66	98.68	98.61	98.61	98.45
% of total collections to current levy	99.91	100.09	99.91	100.10	100.40

FIVE YEAR STATISTICAL REVIEW – DEBT AND OTHER (\$000s)
Years Ended December 31

(000s)	2009	2008	2007	2006	2005
Population *	628,600	615,500	611,900	606,900	597,600
Internally restricted reserves	436,709	424,404	399,893	339,149	294,826
Long Term Debt (000s)					
Debenture debt outstanding	\$ 510,628	\$ 558,538	\$ 590,375	\$ 505,858	\$ 645,159
Less: Internally held debt	(12,800)	(74,172)	(75,789)	(77,227)	(79,133)
Externally held debt	497,828	484,366	514,586	428,631	566,026
Sinking Fund reserves	87,198	138,415	110,135	92,621	167,865
Net externally held debt	<u>\$ 410,630</u>	<u>\$ 345,951</u>	<u>\$ 404,451</u>	<u>\$ 336,010</u>	<u>\$ 398,161</u>
Debt per capita (externally held)	\$ 791.96	\$ 786.95	\$ 840.96	\$ 706.26	\$ 947.17

Long Term Debt - External



*Source: Population Section, B.C. Stats

Ministry of Labour Citizens' Services, Government of British Columbia

PROPERTY TAX INFORMATION (\$000s)
Years Ended December 31

NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

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

	2009	2008
Taxes collected:		
Property and business taxes	\$ 1,081,275	\$ 1,026,561
Payment in lieu of taxes	32,719	33,239
Local improvement levies	2,650	2,963
	<u>1,116,644</u>	<u>1,062,763</u>
Less taxes collected on behalf of:		
Province of British Columbia - School Taxes	402,992	393,605
Greater Vancouver Transportation Authority	96,923	91,367
B.C. Assessment Authority	14,171	13,524
Greater Vancouver Regional District	13,317	13,124
Municipal Finance Authority	39	29
	<u>527,442</u>	<u>511,649</u>
NET TAXES - MUNICIPAL PURPOSES	<u>\$ 589,202</u>	<u>\$ 551,114</u>

STATEMENT OF TAX RECEIPT AND PROPERTY TAXES RECEIVABLE

	2009	2008
Analysis of Tax Receipts and Receivables		
Balance, before allowance for tax write-offs, beginning of year	\$ 24,272	\$ 24,059
Add: Interest and adjustments (net)	(496)	100
	<u>23,776</u>	<u>24,159</u>
Less: Receipts	(14,421)	(15,455)
Outstanding - prior years	<u>9,355</u>	<u>8,704</u>
Current tax levy including utility and other charges	1,152,139	1,094,882
Less : Receipts	(1,136,730)	(1,080,464)
Current arrears	15,409	14,418
Add: Penalties on current arrears	1,166	1,150
Outstanding - current year	<u>16,575</u>	<u>15,568</u>
Balance	<u>\$ 25,930</u>	<u>\$ 24,272</u>

Analysis of Property Taxes Receivable by Year

Current year	\$ 16,575	\$ 15,566
Prior year	6,400	5,389
Prior 2 year	2,955	3,317
Balance	<u>\$ 25,930</u>	<u>\$ 24,272</u>

CHANGES IN DEBENTURE DEBT OUTSTANDING (\$000s)
Year Ended December 31, 2009

	Externally Held	Internally Held	Total
Balance, beginning of year	\$ 484,366	\$ 74,172	\$ 558,538
Add: Debentures issued	125,000		125,000
Local improvements		625	625
	<u>609,366</u>	<u>74,797</u>	<u>684,163</u>
Less: Maturities			
General and water	111,538	60,000	171,538
Local improvements	-	1,997	1,997
	<u>111,538</u>	<u>61,997</u>	<u>173,535</u>
Balance, end of year	\$ 497,828	\$ 12,800	\$ 510,628

OUTSTANDING BORROWING AUTHORITY

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

	Amount Authorized	Debentures Issued to Dec 31, 2009	Balance
General (excluding Sewer and Water)			
2006 - 2008	\$ 170,570	\$ 146,025	\$ 24,545
2009 - 2011	<u>222,000</u>	-	<u>222,000</u>
	<u>\$ 392,570</u>	<u>\$ 146,025</u>	<u>\$ 246,545</u>
Sewer and Water			
2006 - 2008	\$ 129,300	\$ 84,700	\$ 44,600
2009 - 2011	<u>159,172</u>	-	<u>159,172</u>
	<u>\$ 288,472</u>	<u>\$ 84,700</u>	<u>\$ 203,772</u>
Total General, Water and Sewer			
2006 - 2008	\$ 299,870	\$ 230,725	\$ 69,145
2009 - 2011	<u>381,172</u>	-	<u>381,172</u>
	<u>\$ 681,042</u>	<u>\$ 230,725</u>	<u>\$ 450,317</u>

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2009

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
8269*	December 14, 2010 Roads, walks, streets and lanes	6.000	10	1,039	910
8295	February 21, 2011 Infrastructure Parks Pedestrian/cycling facilities Public works/fire facilities Roads, walks, streets and lanes Sewers Street lighting/communications/undergrounding Street lighting/communications Street lighting Transit /safety improvements Waterworks	5.850	10	2,238 13,858 1,678 10,600 2,382 17,015 857 4,476 2,384 6,162 18,350	1,700 10,521 1,274 8,047 1,808 12,918 651 1,810 3,398 4,678 13,931
				80,000	60,736
8460	April 17, 2012 Local area improvement Parks Pedestrian/cycling facilities Public works/fire facilities Sewers Street lighting Street/bridge infrastructure Transit /safety improvements Waterworks	6.000 to 6.125	10	2,134 2,511 1,436 2,602 10,762 2,332 396 2,942 10,762 35,877	- - - - - - - - - -
8808	March 16, 2014 Civic facilities Local area improvement Parks Pedestrian/cycling facilities Public works/fire facilities Sewers Street lighting/communications Street/bridge infrastructure Transit /safety improvements Waterworks	3.950	10	272 3,336 5,005 3,136 612 17,440 2,275 1,295 4,517 16,506 54,394	- - - - - - - - - -
	Carried Forward			\$171,310	\$61,646

* Held Internally

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2009

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
			Carried Forward	\$171,310	\$61,646
9115	October 06, 2015	3.600 to 4.100	10		
	Bridges/tunnels			1,746	-
	Community centre facilities			3,878	-
	Infrastructure			4,480	-
	Libraries			3,173	-
	Local area improvement			4,349	-
	Miscellaneous			160	-
	Multi-purpose centres			1,526	-
	Neighbourhood houses			1,512	-
	Parks			9,753	-
	Pedestrian/cycling facilities			4,117	-
	Public safety/Police			388	-
	Sewers			19,855	-
	Sports facilities			710	-
	Street lighting/communications			2,510	-
	Train stations			3,232	-
	Transit/safety improvements			2,504	-
	Waterworks			12,737	-
	Yards			927	-
				<u>77,557</u>	<u>-</u>
9532	December 1, 2017	4.700	10		
	Civic Facilities			2,166	353
	Community legacy projects			15,000	2,445
	Fire protection			600	98
	Libraries			2,000	326
	Local area improvement			4,548	741
	Overhead debenture costs			1,500	244
	Parks			7,175	1,169
	Pedestrian/cycling facilities			12,349	2,013
	Police			12,304	2,005
	Sewers			25,000	4,075
	Street/bridge infrastructure			17,557	2,862
	Transit /safety improvements			4,801	782
	Waterworks			<u>20,000</u>	<u>3,260</u>
				<u>125,000</u>	<u>20,373</u>
9897	December 2, 2019	4.900	10		
	Civic facilities			10,600	-
	Community legacy projects			19,500	
	Fire protection			4,000	
	Libraries			500	
	Local area improvement			4,700	-
	Parks			3,000	-
	Pedestrian/cycling facilities			7,800	-
	Police			16,000	
	Sewers			27,800	-
	Street/bridge infrastructure			13,000	
	Street lighting & Transit/safety improvements			6,200	-
	Waterworks			<u>11,900</u>	<u>-</u>
				<u>125,000</u>	<u>-</u>
	Total			<u>\$498,867</u>	<u>\$82,019</u>

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2009

LOCAL IMPROVEMENT - Property Owners' Share

Bylaw	Maturity Date	Purpose	Rate	Term (Yr)	Debt Balance
7446	June 21 2010	Lane paving, speed ramps, sidewalks & curbs	9.500	15	216
7447	June 21 2010	Underground wiring	9.500	15	10
7584	June 26 2011	Lane paving, speed ramps, sidewalks & curbs	7.500	15	440
7758	June 25 2012	Lane paving, speed ramps, sidewalks & curbs	7.000	15	651
7759	June 25 2012	Beautification	7.000	15	48
7912	June 24 2013	Beautification	6.000	15	77
7915	June 24 2013	Lane paving, speed ramps, sidewalks & curbs	6.000	15	821
8037	June 23 2014	Lane paving, speed ramps, sidewalks & curbs	6.000	15	995
8204	June 21 2015	Lane paving, speed ramps, sidewalks & curbs	7.000	15	823
8206	June 21 2010	Street lighting	7.000	10	3
8207	June 21 2015	Beautification	7.000	15	61
8208	June 21 2010	Beautification	7.000	10	23
8209	June 21 2015	Beautification	7.000	15	14
8501	June 26 2017	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,261
8501	June 26 2017	Trees	6.000	15	1
8503	June 26 2012	Street lighting	6.000	10	4
8504	June 26 2017	Beautification	6.000	15	144
8506	June 26 2017	Underground wiring	6.000	15	133
8693	June 25 2018	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,452
8695	June 25 2013	Street lighting	6.000	15	2
8696	June 25 2013	Beautification	6.000	15	27
8871	June 23 2019	Lane paving, speed ramps, sidewalks & curbs	5.750	15	1,035
9063	June 29 2020	Lane paving, speed ramps, sidewalks & curbs	5.750	5	1,224
9064	June 29 2010	Lane lighting	5.750	15	2
9301	June 14 2021	Lane paving, speed ramps, sidewalks & curbs	6.000	15	447
9302	June 14 2011	Lane lighting	6.000	5	4
9303	June 14 2021	Beautification	6.000	15	40
9513	June 27 2012	Traffic circle	6.000	5	2
9514	June 27 2022	Lane paving, speed ramps, sidewalks & curbs	6.000	5	747
9515	June 27 2012	Lane lighting	6.000	5	11
9671	June 25 2012	Lane lighting	6.000	5	3
9672	June 25 2022	Lane paving, speed ramps, sidewalks & curbs	6.000	15	477
9885	June 17 2023	Lane paving, speed ramps, sidewalks & curbs	6.000	15	554
9886	June 17 2012	Lane lighting	6.000	5	6
9887	June 17 2022	Street lighting	6.000	10	3
					\$11,761

Held Internally

DEBT INTEREST RATES (\$000s)
Year Ended December 31, 2009

Interest Rate	General (including Waterworks)	Local Improvement	Total
9.500	-	227	227
7.500	-	441	441
7.000	-	1,623	1,623
6.125	24,610	-	24,610
6.000	12,302	7,209	19,511
5.850	80,000	-	80,000
5.750	-	2,261	2,261
4.700	125,000	-	125,000
4.900	125,000	-	125,000
4.650	11,827	-	11,827
4.500	11,314	-	11,314
4.350	10,842	-	10,842
4.150	10,405	-	10,405
4.100	14,226	-	14,226
4.050	13,678	-	13,678
3.950	23,163	-	23,163
3.850	12,647	-	12,647
3.700	12,160	-	12,160
3.600	11,693	-	11,693
	<hr/> \$ 498,867	<hr/> \$ 11,761	<hr/> \$ 510,628

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)

Year Ended December 31, 2009

Total Debt (Internal and External)

	General			Waterworks			Local Improvements			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	25,668	19,461	\$ 45,129	8,337	4,301	\$ 12,638	1,772	731	\$ 2,503	\$ 35,777	\$ 24,493	\$ 60,270
2011	87,418	16,464	103,882	27,086	3,358	30,444	1,615	610	2,225	116,119	20,432	136,551
2012	26,992	13,442	40,434	9,168	2,384	11,552	1,471	506	1,977	37,631	16,332	53,963
2013	18,874	12,422	31,296	5,593	2,039	7,632	1,289	415	1,704	25,756	14,876	40,632
2014	19,670	11,619	31,289	5,835	1,793	7,628	1,098	337	1,435	26,603	13,749	40,352
2015-2019	229,990	43,002	272,992	34,236	5,832	40,068	3,689	839	4,528	267,915	49,673	317,588
Thereafter	-	-	-	-	-	-	827	95	922	827	95	922
	\$ 408,612	\$ 116,410	\$ 525,022	\$ 90,255	\$ 19,707	\$ 109,962	\$ 11,761	\$ 3,533	\$ 15,294	\$ 510,628	\$ 139,650	\$ 650,278

External Debt Only

	General			Waterworks			Total			General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	24,629	19,399	\$ 44,028	8,337	4,301	\$ 12,638	\$ 32,966	\$ 23,700	\$ 56,666	114,504	19,822	134,326
2011	87,418	16,464	103,882	27,086	3,358	30,444	36,160	15,826	51,986	24,467	14,461	38,928
2012	26,992	13,442	40,434	9,168	2,384	11,552	25,505	13,412	38,917	264,226	48,834	313,060
2013	18,874	12,422	31,296	5,593	2,039	7,632						
2014	19,670	11,619	31,289	5,835	1,793	7,628						
Thereafter	229,990	43,002	272,992	34,236	5,832	40,068						
	\$ 407,573	\$ 116,348	\$ 523,921	\$ 90,255	\$ 19,707	\$ 109,962	\$ 497,828	\$ 136,055	\$ 633,883			

GENERAL STATISTICS

Year Ended December 31, 2009