

CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

2008

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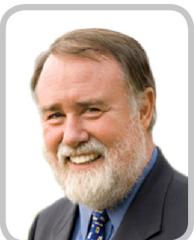
Vancouver City Council 2008 – 2011



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. Ballem, MD, FRCP
Deputy City Manager	J. T. Ridge, M.A., M.P.A.
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	R. Holdgate
General Manager of Human Resource Services	K. Ramsay, AScT.
General Manager of Parks and Recreation	S.J. Mundick, B.R.I.S., R.D.M.R.
General Manager of Olympic and Paralympic Operations	D. Rudberg, P.Eng.

Financial Services

Acting General Manager of Financial Services	J. T. Ridge, M.A., M.P.A.
Director of Financial Services	E. Lee, B. Comm., C.A.
Associate Director of Financial Services	G. Krueger, B. Comm., C.A.
Director of Budget Services	A. Klein, B.Comm., M.B.A.

Acting 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
S. Daub L. Mathison
C. Grauer D. Millward
H. Harrison T. Tao
L. Kuehn

Vancouver Police Board

Chief Constable – J. Chu
Mayor G. Robertson – Chair
T. La Liberté D. Parker
J. McLean S. Williamson-Harms
P. Marfleet G. Wong

Vancouver Civic Theatres Board

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

Board of Parks and Recreation

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

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

C. Kelly - Superintendent of Schools
B. Ng - Secretary-Treasurer
P. Bacchus – Chair
J. Bouey – Vice-Chair
A. Blakey S. Gregson
K. Clement M. Lombardi
K. Denike A. Wong
C. Gibson

**City Hall, Vancouver
April 8, 2009**

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, 2008. These financial statements include the financial position and results of operations of the City including its boards and City-owned/controlled corporations.

2008 Financial Highlights

The City continued to maintain a strong financial position in 2008:

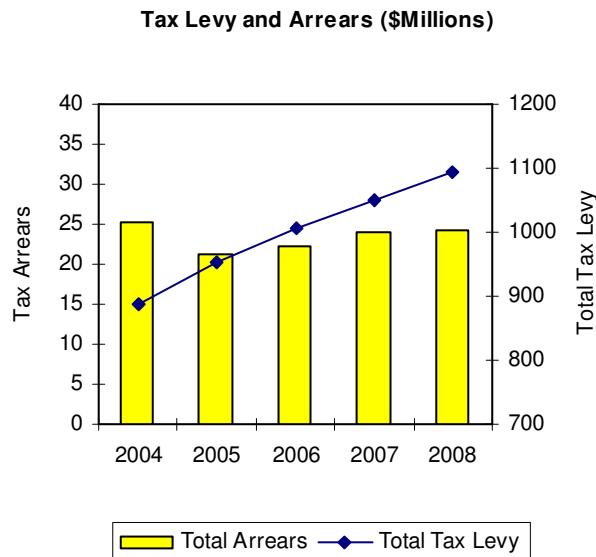
- Net assets increased by \$2.0 billion (18%) to approximately \$13.0 billion. The increase was mainly due to an increase in Capital Assets.
- The cash position including temporary investments, amounted to \$645.1 million compared to \$877.7 million at the end of 2007. The decrease of \$232.6 million (26.5%) was mainly due to the financing of the Millennium Southeast False Creek Olympic Village project.
- Through tight fiscal control, the City was able to manage expenditures within the Operating Budget envelope ending the year with an excess of revenues over expenditures of \$6.6 million.
- Expenditures on capital works totaled \$279.0 million, compared to \$191.8 million in 2007, a 45.5% increase.
- Total debt outstanding at year end was \$558.5 million (2007 - \$590.4 million), of which \$484.4 million was held externally; the balance of \$74.1 million was held by the Sinking Fund. Of this internally held debt, \$13.1 million is to be recovered from individual property owners through local improvement charges.
- Deferred income decreased by \$4.6 million and is mainly comprised of development cost levies which totalled \$100.6 million at year end.
- Reserves set aside for specific purposes increased during 2008 by \$24.5 million to \$424.4 million.
- Work stoppage savings of \$11.8 million from 2007 was transferred from a reserve to reduce 2008 property taxes as directed by Council.

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 remained at basically the same level of approximately \$25.0 million.

The collection of 2008 property taxes, including those amounts raised for other taxing authorities, amounted to \$1.1 billion, or 98.7% of the total 2008 property taxes levied. During the year, the City also collected \$15.5 million (64.3%) of the \$24.1 million property tax in arrears at the beginning of 2008.

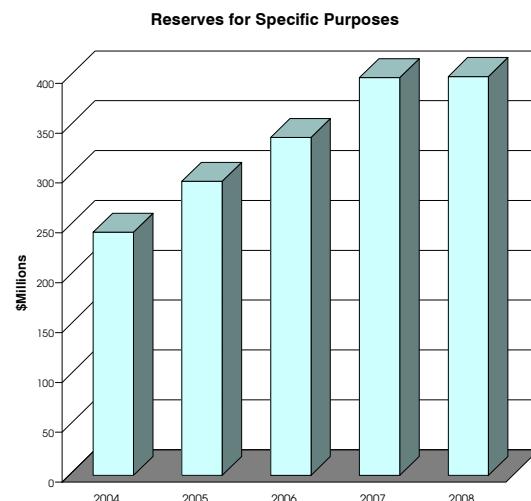
At year end, tax prepayments were \$46.3 million compared to \$41.1 million at the end of 2007, an increase of 12.6%. Enrolment in the City's Tax Instalment Pre-Payment Plan has been increasing since its inception in 1999 and currently there are over 9,750 accounts.



Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves. At the end of 2008, these reserves totalled \$424.4 million, up \$24.5 million over 2007 or a 6.1% increase. The most significant reserve balances and changes were:

- Community Amenity contributions from developers amounted to \$18.6 million and were offset by expenditures of \$16.3 million bringing the total reserve balance to \$50.7 million.
- Future Revenue Fund Budgets Reserve was drawn down by \$13.0 million to a balance of \$36.0 million. This was mainly the result of the transfer the 2007 work stoppage savings of \$11.8 million to reduce 2008 property taxes and \$1.5 million for the municipal election. \$24.0 million of this reserve is to fund future payroll obligations.
- Funding for future debt charges of \$6.1 million was transferred into the Future Debt Repayment Reserve bringing the balance to \$23.1 million.
- \$9.2 million of the Olympic Legacy Facilities Reserve was used to fund the development of Olympic Venues (Hillcrest Complex and 2 skating rinks).
- The Olympic Legacy Reserve increased by \$2.4 million after expenditures of \$1.2 million were netted against the annual contribution of \$3.6 million from the extension of a lease of a City property. The balance of the reserve was \$11.4 million at year end.
- The balance of the Olympic Village Trust Reserve was drawn down by \$14.5 million to fund the development of the Southeast False Creek Olympic Village site.
- The South East False Creek Construction Reserve of \$25.0 million was established to provide for contingent costs for the completion of the Olympic Village.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan increased by \$5.9 million to \$44.2 million. The reserve is funded by internal equipment charges provided in the Operating and Capital Budgets and in 2008 this amounted to \$19.6 million. Actual expenditures drawn on the reserve were \$13.8 million.
- \$5.6 million was expended out of the Stanley Park Restoration Reserve to repair the 2006 storm damage leaving a balance of \$1.9 million in the reserve at year end.
- The Solid Waste Capital Reserve is being accumulated to fund closure and post-closure costs at the City's landfill. During the year the reserve increased by \$1.6 million to \$74.2 million as a result of interest of \$3.9 million less landfill capital and other expenditures of \$1.3 million.
- Water and Sewer Utility Rate Stabilization Reserves increased by \$2.7 million to a total of \$31.8 million as a result of surpluses from operations.

**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 \$971.5 million and expenditures, debt repayments and transfers amounted to \$964.9 million, resulting in a net surplus of \$6.6 million. The total fund balance of the Revenue Fund currently stands at \$21.1 million, compared to \$14.6 million in 2007. The following highlights the major changes in revenues and expenditures.

REPORT OF THE DIRECTOR OF FINANCE

Total operating revenues increased by \$47.4 million from 2007 mainly due to:

- An increase in net taxation revenue of \$17.7 million or 3.3% from \$533.4 million to \$551.1 million. City Council approved a 1.23% increase in the property tax levy in 2008 that generated \$17.5 million in tax revenues (including \$10.3 million from new construction).
- An increase in water utility user fees of \$2.9 million (3.9%) was due to a Council approved rate increase of 5.5% to reflect rising regional water costs, as well as higher metered water consumption in the year.
- An increase in solid waste utility user fees of \$1.8 million (4.5%) mainly due to a return to normalized levels of disposal receipts following the reduced levels that occurred as a result of the 2007 work stoppage.
- An increase in sewer utility user fees of \$2.2 million (6.3%) was due to a Council approved rate increase of 3.2% and growth in metered consumption.
- An increase in other fees, rates and cost recoveries of \$17.1 million (9.5%) due to a combination of the following:
 - Increased 2008 revenues compared to \$13.3 million in reduced revenue during the 2007 work stoppage.
 - Increased number of shows at theatres generating an additional \$0.7 million in revenue in comparison to 2007 which saw theatres closed for renovations.
 - \$2.9 million increase in on-street parking revenues due to Council approved increases in rates and expansion of meter zones.
 - \$2.6 million increase in parking by-law enforcement revenue due to increases in the number of tickets issued.
 - An increase in secondment recoveries of \$2.2 million due to a higher number of police officers being assigned to other agencies.
 - A \$3.9 million decline in building permit fee revenues as a result of economic downturn in 2008.
- An increase in provincial revenue sharing grants and contributions of \$1.0 million (4.8%) due to the city receiving a larger share of the provincial traffic fine revenue and increased gaming revenue.
- An increase in investment income of \$5.6 million (28.8%) due to higher cash balances, offset by lower interest rates.

Total operating expenditures amounted to \$868.0 million, an increase of \$84.0 million (10.7%). This increase is primarily related to the wage and fringe benefit adjustments for employees which added approximately \$19.2 million to the 2008 expenditures.

Other major areas of change in expenditures were:

- Following the work stoppage of approximately 12 weeks in 2007, the 2008 expenditure levels for salaries and operations returned to a full-year level. In 2007, expenditure savings were realized within non-utility operations (\$24.5 million), the Water Utility (\$1.5 million) and the Solid Waste Utility (\$0.9 million), resulting in increased full-year 2008 expenditures.
- An increase of \$2.3 million in the cost of water charged by the Greater Vancouver Water District which increased rates by 11.7%.
- A \$3.5 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.
- A liability accrual for the future cost of closing the landfill of \$15.9 million. A recent detailed design review for the closure of the first phase of the landfill was conducted and the updated costs and timelines were applied to the future liability of closing the entire landfill. The main reasons for the increase include a change in the cover system from soil based to a *geomembrane* (plastic) cover system, which reduces leachate and maximizes landfill gas collection.
- The cost of \$1.8 million to the City for the civic election in November 2008.
- The approved Emergency Management Program increased costs by \$0.6 million.
- Increase in Emergency Communications 911 (E-Comm) of \$3.2 million due to a \$2.8 million loan repayment and increased costs related to the provision of emergency radio and communication services.
- Police expenditures increased mainly due to the full-year impact of the approval of 96 additional police officers and 22 civilians approved by Council (\$8.4 million) and increased Criminal Investigation Fund, legal and overtime expenditures due to increased investigations and major events within the community (\$2.0 million).

REPORT OF THE DIRECTOR OF FINANCE

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 properties required for civic use and the related long term debt. Spending authority and control are provided through the annual Capital Budget which in turn is guided by the Three Year Capital Plan approved by Council.

The Capital Fund balance decreased by \$148.0 million resulting in a negative fund balance of \$148.1 million (2007 – negative fund balance of \$0.1 million). The change is mainly due to:

- \$89.7 million in revenue including \$30.5 million in development cost levies and \$8.1 million in community amenity contributions from developers, \$5.2 million from the Federal and Provincial governments for various projects, \$12.6 million in water and sewer connection fees and \$15.3 million in cost sharing recoveries from Translink.
- \$40.7 million net transfers from reserves and other funds, the most significant being the \$34.5 million transfer from Revenue Fund Operating Budget to fund capital projects.
- \$279.0 million capital expenditures which included:

	\$ Million
• Streets, traffic and safety	63.3
Traffic calming plans, streetlights, signals, sidewalks, Canada Line stations, Main Street and Knight/Clark corridor	
• Main sewer construction and sewer abatement projects	31.0
Fraser River, West Point Grey, Balaclava and Kitsilano basins	
• Water works distribution system	26.0
• Vehicle and equipment purchases	13.8
• Parks, community centres, playing fields, ice rinks	69.4
Stanley Park restoration, Emery Barnes Park, Percy Norman Aquatic Centre, Killarney and Trout Lake skating rinks, Hillcrest Curling Centre	
• Construction and capital maintenance of City buildings and systems	45.5
Civic Theatres upgrades, #1 Kingsway, Mountain View Cemetery	
• Technology infrastructure	18.2
Hardware upgrades, Infrastructure Management, Access Vancouver program	
• Daycare, social housing and community services facilities	4.7

The negative fund balances arises from a difference in timing between the issuance of debentures and the expenditures they fund. Council has approved approximately \$109.8 million of general borrowing authority and \$84.3 million of sewer and water borrowing authority from the 2006-2008 Capital Plan, which, when exercised, will be applied to offset this deficit.

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 has also indicated it will approve an additional \$159.2 million in borrowing authority for sewer and water capital expenditures to complete that plan.

Capital Financing Fund

The Capital Financing Fund (CFF) provides funds for the internal financing of capital projects. \$134.8 million was advanced to the Capital Fund and \$117.3 million to the Property Endowment Fund. The interim financing will be repaid with interest from future operating savings or additional fees and service charges.

The CFF holds the City's Solid Waste Capital Reserve which accumulates funds to meet closure and post closure costs at the City's landfill site. At year end, the balance of the reserve was \$74.2 million. 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 \$56.1 million, with the remaining capacity of 17.4 million tonnes (52.7% of total capacity) to be utilized by 2042.

The CFF also holds the Olympic Village Construction Reserve of \$25.0 million for the contingent cost on the construction of the Athletes' Village in Southeast False Creek.

Sinking Fund

The Sinking Fund holds the accumulated annual principal instalments on the City's outstanding sinking fund debentures which have been collected through tax levies, together with interest earned to provide for the retirement of principal at maturity. As at December 31, 2008, the Sinking Fund reserve for debt retirement was \$193.0 million.

The Sinking Fund held \$74.1 million of City of Vancouver debentures at year end as investments. \$54.6 million of the reserve for debt retirement relates to internally held debt, with the remaining \$138.4 million reserve set aside for externally held debt.

Property Endowment Fund

The Property Endowment Fund (PEF) accounts for real estate properties including non-market housing sites, other residential and commercial properties and parking garages. These properties are generally managed on a commercial basis generating income to benefit current and future citizens.

Net revenues from parking and property lease and rentals amounted to \$21.4 million. On an annual basis, \$7.0 million of the net revenue from rental and lease operations is transferred to the Revenue Fund to support general operations. The PEF also funded \$2.5 million of administrative expenses in the Operating Budget.

The PEF had a negative fund balance at year end of \$99.1 million, a decrease of \$72.8 million from 2007 due mainly to significant capital expenditures related to the Southeast False Creek redevelopment. It is anticipated that this position will be corrected once the sale of development parcels are completed.

In 2008, PEF capital expenditures amounted to \$103.8 million compared to \$92.9 million in 2007. Of this amount, \$85.7 million was spent on the Southeast False Creek redevelopment project and \$11.4 million on acquiring properties for non-market housing, including 2 parcels at the Woodwards' development. A further \$4.7 million was spent on the construction of market rental housing in the #1 Kingsway civic complex.

Accounting and Reporting Changes

As stated in the 2007 Annual Report, the Public Sector Accounting Board (PSAB) standard for the accounting and reporting of tangible capital assets must be adopted for the 2009 financial statements. The new standard will result in significant changes in financial statement presentation requiring capital assets to be recorded at amortized historical cost. The major impact of this for the City will be a reduction in the carrying value of the City's land assets (from assessed values to historical cost) and the recording of depreciation for all depreciable assets.

To ensure compliance, the City is implementing an Infrastructure Management System to assist City departments with inventorying and valuing public works, facilities and parks assets.

For this year, the new PSAB standard for Segment Disclosure which requires the reporting of revenues and expenses by segment or function has been implemented and included in the 2008 Financial Statements.

Respectfully submitted,



Esther Lee
Director of Financial Services
Deputy 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, 2008 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, 2008 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

March 25, 2009

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)

	2008	2007
FINANCIAL ASSETS		
Cash (Note 2)	\$ 35,471	\$ 71,437
Temporary investments (Note 2))	609,676	806,267
Accounts receivable and accrued interest (Note 3)	77,008	72,064
Local improvement receivable	12,249	13,536
Property taxes receivable	24,272	24,059
South East False Creek development receivable (Note 10(i))	79,896	-
Long term lease agreement receivable (Note 10(f)(i))	51,402	54,296
	<hr/>	<hr/>
	889,974	1,041,659
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	403,142	360,292
Mortgage and loan agreements (Note 10(f)(ii))	58,140	63,403
Long term debt (Note 6)	484,366	514,586
Deferred income (Note 12)	101,805	106,429
	<hr/>	<hr/>
	1,047,453	1,044,710
NET DEBT		
	<hr/>	<hr/>
	(157,479)	(3,051)
PHYSICAL ASSETS		
Inventory	15,770	15,306
Capital assets (Note 4)	13,136,371	10,953,893
	<hr/>	<hr/>
	13,152,141	10,969,199
	<hr/>	<hr/>
NET ASSETS	\$ 12,994,662	\$ 10,966,148
MUNICIPAL EQUITY		
Equity in capital assets (Note 5)	\$ 12,641,163	\$ 10,425,188
Reserve for debt retirement (Note 6)	138,415	110,136
Reserves (Note 7)	424,404	399,893
Fund balances (Note 8)	(63,958)	157,154
Obligations to be funded from future revenue (Note 9)	(145,362)	(126,223)
	<hr/>	<hr/>
	\$ 12,994,662	\$ 10,966,148

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)

	2008	2007
REVENUE		
Property taxes, penalties and interest	\$ 551,114	\$ 533,377
Water fees	76,857	73,950
Solid waste fees	42,222	40,388
Sewer fees	37,731	35,505
Other fees, rates and cost recoveries	353,243	308,145
Revenue sharing, grants and contributions	24,966	28,332
Investment income	36,829	33,062
Rental and lease income	47,905	44,654
Sale of property	1,586	38,976
	1,172,453	1,136,389
EXPENDITURES		
General government	139,020	128,654
Police protection	212,053	189,268
Fire protection	88,262	96,465
Engineering	198,133	158,368
Water utility	84,334	70,418
Solid waste	55,188	46,569
Sewer utility	86,381	71,977
Planning and development	71,629	57,993
Recreation and parks	214,876	164,887
Community and cultural services	179,589	151,364
	1,329,465	1,135,963
NET (EXPENDITURE) REVENUE	(157,012)	426
DEBT, TRANSFERS AND OTHER		
Debt		
Principal repayments	(31,569)	(40,763)
New issues	1,120	125,000
Net transfers to reserves	(52,790)	(78,259)
Change in obligations to be funded from future revenue	19,139	18,510
	(64,100)	24,488
CHANGE IN FUND BALANCES	(221,112)	24,914
FUND BALANCES (Note 8)		
Beginning of year	157,154	132,240
End of year	\$ (63,958)	\$ 157,154

See accompanying Notes to Consolidated Financial Statements

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

	2008	2007
CASH PROVIDED BY (USED IN):		
Operations		
Net (Expenditure) Revenue	\$ (157,012)	\$ 426
Change in non-cash items	<u>(45,096)</u>	<u>90,729</u>
	<u><u>(202,108)</u></u>	<u><u>91,155</u></u>
Financing		
Debt issued	1,120	125,000
Debt repayments	<u>(31,569)</u>	<u>(40,763)</u>
	<u><u>(30,449)</u></u>	<u><u>84,237</u></u>
Investing		
Net sale (purchase) of temporary investments	<u>196,591</u>	<u>(175,483)</u>
NET DECREASE IN CASH	(35,966)	(91)
CASH		
Beginning of year	71,437	71,528
End of year	<u>\$ 35,471</u>	<u>\$ 71,437</u>

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's)
Year Ended December 31, 2008

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

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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Basis of Accounting

- (i) Revenue is recorded in the period in which the transactions or events that give 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 relating 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) Preparation of the 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 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.

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 \$60.5 million (2007 - \$53.9 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 \$5.5 million (2007 - \$4.6 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 January 31, 2015).

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

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.

	2008	2007
Cash	\$ 35,471	\$ 71,437
Temporary investments	609,676	806,267
Total cash and investments	<u><u>\$ 645,147</u></u>	<u><u>\$ 877,704</u></u>
Market Value of total cash and investments	<u><u>\$ 668,156</u></u>	<u><u>\$ 886,679</u></u>

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

	2008	2007
Accounts receivable and accrued interest		
Accrued interest	\$ 9,399	\$ 11,233
Utility receivables	18,318	18,594
Employee advances	2,424	2,521
Rental and lease receivables	1,545	1,557
Trade and other receivables	<u><u>46,892</u></u>	<u><u>39,947</u></u>
	78,578	73,852
Allowance for doubtful accounts	<u><u>(1,570)</u></u>	<u><u>(1,788)</u></u>
	<u><u>\$ 77,008</u></u>	<u><u>\$ 72,064</u></u>
Accounts payable and accrued liabilities		
Payroll liabilities	\$ 47,219	\$ 43,369
Advance deposits and receipts	105,139	99,563
Future obligations (Note 9)	145,362	126,223
Trade and other liabilities	<u><u>105,422</u></u>	<u><u>91,137</u></u>
	<u><u>\$ 403,142</u></u>	<u><u>\$ 360,292</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

4. CAPITAL ASSETS

	Capital Fund	Property Endowment Fund	2008 Total	2007 Total
Land	\$ 7,037,093	\$ 3,286,297	\$ 10,323,390	\$ 8,410,418
Buildings	608,075	133,660	741,735	648,748
Property subject to sale option	-	8,365	8,365	8,365
Leasehold interests	25,533	3,240	28,773	28,863
Engineering assets	1,007,687	-	1,007,687	957,492
Waterworks	345,556	-	345,556	328,491
Assets under construction	600	175,656	176,256	89,976
Plant, equipment, artworks and artifacts	482,026	2,608	484,634	461,660
	<u>\$ 9,506,570</u>	<u>\$ 3,609,826</u>	<u>13,116,396</u>	<u>10,934,013</u>
City of Vancouver Public Housing Corporation			8,842	9,365
Pacific National Exhibition			11,133	10,515
Total			<u>\$ 13,136,371</u>	<u>\$ 10,953,893</u>

The City's assets are recorded in accordance with the Capital Assets accounting policies outlined in Note 1(e). The City is in the process of revising its accounting policies and developing new systems and procedures related to its Tangible Capital Assets in order to comply with PSAB Standard 3150 by December 31, 2009.

5. EQUITY IN CAPITAL ASSETS

	2008	2007
Capital expenditures	\$ 384,969	\$ 287,636
Debt issued	(1,120)	(125,000)
Debt principal repayments	31,569	40,764
Disposals	(10,604)	(10,703)
Depreciation	(57,274)	(55,340)
Increase in assessed values	1,870,873	1,642,439
Capital grants	(2,438)	(6,924)
Change in equity in capital assets	2,215,975	1,772,872
Balance, beginning of year	10,425,188	8,652,316
Balance, end of year	<u>\$ 12,641,163</u>	<u>\$ 10,425,188</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

6. 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
2009	\$ 173,473	\$ 61,935	\$ 111,538
2010	35,749	2,783	32,966
2011	116,089	1,585	114,504
2012	37,599	1,439	36,160
2013	25,722	1,255	24,467
Thereafter	169,906	5,175	164,731
Total	<u>\$ 558,538</u>	<u>\$ 74,172</u>	<u>\$ 484,366</u>

The rates of interest payable on the principal amount of the debentures range from 3.45% to 9.5% per annum. The weighted average interest rate on total debt to maturity is 4.66%. Total interest paid in 2008 on externally held debt amounted to \$25.1 million (2007 - \$22.1 million). All debentures are payable in Canadian funds.

Reserve for debt retirement at December 31, 2008 amounted to \$138.4 million (2007 - \$110.1 million).

7. RESERVES

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

	2007	Change During Year	2008
Affordable Housing	\$ 4,048	\$ 6,216	\$ 10,264
Art Gallery Operations	4,083	2	4,085
Capital Facilities	953	465	1,418
Childcare Endowment	6,750	547	7,297
Community Amenities	47,431	3,230	50,661
Cultural Precinct	5,023	(596)	4,427
Emerging Neighbourhood	6,096	241	6,337
Future Revenue Fund Budgets	48,967	(12,974)	35,993
Future Debt Repayment	17,038	6,050	23,088
Hastings Park	5,196	1,269	6,465
Library	5,934	38	5,972
Mortgage Debenture Retirement	5,671	(58)	5,613
Olympic Village Trust	14,467	(14,467)	-
Olympic Legacy	9,068	2,371	11,439
Olympic Legacy Facilities	15,502	(9,203)	6,299
Outstanding Commitments	15,345	(834)	14,511
Pacific National Exhibition	1,692	(1,490)	202
Park Board	3,051	631	3,682
Parking Sites	2,767	9,401	12,168
Plant and Equipment	38,427	5,855	44,282
Public Art	6,259	1,312	7,571
Self-insurance	19,489	(300)	19,189
South East False Creek Construction	-	25,000	25,000
Solid Waste Capital	72,603	1,574	74,177
Stanley Park Restoration	5,464	(3,517)	1,947
Water and Sewer Utility Rate Stabilization	29,069	2,721	31,790
Other	9,500	1,027	10,527
	<u>\$ 399,893</u>	<u>\$ 24,511</u>	<u>\$ 424,404</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

8. FUND BALANCES

	2007	Change During Year	2008
Revenue Fund	\$ 14,554	\$ 6,566	\$ 21,120
Capital Fund	(137)	(148,040)	(148,177)
Capital Financing Fund	194,330	(15,531)	178,799
Sinking Fund	411	(411)	-
Property Endowment Fund	(26,351)	(72,769)	(99,120)
Harbour Park Development Ltd.	16	-	16
Vancouver Civic Development Corp.	10,026	399	10,425
Hastings Institute Inc.	223	36	259
Pacific National Exhibition	(4,980)	(233)	(5,213)
City of Vancouver Public Housing Corporation	(282)	(145)	(427)
	<u>187,810</u>	<u>(230,128)</u>	<u>(42,318)</u>
Elimination for internally-held debt on consolidation	(30,656)	9,016	(21,640)
	<u>\$ 157,154</u>	<u>\$ (221,112)</u>	<u>\$ (63,958)</u>

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE

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

	2008	2007
Deferred payroll costs	\$ 83,868	\$ 80,267
Accrued interest on long term debt	5,444	5,753
Landfill closure and post-closure	56,050	40,203
	<u>\$ 145,362</u>	<u>\$ 126,223</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 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 liabilities reported in 2008 are based on an actuarial valuation as at December 31, 2008 using the following valuation assumptions:

	2008	2007
Discount rate	5.00%	4.70%
Inflation rate	3.00%	2.00%
Rate of compensation increase	2.58% to 4.50%	3.08% to 5.00%

Employee benefit liabilities as at December 31 are as follows:

	2008	2007
Sick leave gratuity	\$ 21,748	\$ 23,207
Deferred vacation	10,817	13,124
Non-vested accumulating sick leave	14,425	25,351
Long term disability	12,729	8,606
Other post-employment benefits	16,085	13,807
	<u>75,804</u>	<u>84,095</u>
Unamortized actuarial gain (loss)	8,064	(3,828)
	<u>\$ 83,868</u>	<u>\$ 80,267</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE - continued

(a) Deferred Payroll Costs - continued

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

	<u>2008</u>	<u>2007</u>
Beginning of year	\$ 80,267	\$ 77,270
Current service cost	7,813	6,684
Interest cost	4,095	3,721
Amortization of actuarial gain	366	221
Actual benefits paid	(8,673)	(7,629)
End of year	\$ 83,868	\$ 80,267

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 \$24.0 million in a reserve.

(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 \$56.1 million (2007 - \$40.2 million) represents the portion of the estimated total expenditure recognized as at December 31, 2008. 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 5.0% (2007 – 4.7%) 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 2043 and at year end the estimate of the remaining capacity is 17.4 million tonnes, which is 52.7% of the site's total capacity. At December 31, 2008, the discounted future cash flows for closure and post-closure cost is estimated at \$151.0 million (2007 - \$109.9 million) and reflects increased costs for an improved environmental cover for the site.

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for 80% 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, 2008 of \$74.2 million (2007 - \$72.6 million).

10. 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 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 shared issued and outstanding at December 31, 2008). 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 \$17.3 million during the year (2007 - \$18.6 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
 Greater Vancouver Regional District
 Greater Vancouver Transportation Authority

British Columbia Assessment Authority
 Municipal Finance Authority

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

10. CONTINGENCIES AND COMMITMENTS - Continued

(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 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 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 \$46.8 million during 2008 (2007 - \$40.4 million) for employer contributions to the Plan. Employee contributions during 2008 amounted to \$34.9 million (2007 - \$29.5 million).

(d) Contingent Legal Liabilities

As at December 31, 2008, 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, 2008, 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.

(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 \$45.8 million (2007 - \$47.9 million).

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 January 1, 2010.

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

2009	\$ 3,366
2010	3,625
2011	3,726
2012	3,258
2013	8,334
Thereafter	35,831
	<hr/>
	\$ 58,140

Outstanding mortgages include:

- \$9.3 million (2007 - \$9.7 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.
- \$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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

10. CONTINGENCIES AND COMMITMENTS - Continued

(g) Loan Guarantee

The City has guaranteed a \$12.0 million line of credit for the Pacific National Exhibition to December 31, 2009.

(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 will be used by the City and VANOC (the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games) 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 \$29.0 million as security for its obligations to the City under the Agreement. This deposit is to be credited against the \$200.0 million purchase price (the "Purchase Price") to be paid by Millennium for the Development Parcels in September 2010, following the 2010 Olympic and Paralympic Winter Games (the "2010 Games").

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 (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 October 2008, Fortress ceased advancing funds under the Loan. In order to ensure that the Market Project was completed in time for the 2010 Games, the City made Protective Advances to Millennium pursuant to its rights under the Loan documentation. At December 31, 2008, \$78.8 million had been advanced; subsequent to year end additional Protective Advances have been made bringing the total advances to approximately \$170.0 million. In exchange, Millennium provided the City with additional security rights as well as written acknowledgments of the amounts owing. The advances bear interest at prime plus 6% and are due on demand.

In February 2009, the City purchased and took assignment of Millennium's Loan from Fortress ("Acquired Loan") in the amount of \$319.0 million, extinguishing the obligations to Fortress and making the City the primary lender for the Market Project. As a result, at March 25, 2009 Millennium owes the City approximately \$495.5 million (including interest) plus the balance of the Purchase Price.

The City is in the process of arranging external financing to fund the costs of the Market Project. Unless amended by the parties, the funds will be advanced to Millennium under the Acquired Loan which matures in January 2011.

The exposure of the City is primarily dependent on the value and timing of the sales proceeds and final construction and financing costs of the Market Project. The additional costs to complete the Market Project are currently estimated at \$360.0 million taking into consideration that 97% of the remaining costs have been fixed by agreement with contractors. At present, management anticipates that the City's Protective Advances, any additional financing to the Market Project and the balance of the Purchase Price will be recovered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2008

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:

	2008	2007
Vancouver Agreement	\$ 14,694	\$ 5,848
Cemetery Perpetual Care	3,366	3,238
General	677	653
	<u>\$ 18,737</u>	<u>\$ 9,739</u>

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.

12. DEFERRED INCOME

Deferred income is comprised of the following:

	Change During Year		
	2007		2008
Development cost levies			
City-wide	\$ 69,628	\$ (2,609)	\$ 67,019
Area-specific	35,486	(1,881)	33,605
	<u>105,114</u>	<u>(4,490)</u>	<u>100,624</u>
Capital contributions	1,315	(134)	1,181
	<u>\$ 106,429</u>	<u>\$ (4,624)</u>	<u>\$ 101,805</u>

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, \$17.1 million of DCLs were collected and \$26.0 million was used to fund capital expenditures.

13. SEGMENTED INFORMATION

City services are provided by departments and their activities are reported in the City's Funds as described in note 1(c). 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, 2008

Revenue & Capital Fund											2008	2007
	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	\$ 551,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,114	\$ 533,377
Utility fees	-	-	-	-	156,810	-	-	-	-	-	156,810	149,843
Other fees, rates and cost recoveries	94,364	20,881	7,644	31,366	16,079	11,907	61,872	37,537	71,792	(199)	353,243	308,145
Revenue sharing, grants and contributions	21,862	-	-	-	10	-	1,800	1,294	-	-	24,966	28,332
Investment Income	24,995	-	-	-	-	-	-	-	16,318	(4,484)	36,829	33,062
Rental and lease income	20,013	-	-	-	-	-	-	-	27,892	-	47,905	44,654
Sale of property	-	-	-	1,586	-	-	-	-	-	-	1,586	38,976
	712,348	20,881	7,644	32,952	172,899	11,907	63,672	38,831	116,002	(4,683)	1,172,453	1,136,389
Operating Expenditures												
Wages, salaries and benefits	56,753	171,606	79,224	84,939	43,917	48,669	68,362	36,951	13,823	-	604,244	528,506
Contract services	3,863	854	33	2,075	51	3,046	3,488	393	24,410	-	38,213	18,386
Supplies, material and equipment	19,068	20,855	4,199	40,225	118,077	15,104	21,686	10,264	58,698	(129)	308,047	301,246
Debt charges	-	597	28	11,337	13,780	-	3,395	497	-	(4,554)	25,080	29,381
Allocated Costs	14,146	7,320	2,060	(57,977)	(6,657)	4,810	(1,356)	22,349	90,172	-	74,867	66,625
	93,830	201,232	85,544	80,599	169,168	71,629	95,575	70,454	187,103	(4,683)	1,050,451	944,144
Capital Expenditures												
	25,251	10,821	2,718	74,500	59,096	-	69,577	37,051	-	-	279,014	191,819
NET REVENUES (EXPENDITURES)	\$ 593,267	\$ (191,172)	\$ (80,618)	\$ (122,147)	\$ (55,365)	\$ (59,722)	\$ (101,480)	\$ (68,674)	\$ (71,101)	\$ -	\$ (157,012)	\$ 426



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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, 2008.

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

March 25, 2009

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
($\$000s$)

	2008 Budget	2008	2007
REVENUE			
Property taxes, penalties and interest	\$ 549,585	\$ 551,114	\$ 533,377
Water fees	75,901	76,857	73,950
Solid waste fees	39,861	42,222	40,388
Sewer fees	36,636	37,731	35,505
Other fees, rates and cost recoveries	183,651	196,684	179,608
Revenue sharing, grants and contributions	20,500	21,847	20,847
Investment income	18,118	24,995	19,403
Rental and lease income	21,627	20,013	21,023
	<u>945,879</u>	<u>971,463</u>	<u>924,101</u>
EXPENDITURES			
General government	102,805	93,829	105,150
Police protection	196,895	201,232	186,373
Fire protection	84,301	85,544	83,947
Engineering	72,258	80,602	65,876
Water utility	64,781	59,525	55,396
Solid waste	33,294	53,052	45,420
Sewer utility	56,075	56,591	50,879
Planning and development	66,485	71,629	57,993
Recreation and parks	95,121	95,574	75,935
Community and cultural services	68,841	70,455	57,038
	<u>840,856</u>	<u>868,033</u>	<u>784,007</u>
NET REVENUE			
	<u>105,023</u>	<u>103,430</u>	<u>140,094</u>
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(32,342)	(32,397)	(41,323)
Transfers			
Net transfers to other funds	(55,388)	(80,710)	(61,869)
Net transfers to reserves	(17,293)	(2,827)	(53,072)
Change in obligations to be funded from future revenue	-	19,070	18,446
	<u>(105,023)</u>	<u>(96,864)</u>	<u>(137,818)</u>
CHANGE IN FUND BALANCE			
	-	6,566	2,276
FUND BALANCE			
Beginning of year	14,554	14,554	12,278
End of year	<u>\$ 14,554</u>	<u>\$ 21,120</u>	<u>\$ 14,554</u>

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

	2008	2007
REVENUE		
Fees, charges and recoveries	\$ 84,966	\$ 59,628
Grants and contributions	3,119	7,485
Property sale	1,586	(24)
	<u>89,671</u>	<u>67,089</u>
EXPENDITURES		
Capital expenditures		
General government	25,251	11,878
Police protection	10,821	2,895
Fire protection	2,718	12,518
Engineering	74,500	50,609
Water utility	25,992	16,202
Solid waste utility	2,136	1,149
Sewer utility	30,968	22,278
Recreation and parks	69,577	32,664
Community and cultural services	37,051	41,625
	<u>279,014</u>	<u>191,818</u>
NET EXPENDITURES	<u>(189,343)</u>	<u>(124,729)</u>
DEBT AND TRANSFERS		
Debt issued	561	125,840
Transfers		
Net transfers to reserves	(479)	(15,486)
Net transfers from other funds	41,221	39,218
	<u>41,303</u>	<u>149,572</u>
CHANGE IN FUND BALANCE	<u>(148,040)</u>	<u>24,843</u>
FUND BALANCE		
Beginning of year	<u>(137)</u>	<u>(24,980)</u>
End of year	<u>\$ (148,177)</u>	<u>\$ (137)</u>

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

	2008	2007
REVENUE		
Investment income	\$ 6,686	\$ 9,585
TRANSFERS		
Net transfer to other funds	(10,110)	(11,690)
Net transfer (to) from reserves	(12,107)	11,067
	<u>(22,217)</u>	<u>(623)</u>
CHANGE IN FUND BALANCE	(15,531)	8,962
FUND BALANCE		
Beginning of year	<u>194,330</u>	<u>185,368</u>
End of year	<u>\$ 178,799</u>	<u>\$ 194,330</u>

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

	2008	2007
REVENUE AND EXPENDITURES		
Investment income	\$ 8,186	\$ 7,564
Administration expenses	69	68
	<hr/>	<hr/>
	8,117	7,496
DEBT AND TRANSFERS		
Debt repayments	(42)	(40)
Transfers		
Net transfer from Revenue Fund	27,120	17,142
Net transfer to reserves	<hr/>	<hr/>
	(35,606)	(24,496)
	<hr/>	<hr/>
	(8,528)	(7,394)
CHANGE IN FUND BALANCE		
	(411)	102
FUND BALANCE		
Beginning of year	<hr/>	<hr/>
	411	309
End of year	<hr/>	<hr/>
	\$ -	\$ 411

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

	2008			2007	
	Revenue	Expenses	Net	Net	
OPERATIONS					
Rental and leases	\$ 26,395	\$ 13,956	\$ 12,439	\$ 16,500	
Parking	23,018	14,523	8,495	7,690	
Water moorage	1,045	576	469	535	
	<u>\$ 50,458</u>	<u>\$ 29,055</u>	<u>21,403</u>	<u>24,725</u>	
Interest income			1,040	698	
Property sales			-	39,000	
Miscellaneous income			1,002	437	
			<u>23,445</u>	<u>64,860</u>	
Expenses					
Capital expenditures					
South East False Creek			28,893	24,958	
Engineering			3,915	9,131	
Recreation and parks			52,887	16,501	
Social Housing			85,695	50,590	
Other			18,143	42,298	
Administration and operating			5,719	3,259	
			<u>109,557</u>	<u>96,147</u>	
			<u>(86,112)</u>	<u>(31,287)</u>	
NET EXPENDITURES					
TRANSFERS					
Debt principal repayments			(39)	(63)	
Net transfer to reserves			(9,097)	(3,253)	
Transfer to Revenue Fund			(7,357)	(7,000)	
Net transfer from other funds			29,836	24,200	
			<u>13,343</u>	<u>13,884</u>	
CHANGE IN FUND BALANCE					
			(72,769)	(17,403)	
FUND BALANCE					
Beginning of year			(26,351)	(8,948)	
End of year			<u>\$ (99,120)</u>	<u>\$ (26,351)</u>	

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

	2008	2007
SOLID WASTE UTILITY		
REVENUE		
Fees and service charges	\$ 42,222	\$ 40,388
EXPENDITURES AND TRANSFERS		
Garbage collection and disposal	9,343	8,504
Recycling	4,968	4,438
Composting	5,472	3,377
Commercial	16,989	13,264
Management and solid waste levy	434	600
Post closure costs	15,846	15,237
	53,052	45,420
Transfers from other funds	(16,151)	(16,835)
Transfer to reserves	5,321	11,803
	<u>\$ 42,222</u>	<u>\$ 40,388</u>
WATER UTILITY		
REVENUE		
Fees and service charges	\$ 76,857	\$ 73,950
EXPENDITURES AND TRANSFERS		
Purchase of water	44,480	42,165
Water debt charges	6,933	6,634
Operations	8,112	6,597
	59,525	55,396
Debt principal repayments	7,630	10,051
Transfer to Sinking Fund	6,434	4,802
Transfer to reserves	3,268	3,701
	<u>\$ 76,857</u>	<u>\$ 73,950</u>
SEWER UTILITY		
REVENUE		
Fees and service charges	\$ 37,731	\$ 35,505
Contribution from property taxes	36,682	35,372
	<u>\$ 74,413</u>	<u>\$ 70,877</u>
EXPENDITURES AND TRANSFERS		
Contribution to Joint Sewerage Board	42,675	39,150
Sewer debt charges	6,848	6,384
Operations	7,068	5,345
	56,591	50,879
Debt principal repayments	8,782	11,033
Transfer to Sinking Fund	5,876	3,851
Transfer to reserves	3,164	5,114
	<u>\$ 74,413</u>	<u>\$ 70,877</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, 2008.

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

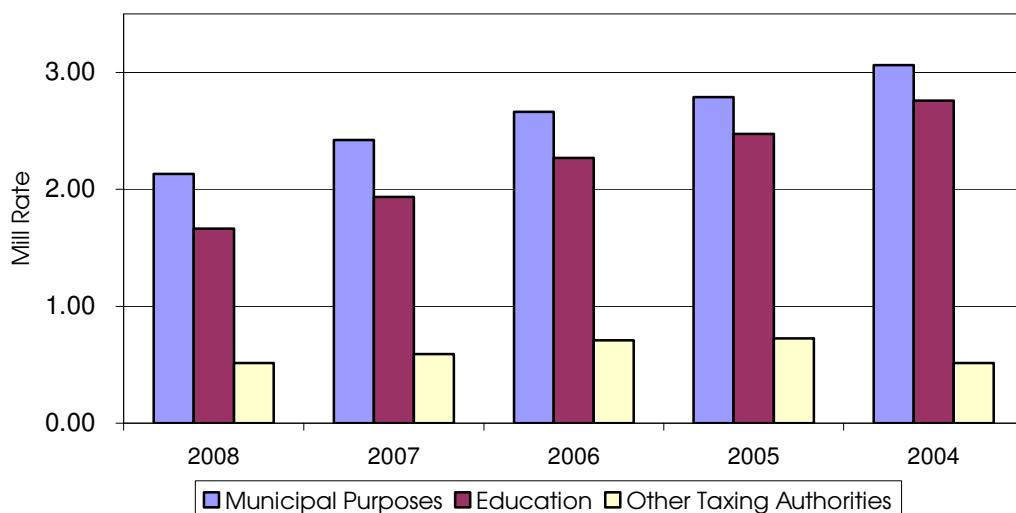
March 25, 2009

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.

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2008	2007	2006	2005	2004
Property Assessment (\$000s)					
Rateable property general purposes	157,347,427	134,958,971	107,777,325	94,494,731	80,246,519
Tax Rates – Rate per \$1,000 of Assessment					
Residential					
Municipal purposes	2.13092	2.42045	2.66174	2.78956	3.06186
Education	1.66466	1.93546	2.26854	2.47345	2.75856
Other taxing authorities	0.51583	0.59226	0.70825	0.72621	0.51531
Total Residential	4.31141	4.94817	5.63853	5.98922	6.33573
Business/Other					
Municipal purposes	10.81610	13.34754	15.48272	16.44104	16.75464
Education	7.75987	8.94972	9.96944	10.16357	10.35432
Other taxing authorities	2.31524	2.57445	2.80508	2.79649	2.28976
Total Business/Other	20.89121	24.87171	28.25724	29.40110	29.39872
Major Industrial					
Municipal purposes	28.28632	30.25422	28.46539	28.31661	28.58468
Education	9.30000	12.50000	12.50000	12.50000	12.50000
Other taxing authorities	3.06928	3.36844	3.76664	3.81372	3.18900
Total Major Industrial	40.65560	46.12266	44.73203	44.63033	44.27368
Light Industrial					
Municipal purposes	10.81610	13.34754	14.28709	15.52713	16.02039
Education	8.36739	8.86071	9.20000	9.60000	9.90000
Other taxing authorities	3.19158	3.44676	3.51684	3.57582	2.94250
Total Light Industrial	22.37507	25.65501	27.00393	28.70295	28.86289
Total Utilities	52.21255	55.85287	54.09031	52.27359	51.26064
Total Recreational/Non-Profit	5.99796	6.50882	7.23303	7.69044	7.86989
Total Farm – All Purposes	9.19796	9.40882	9.83303	9.99004	10.16989

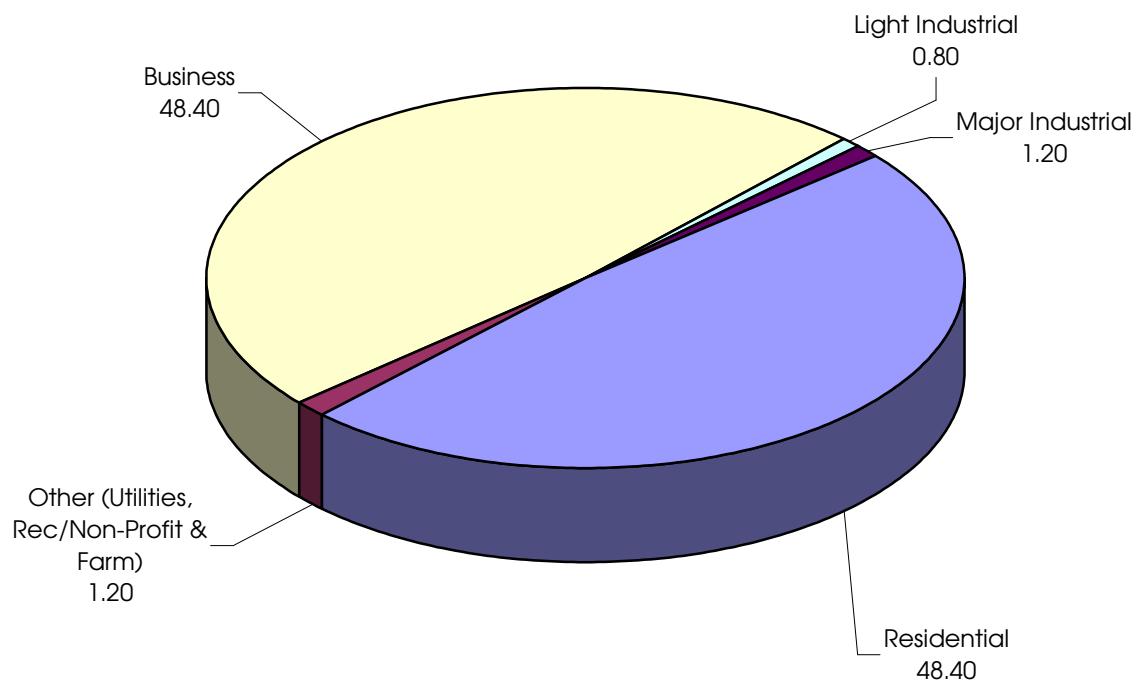
Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2008	2007	2006	2005	2004
Property Tax Revenue by Property Class (%)					
Residential - Class 1	48.4	47.2	44.9	43.5	43.3
Business - Class 6	48.4	49.5	51.6	52.7	52.8
Major industrial - Class 4	1.2	1.1	1.2	1.3	1.4
Light industrial - Class 5	0.8	0.9	0.9	1.0	1.0
Other (Utilities, Rec/Non-Profit and Farm)	1.2	1.3	1.4	1.5	1.5
Total	100.0	100.0	100.0	100.0	100.0

Property Tax by Class



Property Taxation - Levy and Collections	2008	2007	2006	2005	2004
Total tax levy (all purposes) (\$000s)	1,094,882	1,050,887	1,007,751	951,769	886,391
Total tax arrears outstanding (\$000s)	24,273	24,059	22,238	21,254	25,253
% of current collections to current levy	98.68	98.61	98.61	98.45	98.51
% of total collections to current levy	100.09	99.91	100.10	100.40	101.22

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:

	2008	2007
Taxes collected:		
Property and business taxes	\$ 1,026,561	\$ 985,842
Payment in lieu of taxes	33,239	31,004
Local improvement levies	<u>2,963</u>	<u>3,262</u>
	<u>1,062,763</u>	<u>1,020,108</u>
Less taxes collected on behalf of:		
Province of British Columbia - School Taxes	393,605	374,221
Greater Vancouver Transportation Authority	91,367	87,127
B.C. Assessment Authority	13,524	12,704
Greater Vancouver Regional District	13,124	12,642
Municipal Finance Authority	<u>29</u>	<u>37</u>
	<u>511,649</u>	<u>486,731</u>
NET TAXES - MUNICIPAL PURPOSES	<u><u>\$ 551,114</u></u>	<u><u>\$ 533,377</u></u>

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

	2008	2007
Analysis of Tax Receipts and Receivables		
Balance, before allowance for tax write-offs, beginning of year	\$ 24,059	\$ 22,238
Add: Interest and adjustments (net)	100	(263)
	<u>24,159</u>	<u>21,975</u>
Less: Receipts	(15,455)	(13,622)
Outstanding - prior years	<u>8,704</u>	<u>8,353</u>
Current tax levy including utility and other charges	1,094,882	1,050,887
Less : Receipts	(1,080,464)	(1,036,293)
Current arrears	<u>14,418</u>	<u>14,594</u>
Add: Penalties on current arrears	1,150	1,112
Outstanding - current year	<u>15,568</u>	<u>15,706</u>
Balance	<u><u>\$ 24,272</u></u>	<u><u>\$ 24,059</u></u>

Analysis of Property Taxes Receivable by Year

Current year	\$ 15,566	\$ 15,706
Prior year	5,389	5,035
Prior 2 year	3,317	3,318
Balance	<u><u>\$ 24,272</u></u>	<u><u>\$ 24,059</u></u>

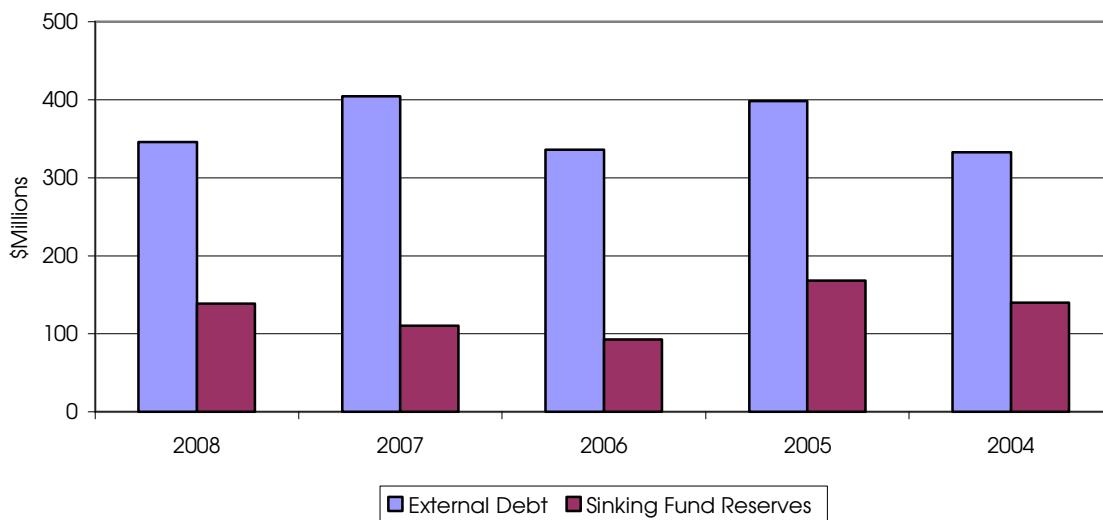
REVENUE FUND – OTHER FEES, RATES AND RECOVERIES (\$000s)
Years Ended December 31

	2008 Budget	2008	2007
Permits and licences			
Business	\$ 12,500	\$ 12,467	\$ 11,989
Dog	1,020	1,179	715
False Alarm Reduction Programme	1,274	1,088	1,066
Other	828	765	767
	<u>15,622</u>	<u>15,499</u>	<u>14,537</u>
Municipal by-law fines	<u>12,420</u>	<u>12,993</u>	<u>10,495</u>
Service and inspection fees			
Development permits	7,018	5,539	5,482
Building permits	8,767	5,472	9,110
Plumbing inspection	4,506	4,189	4,026
Electrical inspection	3,768	3,547	3,581
Other	9,102	8,363	9,333
	<u>33,161</u>	<u>27,110</u>	<u>31,532</u>
On street parking	<u>27,805</u>	<u>29,377</u>	<u>26,527</u>
Sundry fees and services			
Recovery - Greater Vancouver Transit Authority	3,618	3,692	3,619
Provincial school tax administration fee	370	391	371
Utility company access	266	295	252
Other	1,619	1,804	2,552
	<u>5,873</u>	<u>6,182</u>	<u>6,794</u>
Departmental revenues			
Parks and recreation - general operations	38,505	38,493	29,320
Britannia Community Services	824	981	675
Libraries	5,131	6,061	5,577
Civic theatres	5,977	5,900	5,445
General government	2,412	3,950	6,443
Fire	6,711	7,321	7,357
Police	17,374	20,721	18,196
Engineering	3,830	10,189	5,497
Community services	8,006	11,907	11,213
	<u>88,770</u>	<u>105,523</u>	<u>89,723</u>
TOTAL	<u>\$ 183,651</u>	<u>\$ 196,684</u>	<u>\$ 179,608</u>

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

	2008	2007	2006	2005	2004
Population (000s)*	615,500	611,900	606,900	597,600	590,400
Long Term Debt (000s)					
Debtiture debt outstanding	\$ 558,538	\$ 590,375	\$ 505,858	\$ 645,159	\$ 552,512
Less: Internally held debt	(74,172)	(75,789)	(77,227)	(79,133)	(80,180)
Externally held debt	484,366	514,586	428,631	566,026	472,332
Sinking Fund reserves	138,415	110,135	92,621	167,865	139,630
Net externally held debt	\$ 345,951	\$ 404,451	\$ 336,010	\$ 398,161	\$ 332,702
Debt per capita (externally held)	\$ 786.95	\$ 840.96	\$ 706.26	\$ 947.17	\$ 800.02

Long Term Debt - External



(\$000s)	2008	2007	2006	2005	2004
Capital expenditures	279,014	191,818	169,299	156,563	127,169
Internally restricted reserves	424,404	399,893	339,149	294,826	243,754

*Source: Population Section, B.C. Stats

Ministry of Labour Citizens' Services, Government of British Columbia

CHANGES IN DEBENTURE DEBT OUTSTANDING (\$000s)
Year Ended December 31, 2008

	Externally Held	Internally Held	Total
Balance, beginning of year	\$ 514,586	\$ 75,789	\$ 590,375
Add: Debentures issued			
Local improvements		561	561
	<u>514,586</u>	<u>76,350</u>	<u>590,936</u>
Less: Maturities			
General and water	30,220	-	30,220
Local improvements	-	2,178	2,178
	<u>30,220</u>	<u>2,178</u>	<u>32,398</u>
Balance, end of year	<u><u>\$ 484,366</u></u>	<u><u>\$ 74,172</u></u>	<u><u>\$ 558,538</u></u>

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2008

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
8042*	July 12, 2009	5.900	10		
	Parks			5,000	4,384
	Roads, walks, streets and lanes			15,000	13,150
	Sewers			20,000	17,533
	Waterworks			20,000	17,533
				<u>60,000</u>	<u>52,600</u>
8077	October 7, 2009	6.000	10		
	Roads, walks, streets and lanes			46,533	40,794
	Sewers			11,417	10,009
	Waterworks			22,050	19,330
				<u>80,000</u>	<u>70,133</u>
8269*	December 14, 2010	6.000	10		
	Roads, walks, streets and lanes			<u>1,039</u>	<u>788</u>
8295	February 21, 2011	5.850	10		
	Infrastructure			2,238	1,449
	Parks			13,858	8,971
	Pedestrian/cycling facilities			1,678	1,086
	Public works/fire facilities			10,600	6,862
	Roads, walks, streets and lanes			2,382	1,542
	Sewers			17,015	11,014
	Street lighting/communications/undergrounding			857	555
	Street lighting/communications			4,476	1,543
	Street lighting			2,384	2,897
	Transit /safety improvements			6,162	3,989
	Waterworks			<u>18,350</u>	<u>11,878</u>
				<u>80,000</u>	<u>51,786</u>
8460	April 17, 2012	5.250 to 6.125	10		
	Local area improvement			2,766	-
	Parks			3,256	-
	Pedestrian/cycling facilities			1,861	-
	Public works/fire facilities			3,372	-
	Sewers			13,953	-
	Street lighting			3,023	-
	Street/bridge infrastructure			513	-
	Transit /safety improvements			3,814	-
	Waterworks			<u>13,953</u>	<u>-</u>
				<u>46,511</u>	<u>-</u>
	Carried Forward			\$267,550	\$175,307

* Held Internally

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2008

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
			Carried Forward	\$267,550	\$175,307
8808	March 16, 2014	2.500 to 4.650	10		
	Civic facilities			320	-
	Local area improvement			3,927	-
	Parks			5,894	-
	Pedestrian/cycling facilities			3,694	-
	Public works/fire facilities			723	-
	Sewers			20,536	-
	Street lighting/communications			2,679	-
	Street/bridge infrastructure			1,526	-
	Transit /safety improvements			5,320	-
	Waterworks			19,436	-
				64,055	-
9115	October 06, 2015	3.150 to 4.100	10		
	Bridges/tunnels			1,998	-
	Community centre facilities			4,440	-
	Infrastructure			5,130	-
	Libraries			3,633	-
	Local area improvement			4,980	-
	Miscellaneous			185	-
	Multi-purpose centres			1,746	-
	Neighbourhood houses			1,732	-
	Parks			11,167	-
	Pedestrian/cycling facilities			4,714	-
	Public safety/Police			444	-
	Sewers			22,733	-
	Sports facilities			814	-
	Street lighting/communications			2,873	-
	Train stations			3,700	-
	Transit/safety improvements			2,867	-
	Waterworks			14,583	-
	Yards			1,061	-
				88,800	-
9532	December 1, 2017	4.700	10		
	Civic Facilities			2,166	171
	Community legacy projects			15,000	1,193
	Fire protection			600	48
	Libraries			2,000	159
	Local area improvement			4,548	362
	Overhead debenture costs			1,500	119
	Parks			7,175	570
	Pedestrian/cycling facilities			12,349	982
	Police			12,304	978
	Sewers			25,000	1,988
	Street/bridge infrastructure			17,557	1,396
	Transit /safety improvements			4,801	382
	Waterworks			20,000	1,590
				125,000	9,938
	Total			\$545,405	\$185,245

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2008

LOCAL IMPROVEMENT - Property Owners' Share

Bylaw	Maturity Date	Purpose	Rate	Term (Yr)	Debt Balance
7312	June 22 2009	Lane paving, speed ramps, sidewalks & curbs	7.000	15	233
7313	June 22 2009	Beautification	7.000	15	60
7315	June 22 2009	Underground wiring	7.000	15	6
7446	June 21 2010	Lane paving, speed ramps, sidewalks & curbs	9.500	15	413
7447	June 21 2010	Underground wiring	9.500	15	20
7584	June 26 2011	Lane paving, speed ramps, sidewalks & curbs	7.500	15	638
7758	June 25 2012	Lane paving, speed ramps, sidewalks & curbs	7.000	15	840
7759	June 25 2012	Beautification	7.000	15	62
7912	June 24 2013	Beautification	6.000	15	94
7915	June 24 2013	Lane paving, speed ramps, sidewalks & curbs	6.000	15	997
8037	June 23 2014	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,161
8204	June 21 2015	Lane paving, speed ramps, sidewalks & curbs	7.000	15	931
8206	June 21 2010	Street lighting	7.000	10	7
8207	June 21 2015	Beautification	7.000	15	69
8208	June 21 2010	Beautification	7.000	10	45
8209	June 21 2015	Beautification	7.000	15	15
8501	June 26 2017	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,382
8501	June 26 2017	Trees	6.000	15	1
8503	June 26 2012	Street lighting	6.000	10	5
8504	June 26 2017	Beautification	6.000	15	158
8506	June 26 2017	Underground wiring	6.000	15	145
8693	June 25 2018	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,571
8695	June 25 2013	Street lighting	6.000	15	2
8696	June 25 2013	Beautification	6.000	15	33
8871	June 23 2019	Lane paving, speed ramps, sidewalks & curbs	5.750	15	1,110
8872	June 23 2009	Traffic circle	5.750	5	1
8873	June 23 2009	Lane lighting	5.750	5	3
9063	June 29 2020	Lane paving, speed ramps, sidewalks & curbs	5.750	5	1,302
9064	June 29 2010	Lane lighting	5.750	15	3
9301	June 14 2021	Lane paving, speed ramps, sidewalks & curbs	6.000	15	472
9302	June 14 2011	Lane lighting	6.000	5	6
9303	June 14 2021	Beautification	6.000	15	42
9513	June 27 2012	Traffic circle	6.000	5	2
9514	June 27 2022	Lane paving, speed ramps, sidewalks & curbs	6.000	5	784
9515	June 27 2012	Lane lighting	6.000	5	15
9671	June 25 2012	Lane lighting	6.000	5	4
9672	June 25 2022	Lane paving, speed ramps, sidewalks & curbs	6.000	15	501
					\$13,133

Held Internally

DEBT INTEREST RATES (\$000s)
Year Ended December 31, 2008

Interest Rate	General (including Waterworks)	Local Improvement	Total
9.500	-	433	433
7.500	-	638	638
7.000	-	2,267	2,267
6.125	24,610	-	24,610
6.000	92,302	7,375	99,677
5.900	60,000	-	60,000
5.875	10,638	-	10,638
5.850	80,000	-	80,000
5.750	-	2,420	2,420
4.700	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
3.650	9,657	-	9,657
3.600	11,693	-	11,693
3.450	11,243	-	11,243
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	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 545,405	\$ 13,133	\$ 558,538

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2008
Total Debt (Internal and External)

	General			Waterworks			Local Improvements			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	121,520	6,877	\$ 128,397	50,018	2,875	\$ 52,893	1,935	132	\$ 2,067	\$ 173,473	\$ 9,884	\$ 183,357
2010	25,668	2,998	28,666	8,337	942	9,279	1,744	119	1,863	35,749	4,059	39,808
2011	87,418	3,022	90,440	27,086	974	28,060	1,585	102	1,687	116,089	4,098	120,187
2012	26,992	1,020	28,012	9,168	345	9,513	1,439	90	1,529	37,599	1,455	39,054
2013	18,874	803	19,677	5,593	246	5,839	1,255	76	1,331	25,722	1,125	26,847
2014-2018	136,560	6,077	142,637	28,171	1,210	29,381	4,127	249	4,376	168,858	7,536	176,394
Thereafter	-	-	-	-	-	-	1,048	62	1,110	1,048	62	1,110
	\$ 417,032	\$ 20,797	\$ 437,829	\$ 128,373	\$ 6,592	\$ 134,965	\$ 13,133	\$ 830	\$ 13,963	\$ 558,538	\$ 28,219	\$ 586,757

External Debt Only

	General			Waterworks			General & Waterworks			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	81,520	4,517	\$ 86,037	30,018	1,695	\$ 31,713	\$ 111,538	\$ 6,212	\$ 117,750			
2010	24,629	2,936	27,565	8,337	942	9,279	32,966	3,878	36,844			
2011	87,418	3,022	90,440	27,086	974	28,060	114,504	3,996	118,500			
2012	26,992	1,020	28,012	9,168	345	9,513	36,160	1,365	37,525			
2013	18,874	803	19,677	5,593	246	5,839	24,467	1,049	25,516			
2014-2018	136,560	6,077	142,637	28,171	1,210	29,381	164,731	7,287	172,018			
	\$ 375,993	\$ 18,375	\$ 394,368	\$ 108,373	\$ 5,412	\$ 113,785	\$ 484,366	\$ 23,787	\$ 508,153			

OUTSTANDING BORROWING AUTHORITY
Year Ended December 31, 2008

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, 2008</u>	<u>Balance</u>
General (excluding Sewer and Water)			
2006 - 2008	\$ 170,570	\$ 60,725	\$ 109,845
2009 - 2011	<u>222,000</u>	<u>-</u>	<u>222,000</u>
	<u><u>\$ 392,570</u></u>	<u><u>\$ 60,725</u></u>	<u><u>\$ 331,845</u></u>
Sewer and Water			
2006 - 2008	\$ 129,300	\$ 45,000	\$ 84,300
2009 - 2011	<u>159,172</u>	<u>-</u>	<u>159,172</u>
	<u><u>\$ 288,472</u></u>	<u><u>\$ 45,000</u></u>	<u><u>\$ 243,472</u></u>
Total General, Water and Sewer			
2006 - 2008	\$ 299,870	\$ 105,725	\$ 194,145
2009 - 2011	<u>381,172</u>	<u>-</u>	<u>381,172</u>
	<u><u>\$ 681,042</u></u>	<u><u>\$ 105,725</u></u>	<u><u>\$ 575,317</u></u>

GENERAL STATISTICS
Year Ended December 31, 2008

Land Area (hectares) 11,396

Public Schools

Schools and annexes	109
Pupils	55,186
Teachers (F.T.E.)	3,054

Waterworks

Annual consumption (cubic metres)	116,801,186
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Number of services - metered	13,531
- flat rate	80,995
Total number of services	<u><u>94,526</u></u>

Kilometres of water main	1,473
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Parks and Recreation Facilities

Public parks	223 (1,296 hectares)
Community centres	23
Swimming pools	14
Ice rinks	8
Beaches	11
Golf courses	6
Tennis courts	180

	2008	2007	2006	2005	2004
Value of Building Permits (\$000s)	1,597,591	2,592,818	2,044,119	1,574,061	1,640,663
Roads and Sewers (kilometres)					
Street pavements	1,252	1,251	1,250	1,249	1,245
Lane pavements	686	684	682	678	668
Cement concrete sidewalks	2,171	2,169	2,169	2,164	2,159
Sewers	2,022	2,017	2,010	1,999	1,984