



BRITISH COLUMBIA

**CONSOLIDATED
FINANCIAL STATEMENTS**

2012

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MAYOR AND COUNCIL

**VANCOUVER CITY COUNCIL
2011 – 2014**



Mayor Gregor Robertson

VANCOUVER'S CITY COUNCILLORS



Councillor
George Affleck



Councillor
Elizabeth Ball



Councillor
Adriane Carr



Councillor
Heather Deal



Councillor
Kerry Jang



Councillor
Raymond Louie



Councillor
Geoff Meggs



Councillor
Andrea Reimer



Councillor
Tim Stevenson



Councillor
Tony Tang

OFFICIALS

Corporate Management Team

City Manager	P. Ballem, 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	S. Singh, B.A., MLIS
General Manager of Community Services	B. Prosken, BSW, MPA
Director of Corporate Communications	M. Welman
General Manager of Engineering Services	P. Judd, P. Eng.
General Manager of Fire and Rescue Services	J. McKearney, M.A.
General Manager of Financial Services Group and CFO	P. Impey, B. Sc., M.B.A.
General Manager of Human Resource Services	P. Mochrie, BCom, M.B.A.
General Manager of Parks and Recreation	M. Bromley, Dip Rec.
General Manager of Planning and Development Services	B. Jackson, MCIP
General Manager of Real Estate and Facilities Management	B. Aujla, B.A.Sc., M.B.A., LL.B.

Financial Services

General Manager of Financial Services Group and CFO	P. Impey, B. Sc., M.B.A.
Director of Financial Services	E. Lee, B. Comm., C.A.
Associate Director of Financial Services	G. Krueger, B. Comm., C.A.

City Clerk

J. MacKenzie, MPA, B. Comm.

BOARDS

Vancouver Public Library Board

C. Evans – Chair
E. Kazemi – Vice-Chair
M. Lombardi - School Board Trustee
C. Barnes – Park Board Commissioner
Councillor H. Deal – City Council Representative
M.L. Baum K. Epstein
C. Brooks D. Millward
A. Chan J. Schaub
D. Chariandy J. Swift

Vancouver Police Board

Mayor G. Robertson – Chair
D. Bridgeman W. Shao
M. Collins D. Sidhu
W. Grant S. Williamson
P. Marfleet G. Wong

Board of Parks and Recreation

S. Blyth – Chair
A. Jasper – Vice-Chair
C. Barnes T. Loke
J. Coupar N. Sharma
M. De Genova

Vancouver Civic Theatres Board

R. Haynes – Chair
K. Sutherland – Vice-Chair
Councillor E. Ball – Council Liaison
S. Adams K. Sutherland
R. Haynes K. Wilson
M. Noon I. Woo
W. Soobis

City Hall, Vancouver
April 15, 2013

Mayor G. Robertson and Members of Council

It is our pleasure to submit the Consolidated Financial Statements for the City of Vancouver for the year ended December 31, 2012. These financial statements include the financial position and results of operations of the City including its boards and City controlled corporations.

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

(\$Millions)	2012	2011	Change
Financial assets	\$ 1,569.2	\$ 1,419.5	\$ 149.7
Liabilities	1,837.1	1,838.8	(1.7)
Net debt	(267.9)	(419.3)	151.4
Non-financial assets	6,198.4	6,203.3	(4.9)
Accumulated surplus	<u>\$ 5,930.5</u>	<u>\$ 5,784.0</u>	<u>\$ 146.5</u>

The City's overall financial position improved by \$146.5 million in 2012 with accumulated surplus totaling \$5.931 billion (2011 - \$5.784 billion).

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 improved by \$151.4 million to a total of \$267.9 million mainly due to the City's annual consolidated surplus (revenues exceeding expenses) of \$146.4 million.

The City's non-financial assets decreased in 2012 by \$4.9 million, bringing the total to \$6.198 billion. The net decrease is the result of amortization expense and disposals being slightly higher than additions of physical assets in the year.

Consolidated Results of Operations

The City's consolidated revenues were \$1.445 billion (2011 - \$1.400 billion) and include property taxes, utilities and user charges, government transfers and capital contributions. Consolidated expenses totaled \$1.298 billion (2011 - \$1.294 billion) resulting in an annual surplus of \$146.4 million (2011 - \$107.4 million).

Revenue Fund

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

Revenues for the year totaled \$1.163 billion and expenditures totaled \$964.1 million resulting in a net revenue amount of \$198.6 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 \$18.6 million, compared to \$17.4 million in 2011. The following highlights the major changes in revenues and expenditures.

Total operating revenues increased by \$47.5 million (4.3%) from 2011 mainly due to:

- An increase in net taxation revenue of \$22.4 million or 3.6% from \$619.9 million to \$642.3 million. City Council approved a 2.84% increase in the property tax levy in 2012 that generated \$19.6 million in tax revenues (including \$3.0 million from new construction).
- Despite a decrease in water consumption from 2011, water utility user fees increased \$6.5 million (7.0%) primarily due to a Council approved rate increase of 9.9% to reflect rising regional water costs and debt charges related to renewing water infrastructure.
- An increase in solid waste utility revenue of \$3.7 million (6.9%) was largely due to higher refuse disposal volumes and increased collection and tipping fee rates approved by Council.
- An increase in sewer utility revenue of \$4.3 million (8.7%) due to a Council approved sewer rate increase of 9.9% to address the ongoing sewer separation capital program.
- An increase in other fees, rates and cost recoveries of \$6.6 million (2.8%) due to a combination of the following:
 - \$4.0 million increase from building permits and related fees due to rate increases and higher levels of construction activity presently being undertaken within the City.
 - \$1.9 million increase in on-street parking revenues due to the greater convenience of the phone payment system and overall higher parking activity on City streets.
 - \$1.0 million increase from provincial and federal government grants received for the Fire Department's Heavy Urban Search and Rescue Team.
 - \$1.0 million increase in recreation program fees due to greater demand at new or renewed recreation facilities at the Park Board.
 - \$1.1 million increase for one-time project cost recoveries from developers for the Oakridge Centre and Pearson/Dogwood sites.
 - \$2.3 million decrease in one-time Federal and corporate cost recoveries related to the 2011 Vancouver 125th birthday celebration.
- An increase in provincial revenue sharing grants and contributions of \$0.9 million (3.3%) primarily from higher allocations of provincial traffic fine revenue.
- An increase in investment income of \$3.0 million (21.1%) due to higher investment balances compared with 2011.

Total operating expenditures amounted to \$964.1 million, an increase of \$6.5 million (0.7%) over 2011 mainly due to:

- \$12.4 million increase in contractual and other wage and fringe benefit adjustments.
- \$1.5 million in Policing costs for the Criminal Investigation Fund due to a number of large-scale investigations.
- \$4.4 million for Water rate increases charged by the Greater Vancouver Water District.
- \$2.2 million in Solid Waste expenditures due to increased volumes.
- \$1.5 million increase in Sewer Utility expenditures due to increased debt costs in 2012.
- \$2.0 million decrease for the civic election held in 2011.
- \$3.4 million decrease in expenditures due to the winding down of Vancouver's 125th birthday celebration.
- \$2.3 million decrease in corporate insurance expenditures due to lower insurance claims paid and receipt of insurance credits in 2012.

REPORT OF THE DIRECTOR OF FINANCE

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 \$5.113 billion of assets at the end of 2012. Capital additions totalled \$156.9 million with the following major projects:

	<u>\$ Million</u>
• Streets, traffic and safety	34.7
• Sewer main construction	43.8
• Water works distribution system	21.4
• Solid Waste utility	1.7
• Vehicle and equipment purchases	5.4
• Parks, community centres, playing fields, ice rinks	8.5
• Construction and capital maintenance of City buildings and systems	21.6
• Technology infrastructure	12.7
• Books, equipment and furniture	7.1

The Property Endowment Fund holds \$1.045 billion of assets at the end of 2012. Capital additions totalled \$25.1 million with the purchase of land for affordable housing, as well as marina, parking structure and building improvements.

Long Term Debt

Debt outstanding at year end was \$703.8 million (2012 - \$620.1 million). In December 2012, the City issued a 40 year \$120.0 million sinking fund debenture at rate of 3.7 %. At the end of 2012, the City has sinking fund debt reserves of \$121.5 million for the future repayments.

(\$000s)	2012	2011	Change
Debenture debt outstanding	\$ 712,927	\$ 630,343	\$ 82,584
Less: Internally held debt	<u>(9,156)</u>	<u>(10,197)</u>	<u>1,041</u>
Externally held debt	<u><u>\$ 703,771</u></u>	<u><u>\$ 620,146</u></u>	<u><u>\$ 83,625</u></u>

As part of 2012-2014 Capital Plan, the City has electorate approval for total borrowing up to \$322.7 million; \$179.8 million for the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure and \$142.9 million for sewer, water, and neighborhood energy capital expenditures. Through the 2012-2014 capital budget processes, Council has established borrowing authorities for \$101.3 million. Along with \$34.6 million remaining authority from the 2009-2011 Capital Plan, overall outstanding borrowing authority at the end of 2012 was \$135.9 million.

REPORT OF THE DIRECTOR OF FINANCE

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 2012, these reserves totalled \$637.4 million, up \$128.2 million over 2011. The most significant reserve balances and changes were:

- Childcare Endowment Reserve increased by \$5.7 million to \$14.8 million largely due to a \$5.0 million Council approved transfer to support ongoing commitments to increase childcare spaces.
- Community Amenity contributions from developers increased by \$62.9 million bringing the balance to \$133.2 million.
- Future Revenue Fund Budgets Reserve increased by \$17.5 million to a balance of \$93.5 million. The increase included the transfer of \$3.6 million to fund future payroll obligations, \$3.5 million for Revenue Fund stabilization, and \$5.5 million traffic fine revenue sharing received in advance.
- Funding for future debt charges of \$3.4 million was transferred into the Future Debt Repayment Reserve bringing the balance of the reserve to \$41.3 million.
- 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 \$49.9 million, an increase of \$20.9 million which included a property sale in addition to the annual net parking revenue.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan increased by \$6.2 million to \$81.0 million. The reserve is primarily funded by internal equipment charges provided in the Operating and Capital Budgets and in 2012 this amounted to \$16.3 million. Actual expenditures in 2012 were \$10.7 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 \$72.0 million, with the remaining capacity of 6.3 million tonnes (26.7% of total capacity) to be utilized by 2036. During the year the reserve decreased by \$1.6 million to \$75.8 million as a result of landfill expenditures of \$12.0 million offset by surplus and interest of \$10.4 million.
- Water and Sewer Utility Rate Stabilization Reserves decreased by \$3.5 million to a total of \$16.9 million as a result of lower user consumption revenues than anticipated.

Southeast False Creek Development

At the end of 2010, the financial statement value of the loan receivable from the developer, Southeast False Creek Properties Ltd ("SEFC Ltd"), formerly Millennium Southeast False Creek Properties Ltd., had been adjusted to reflect estimated net realizable value of underlying assets (\$524.0 million). These assets include:

- market condominiums, market rental housing and commercial space buildings located in the Olympic Village site now known as The Village on False Creek ("Market Project"),
- residential and commercial properties (Guarantee Properties) owned directly or indirectly by the guarantors of the loan and
- residual value of SEFC Ltd shares.

In January 2011, SEFC Ltd and the City entered into a loan settlement agreement which resulted in the transfer of the guarantee properties to the City. The City completed assessments of the properties and 22 of the 32 properties have been sold.

The receiver for the Market Project, appointed in November 2010, has continued to manage and market the project and during the year, 116 units (2011-177 units) were sold leaving a balance of 181 unsold units. Net proceeds from the sale of the condominiums were, with court approval, paid to the City and used to reduce external financing.

At December 31, 2012, the City has reflected the Southeast False Creek development as an investment in the amount of \$310.2 million.

REPORT OF THE DIRECTOR OF FINANCE

Summary

(\$Millions)	2012	2011	Change
Investment in tangible capital assets	\$ 5,468.4	\$ 5,554.0	\$ (85.6)
Reserve for debt retirement	121.4	76.7	44.7
Reserves	637.4	509.2	128.2
Fund balances	(143.4)	(196.8)	53.4
Obligations to be funded from future revenues	(153.3)	(159.0)	5.7
Accumulated surplus	<u>\$ 5,930.5</u>	<u>\$ 5,784.1</u>	<u>\$ 146.4</u>

The City's consolidated operations for the year 2012 resulted in a surplus of \$146.4 million. Net investment in tangible capital assets was reduced by \$85.6 million as expenditures on engineering infrastructure, parks and recreation facilities, libraries and cultural facilities were offset by amortization and an increase in long-term debt issued to finance the capital expenditures.

The City's 2012 financial position remains strong and is reflected in the credit agency ratings. The Public Sector Accounting Board has approved new standards for the accounting of Government Transfers and Tax Revenue effective for the 2013 fiscal year. New standards for the liability of contaminated sites have also been approved and will be effective for the 2014 fiscal year. In 2013, the City will be preparing for these changes and continuing to implement improvements to financial management and reporting.

Respectfully submitted,

Patrice Impey, B.Sc. MBA
General Manager of Financial Services /CFO
Director of Finance

Esther Lee, CA
Director of Financial Services
Deputy Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councilors of the City of Vancouver

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the City of Vancouver, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Vancouver as at December 31, 2012, and its consolidated results of operations, its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other Legal and Regulatory Requirements

As required by the Vancouver Charter, we report that, in our opinion, these principles have been applied on a basis consistent with the prior year.

KPMG LLP

Chartered Accountants
April 8, 2013
Burnaby, Canada

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KPMG Canada provides services to KPMG LLP.

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

	2012	2011
FINANCIAL ASSETS		
Cash (Note 2)	\$ 109,164	\$ 59,014
Temporary investments (Note 2)	1,005,948	729,001
Accounts receivable and accrued interest (Note 3)	77,877	97,418
Local improvement receivable	8,111	9,794
Property taxes receivable	23,013	24,018
Southeast False Creek development (Note 8(i))	310,153	462,180
Long term lease agreement receivable (Note 8(f)(i))	34,905	38,027
	1,569,171	1,419,452
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	292,240	267,033
Deferred payroll, landfill and interest liabilities (Note 7)	153,320	159,012
Mortgage and loan agreements (Note 8(f))	45,021	51,044
Southeast False Creek Financing (Note 8(i))	311,875	460,381
Long term debt (Note 4)	703,771	620,146
Deferred revenue (Note 10)	330,907	281,134
	1,837,134	1,838,750
NET DEBT	(267,963)	(419,298)
NON-FINANCIAL ASSETS		
Inventory and prepaids	18,374	18,218
Tangible capital assets (Note 5)	6,180,057	6,185,127
	6,198,431	6,203,345
ACCUMULATED SURPLUS (Note 6)	\$ 5,930,468	\$ 5,784,047

Contingencies and commitments (Note 8)
See accompanying Notes to Consolidated Financial Statements

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

	2012	2011
REVENUES		
Property taxes, penalties and interest	\$ 642,281	\$ 619,885
Water fees	99,469	92,979
Solid waste fees	57,167	53,467
Sewer fees	52,930	48,672
Other fees, rates and cost recoveries	461,456	460,975
Grants and contributions	26,886	39,193
Investment income	21,854	15,803
Rental and lease income	51,857	50,322
Gain (loss) on sale of tangible capital assets	9,798	(925)
Gain on sale of Southeast False Creek assets	20,832	19,572
	1,444,530	1,399,943
EXPENSES		
General government	161,580	159,988
Police protection	247,434	234,554
Fire protection	97,788	97,284
Engineering	176,510	175,908
Water utility	92,101	86,431
Solid waste	57,116	64,104
Sewer utility	78,789	77,440
Planning and development	67,632	70,614
Recreation and parks	178,893	176,075
Community and cultural services	97,611	97,651
Southeast False Creek Development (Note 8(i))	42,655	52,499
	1,298,109	1,292,548
ANNUAL SURPLUS	146,421	107,395
ACCUMULATED SURPLUS (Note 6)		
Beginning of year	5,784,047	5,676,652
Ending Balance	\$ 5,930,468	\$ 5,784,047

See accompanying Notes to Consolidated Financial Statements

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

	2012	2011
Annual Surplus	\$ 146,421	\$ 107,395
Acquisition of tangible capital assets	(173,908)	(240,947)
Contributed tangible capital assets	(4,457)	(24,576)
Amortization of tangible capital assets	172,200	172,424
Loss (gain) on sale of tangible capital assets	(9,798)	925
Writeoff of capital costs	-	12,324
Proceeds on sale of tangible capital assets	21,033	6,085
Other transfers	-	20,802
	<u>5,070</u>	<u>(52,963)</u>
Change in inventory and prepaids	(156)	33
CHANGE IN NET DEBT	151,335	54,465
NET DEBT		
Beginning of year	(419,298)	(473,763)
End of year	<u>\$ (267,963)</u>	<u>\$ (419,298)</u>

See accompanying Notes to Consolidated Financial Statements.

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

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY (USED IN):		
Operating Transactions		
Annual surplus	\$ 146,421	\$ 107,395
Items not involving cash		
Amortization	172,200	172,424
Contributed tangible capital assets	(4,457)	(24,576)
Gain on sale of Southeast False Creek assets	(20,832)	(19,572)
Loss (gain) on sale of tangible capital assets	(9,798)	925
Writeoff of capital costs	-	12,324
Recognition of deferred revenue	(33,279)	(41,182)
Change in non-cash items		
Other financial assets and liabilities	50,558	40,116
Change in obligations to be funded from future revenues	(5,692)	4,140
Increase (decrease) in inventories and prepaids	<u>(156)</u>	<u>33</u>
	<u>294,965</u>	<u>252,027</u>
Financing Transactions		
Debt issued	120,000	140,420
Debt repayments	(42,398)	(124,190)
Deferred revenue receipts	83,052	89,703
Southeast False Creek credit facility program	<u>(148,506)</u>	<u>(91,256)</u>
	<u>12,148</u>	<u>14,677</u>
Capital Transactions		
Acquisition of tangible capital assets	(173,908)	(240,947)
Proceeds of sale of tangible capital assets	21,033	6,085
	<u>(152,875)</u>	<u>(234,862)</u>
Investing Transactions		
Southeast False Creek financing	172,859	138,756
Net purchase of temporary investments	<u>(276,947)</u>	<u>(234,893)</u>
	<u>(104,088)</u>	<u>(96,137)</u>
NET (DECREASE) INCREASE IN CASH	50,150	(64,295)
CASH		
Beginning of year	<u>59,014</u>	<u>123,309</u>
End of year	<u>\$ 109,164</u>	<u>\$ 59,014</u>

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

The City of Vancouver (the "City") 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 accordance with Canadian public sector accounting standards.

(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:

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 and neighbourhood energy utilities.
- Property Endowment – Accounts for parkades and 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

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. 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.

(d) Deferred Revenue

Deferred revenue consists of the following:

(i) Development cost levies:

The City collects development cost levies in accordance with 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.

(ii) Prepaid leases

The City has land leases with terms ranging from 40 to 99 years, some of which have been prepaid. These amounts are recognized in revenue on a straight-line basis over the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(e) 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, banker 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.

(f) 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:

	Years
Landfill and land improvements	15 to 60
Buildings and building improvements	25 to 50
Leasehold improvements	5 to 20
Vehicles, equipment and furniture	3 to 20
Computer systems	5
Library Collection	10
Infrastructure	
Streets, sidewalks, bridges	25 to 80
Water system	20 to 100
Sewer system	40 to 100

Annual amortization is charged commencing when the asset is acquired or available for use. 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.

(g) Pension Plan and Deferred Payroll Liabilities

The City and its employees participate in a Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(h) Landfill Closure and Post Closure Costs

The Ministry of Environment establishes certain requirements in order for the City to obtain an Operating Certificate for its landfill site. Those obligations include closure and post-closure activities. The present value of the City's estimated future liability for these expenditures is recognized as the landfill site's capacity is used. This liability and annual expense is calculated based on the ratio of utilization to total capacity of the site.

(i) 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.

(j) 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, legal claims, landfill liability and in performing actuarial valuations of employee future benefits. The amounts recorded for tangible capital assets are based on management's estimates of historical cost, useful lives and valuation for contributed 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.

(k) Comparative Figures

Certain comparative figures for the year ended December 31, 2011 have been reclassified to conform with the presentation adopted in the current year.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2012</u>	<u>2011</u>
Cash	\$ 109,164	\$ 59,014
Temporary investments	<u>1,005,948</u>	<u>729,001</u>
Total cash and temporary investments	<u>\$ 1,115,112</u>	<u>\$ 788,015</u>
Market Value of total cash and investments	<u>\$ 1,193,101</u>	<u>\$ 809,832</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

	2012	2011
Accounts receivable and accrued interest		
Accrued interest	\$ 5,906	\$ 16,564
Utility receivables	30,935	30,134
Employee advances	2,132	2,115
Rental and lease receivables	888	870
Trade and other receivables	<u>38,016</u>	<u>47,735</u>
	<u>\$ 77,877</u>	<u>\$ 97,418</u>
Accounts payable and accrued liabilities		
Payroll liabilities	\$ 66,899	\$ 62,678
Advance deposits and receipts	114,663	101,945
Trade and other liabilities	<u>110,678</u>	<u>102,410</u>
	<u>\$ 292,240</u>	<u>\$ 267,033</u>

4. LONG TERM DEBT AND SOUTH EAST FALSE CREEK FINANCING

- (a) Debenture debt is recorded at its face amount. The City does not carry debt issued by other organizations.

Maturing In	Total	Internally Held	External
2013	26,103	1,417	24,686
2014	26,962	1,234	25,728
2015	15,524	1,072	14,452
2016	1,179	949	230
2017	126,232	998	125,234
Thereafter	<u>516,927</u>	<u>3,486</u>	<u>513,441</u>
Total	<u><u>\$ 712,927</u></u>	<u><u>\$ 9,156</u></u>	<u><u>\$ 703,771</u></u>

The rates of interest payable on the principal amount of the debentures range from 1.71% to 7.00% per annum. The weighted average interest rate on total debt to maturity is 4.23%. Total interest paid in 2012 on externally held debt amounted to \$31.3 million (2011 - \$30.5 million). Reserve for debt retirement at December 31, 2012 amounted to \$121.5 million (2011 - \$76.7 million).

- (b) To provide the financing for the South East False Creek development (see Note 8(i)), The City issued a \$150.0 million, 5 year debenture (at 3.3%) in 2009. The balance of the financing was raised through a commercial paper program backed by a credit facility arranged through a consortium of financial institutions. At December 31, 2012, the amount of commercial paper outstanding was \$145.0 million (2011 - \$284.0 million) with an average interest rate of 1.80%. The rate will vary with the change in Canadian short term interest rates over the term of the loan agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

5. TANGIBLE CAPITAL ASSETS

2012	Balance beginning of year		Additions, net of transfers	Disposals	Balance end of year
	Cost				
Land	\$ 1,702,225		\$ 22,153	\$ (479)	1,723,899
Landfill and land improvements	261,086		2,604	-	263,690
Buildings and building improvements	1,327,548		30,135	(9,076)	1,348,607
Leasehold improvements	23,332		2,605	-	25,937
Vehicles, equipment and furniture	279,379		6,377	(6,671)	279,085
Computer systems	130,739		13,951	(480)	144,210
Books	46,104		3,457	(5,563)	43,998
Infrastructure					
Streets and structures	3,030,041		35,566	(1,504)	3,064,103
Water system	680,614		21,361	(3,364)	698,611
Sewer system	1,282,445		43,797	(3,198)	1,323,044
Assets under construction	16,562		(3,641)	-	12,921
Total Cost	8,780,075		178,365	(30,335)	8,928,105
Accumulated amortization					
Landfill and land improvements	114,751		9,575	-	124,326
Buildings and building improvements	312,683		30,351	(6,014)	337,020
Leasehold improvements	9,444		992	-	10,436
Vehicles, equipment and furniture	171,633		11,891	(5,150)	178,374
Computer systems	83,694		22,444	(380)	105,758
Books	29,179		2,683	(3,379)	28,483
Infrastructure					
Streets and structures	1,372,300		71,036	(843)	1,442,493
Water system	168,695		9,221	(1,667)	176,249
Sewer system	332,569		14,007	(1,667)	344,909
Accumulated amortization	2,594,948		172,200	(19,100)	2,748,048
Net book value					
Land *	1,702,225		22,153	(479)	1,723,899
Landfill and land improvements	146,335		(6,971)	-	139,364
Buildings and building improvements	1,014,865		(216)	(3,062)	1,011,587
Leasehold improvements	13,888		1,613	-	15,501
Vehicles, equipment and furniture	107,746		(5,514)	(1,521)	100,711
Computer systems	47,045		(8,493)	(100)	38,452
Books	16,925		774	(2,184)	15,515
Infrastructure					
Streets and structures	1,657,741		(35,470)	(661)	1,621,610
Water system	511,919		12,140	(1,697)	522,362
Sewer system	949,876		29,790	(1,531)	978,135
Assets under construction	16,562		(3,641)	-	12,921
Net Book Value	\$ 6,185,127		\$ 6,165	\$ (11,235)	\$ 6,180,057

*The assessed value of land is \$12,853,467

Additions include contributed tangible capital assets - land \$0.9 million and buildings \$3.6 million

Additions include transfers from assets under construction of \$10.4 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

5. TANGIBLE CAPITAL ASSETS - Continued

2011	Cost	Balance beginning of year	Additions, net of transfers	Disposals	Balance end of year
Total Cost					
Land	\$ 1,712,268	\$ 10,943	\$ (20,986)	\$ 1,702,225	
Landfill and land improvements	242,348	18,738	-	261,086	
Buildings and building improvements	1,164,862	163,134	(448)	1,327,548	
Leasehold improvements	19,021	4,311	-	23,332	
Vehicles, equipment and furniture	273,456	10,786	(4,863)	279,379	
Computer systems	120,658	10,626	(545)	130,739	
Books	48,879	4,191	(6,966)	46,104	
Infrastructure					
Streets and structures	2,955,500	87,327	(12,786)	3,030,041	
Water system	653,850	29,952	(3,188)	680,614	
Sewer system	1,217,837	68,051	(3,443)	1,282,445	
Assets under construction	159,098	(142,536)	-	16,562	
Total Cost	8,567,777	265,523	(53,225)	8,780,075	
Accumulated amortization					
Landfill and land improvements	105,570	9,181	-	114,751	
Buildings and building improvements	287,604	25,527	(448)	312,683	
Leasehold improvements	8,534	910	-	9,444	
Vehicles, equipment and furniture	154,077	21,324	(3,768)	171,633	
Computer systems	61,662	22,538	(506)	83,694	
Books	31,048	2,848	(4,717)	29,179	
Infrastructure	-				
Streets and structures	1,305,100	67,497	(297)	1,372,300	
Water system	161,112	8,819	(1,236)	168,695	
Sewer system	320,906	13,780	(2,117)	332,569	
Accumulated amortization	2,435,613	172,424	(13,089)	2,594,948	
Net book value					
Land *	1,712,268	10,943	(20,986)	1,702,225	
Landfill and land improvements	136,778	9,557	-	146,335	
Buildings and building improvements	877,258	137,607	-	1,014,865	
Leasehold improvements	10,487	3,401	-	13,888	
Vehicles, equipment and furniture	119,379	(10,538)	(1,095)	107,746	
Computer systems	58,996	(11,912)	(39)	47,045	
Books	17,831	1,343	(2,249)	16,925	
Infrastructure	-				
Streets and structures	1,650,400	19,830	(12,489)	1,657,741	
Water system	492,738	21,133	(1,952)	511,919	
Sewer system	896,931	54,271	(1,326)	949,876	
Assets under construction	159,098	(142,536)	-	16,562	
Net Book Value	\$ 6,132,164	\$ 93,099	\$ (40,136)	\$ 6,185,127	

*The assessed value of land is \$11,565,351

Additions include contributed tangible capital assets - land \$4.7 million and buildings \$19.9 million
 Additions include transfers from assets under construction of \$153.0 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

6. ACCUMULATED SURPLUS

	2012	2011
Investment in tangible capital assets	\$ 5,468,409	\$ 5,553,997
Reserve for sinking fund debt retirement	121,459	76,731
Reserves	637,367	509,175
Fund balances	(143,447)	(196,844)
Obligations to be funded from future revenues (Note 7)	<u>(153,320)</u>	<u>(159,012)</u>
	<u>\$ 5,930,468</u>	<u>\$ 5,784,047</u>

The following reserve amounts are set aside for specific purposes:

	2011	Change During Year	2012
Affordable Housing	\$ 7,120	(242)	\$ 6,878
Art Gallery Operations	4,080	(12)	4,068
Capital Facilities and Infrastructure	5,925	3,097	9,022
Childcare Endowment	9,089	5,744	14,833
Community Amenities	70,283	62,937	133,220
Community Amenity Maintenance	4,790	146	4,936
Community Legacy Facilities	1,086	(470)	616
Cultural Precinct	4,610	(338)	4,272
Emerging Neighbourhood	6,717	90	6,807
Future Revenue Fund Budgets	76,037	17,481	93,518
Future Debt Repayment	37,944	3,397	41,341
Greenlinks (Pedestrian and cycling linkages)	3,459	(215)	3,244
Hastings Park	9,360	1,155	10,515
Library	5,422	(106)	5,316
Mortgage Debenture Retirement	5,874	(149)	5,725
Olympic Village Trust	2,108	48	2,156
Outstanding Commitments	10,165	4,050	14,215
Park Board	8,903	618	9,521
Parking Sites	28,975	20,949	49,924
Plant and Equipment	74,838	6,194	81,032
Public Art	7,219	334	7,553
Self-insurance	23,534	8,586	32,120
Solid Waste Capital	77,471	(1,629)	75,842
Water and Sewer Utility Rate Stabilization	20,414	(3,528)	16,886
Other	3,752	55	3,807
	<u>\$ 509,175</u>	<u>128,192</u>	<u>\$ 637,367</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

6. ACCUMULATED SURPLUS - Continued

Fund balances are comprised of:

	2011	Change During Year	2012
Revenue Fund	\$ 17,382	\$ 1,217	\$ 18,599
Capital Fund	(196,996)	12,573	(184,423)
Capital Financing Fund	260,254	(11,821)	248,433
Sinking Fund	-	-	-
Property Endowment Fund	(274,385)	57,278	(217,107)
Harbour Park Development Ltd.	13	(1)	12
Vancouver Civic Development Corp.	10,956	120	11,076
Hastings Institute Inc.	229	(10)	219
Pacific National Exhibition	(3,775)	(6,826)	(10,601)
City of Vancouver Public Housing Corporation	(5)	(209)	(214)
	<u>(186,327)</u>	<u>52,321</u>	<u>(134,006)</u>
Elimination for internally-held debt on consolidation	(10,517)	1,076	(9,441)
	<u>\$ (196,844)</u>	<u>\$ 53,397</u>	<u>\$ (143,447)</u>

7. DEFERRED PAYROLL, LANDFILL AND INTEREST LIABILITIES

	2012	2011
Deferred payroll costs (a)	\$ 77,896	\$ 84,883
Landfill closure and post-closure (b)	72,000	71,183
Accrued interest on long term debt	3,424	2,946
	<u>\$ 153,320</u>	<u>\$ 159,012</u>

(a) Deferred Payroll Costs

The City's employee benefit liabilities as at December 31, 2012 is \$77.9 million (\$2011 - \$84.9 million). Effective January 1, 2012, the City amended exempt employee policy to limit the amount deferred vacation and other earned absence banks and the related liability. The plan amendment resulted in a reduction to the accrued benefit obligation of \$6.3 million in the current year.

Actuarial valuation was completed as at December 31, 2012 using the following valuation assumptions:

	2012	2011
Discount rate	4.25%	4.50%
Inflation rate	2.00%	3.00 %
Rate of compensation increase	1.25% to 5.25 %	1.45% to 4.00%

Employee benefit liabilities are as follows:

	2012	2011
Sick leave gratuity	\$ 28,257	\$ 22,139
Deferred vacation	9,846	9,251
Non-vested accumulating sick leave	5,353	15,727
Long term disability	15,589	14,349
Other post-employment benefits	14,078	16,779
	<u>73,123</u>	<u>78,245</u>
Unamortized actuarial gain	4,773	6,638
	<u>\$ 77,896</u>	<u>\$ 84,883</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

7. DEFERRED PAYROLL, LANDFILL, AND INTEREST LIABILITIES - Continued

(a) Deferred Payroll Costs - Continued

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

	<u>2012</u>	<u>2011</u>
Beginning of the year	\$ 84,883	\$ 84,827
Current service cost	8,282	8,538
Interest cost	3,700	4,017
Amortization of actuarial gain	(762)	(846)
Plan Amendment	(6,307)	(2,264)
Actual benefits paid	(11,900)	(9,389)
End of the year	\$ 77,896	\$ 84,883

The City has provided \$45.1 million in a reserve for the funding for these liabilities.

(b) Landfill Closure and Post-Closure Costs

The landfill closure and post-closure liability as at December 31, 2012 is \$72.0 million (2011 - \$71.2 million) an increase of \$0.8 million.

The landfill liabilities reported are based on the following assumptions:

	2012	2011
Closure date	2036	2036
Years of post closure maintenance	50	50
Total capacity (million tonnes)	23.7	23.6
Future costs (million)	\$502.0	\$516.0
Present value of future costs (million)	\$131.4	\$133.1
Deposited to date (million tonnes)	17.4	16.8
Utilization of total capacity to date	73.3%	71.3%
City's share of liability	74.8%	75.9%
Discount rate	4.25%	4.50%
Inflation rate	2.00%	2.00%

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for its share of the overall liability for closure and post-closure costs based on tonnage deposited by parties to the agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

8. 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 27 Class A and 22 Class B shared issued and outstanding at December 31, 2012). 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 \$17.7 million during the year (2011 - \$16.4 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 176,000 active members and approximately 67,000 retired members. Active members include approximately 35,000 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, 2009 indicated an unfunded liability of \$1,024.0 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the surplus to individual employers.

The City paid \$56.2 million during 2012 (2011 - \$53.9 million) for employer contributions to the Plan. Employee contributions during 2012 amounted to \$45.5 million (2011 - \$42.1 million).

(d) Contingent Legal Liabilities

As at December 31, 2012, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has recorded a liability for certain uninsured claims, but has made no specific provision for those where the outcome is presently indeterminable. The City also has a reserve of \$32.1 million (2011 - \$23.5 million) for potential claims.

(e) Property Assessment Appeals

As at December 31, 2012, 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 has recorded a liability for certain appeals and makes an annual provision against property taxes receivable for the impact of appeals.

(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 \$34.9 million (2011 - \$38.0 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

8. CONTINGENCIES AND COMMITMENTS - Continued

(f) Long Term Lease, Mortgage and Loan Agreements - Continued

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

2013	\$ 8,615
2014	3,716
2015	4,054
2016	4,458
2017	4,902
Thereafter	<u>19,276</u>
	<u><u>\$ 45,021</u></u>

Outstanding mortgages include:

- \$7.6 million (2011 - \$8.0 million) in mortgages payable to Canada Mortgage and Housing Corporation for 3 non-market housing projects. Interest rates range from 3.16 % to 8.0% with maturity dates from June 1, 2013 to December 1, 2027.
- \$37.1 million (2011 - \$40.0 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 Guarantees

The City has guaranteed a \$21.4 million line of credit for the Pacific National Exhibition.

The City has entered into an agreement with the First Avenue Athletes Village Housing Co-operative to operate an affordable rental housing complex in South East False Creek. Under the agreement the City has guaranteed the Co-operative's loan obligations with respect to their mortgage related to the housing complex. The outstanding balance of the mortgage is \$20.8 million.

(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, 2014.

(i) Southeast False Creek and Olympic Village Development

In 2006, the City entered into a ground lease, development, sublease and land/airspace parcel sales agreement (the "Agreement") with SEFC Properties Ltd. ("SEFC Ltd"), formerly named Millennium Southeast False Creek Properties Ltd, with respect to a portion of the City's properties in Southeast False Creek Area 2A. Under the Agreement, SEFC Ltd acquired rights to land upon which it constructed market condominiums, rental housing and commercial space buildings (the "Market Project"). In addition, SEFC Ltd was required to design and construct at the City's cost, non-market housing buildings and a civic centre on additional land/airspace parcels to be retained by the City. Pursuant to the Agreement, this project was used by the City and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games as the Vancouver Athletes' Village.

In February 2009, the City purchased and took assignment of the loan (including related security) for the Market Project construction financing from the lenders of SEFC Ltd, and later that year restructured the terms of that loan (the "Amended Loan Agreement").

In September 2010, SEFC Ltd defaulted on the first mandatory repayment required under the Amended Loan Agreement; therefore, the City exercised its rights with respect to the related security.

In November 2010, a receiver (the "Receiver") was appointed over the assets and properties of SEFC Ltd, which provided court supported management for the Market Project. The appointment benefited the creditors of SEFC Ltd, with the City being the principal secured lender.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

8. CONTINGENCIES AND COMMITMENTS – Continued

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

In January 2011, a settlement agreement (the “Settlement”) was entered into with the guarantors of the Amended Loan Agreement. Pursuant to the Settlement, the beneficial and legal rights over 32 properties (the “Transferred Properties”) owned or controlled by these guarantors were transferred to the City. The City then commenced the phased sales of these properties. As at December 31, 2012, 22 of 32 properties have been sold to third parties and one property has been retained by the City for affordable housing.

During 2012, the Receiver continued to manage the Market Project, with surplus net proceeds from the sale of condominium units being paid to the City in accordance with court approval. Southeast False Creek development expenses include interest, repairs and maintenance, sales commissions, and professional fees.

As at December 31, 2012, the City’s investment in Southeast False Creek in the amount of \$310.2 million (2011 – \$462.2 million) is comprised of the following:

	2012	2011
Assets for Sale		
Commercial, residential and rental properties	\$ 254,981	\$ 388,280
Transferred properties	<u>55,172</u>	<u>73,900</u>
	<u>\$ 310,153</u>	<u>\$ 462,180</u>

In addition to outstanding mortgages of \$16.9 million related to the Transferred Properties, the City has financing of \$295.0 million (2011 – \$434.0 million) (see Note 4(b)).

The City’s ongoing risk for the recovery of its investment in Southeast False Creek is primarily dependent on the value and timing of the proceeds from the sale of the balance of the Market Project, the net realizable value from the sale of the Transferred Properties and the ultimate residual value obtained by the City on the sale of the shares of SEFC Ltd. The recorded amount of the value of the investment in the Southeast False Creek Development at December 31, 2012 is based on management’s best estimate and assumptions, made as indicated above. The amount ultimately realized may differ from this estimate.

9. 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:

	2012	2011
Vancouver Agreement	\$ 6,470	\$ 7,284
Cemetery Perpetual Care	3,257	3,221
General	<u>609</u>	<u>612</u>
	<u>\$ 10,336</u>	<u>\$ 11,117</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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2012

10. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2011	Contributions and Interest	Recognized as Revenue	2012
Development cost levies				
City-wide	\$ 77,458	\$ 57,553	\$ (21,046)	\$ 113,965
Area-specific	47,228	21,280	(8,004)	60,504
	124,686	78,833	(29,050)	174,469
Prepaid Leases	155,285	2,844	(4,229)	153,900
Capital contributions	1,163	1,375	0	2,538
	\$ 281,134	\$ 83,052	\$ (33,279)	\$ 330,907

Development cost levies (DCL) are collected from development to fund growth related capital projects including parks, childcare facilities, replacement housing and engineering infrastructure. DCL's must be spent on projects within defined area boundaries and are recognized as revenue as Council approved expenditures are incurred. During the year \$78.8 million of DCLs were collected and \$29.1 million was used to fund capital expenditures.

Prepaid leases are recognized as revenue over the term of the lease while contributions of capital are recognized as the expenditures are incurred.

11. 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.

Amounts shown for wages, contract services, supplies and debt charges are the gross amounts incurred by departments for all segmented activity. Allocated costs include services performed by departments for other segments or for work related to capital construction activity.

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 Manager's Office, City Clerk, Financial Services, Real Estate and Facilities Management, 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** which are managed by the Engineering department and provide planning, design, construction and maintenance related to the water distribution, sewerage collection, drainage, neighbourhood energy utilities and refuse removal services.
- **Planning and Development** which 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** which provides recreation services through its parks, community centres, swimming pools and ice rinks.
- **Community and Cultural Services** which 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, 2012

	Revenue & Capital Fund										2012		2011	
	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	\$ 642,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 642,281	\$ 619,885		
Utility fees	-	-	-	-	209,566	-	-	-	-	-	209,566	196,537		
Other fees, rates and cost recoveries	215,393	20,828	8,990	33,884	21,886	18,533	51,733	13,393	76,816	-	461,456	459,556		
Revenue sharing, grants and contributions	26,784	-	-	-	-	-	102	-	-	-	26,886	39,193		
Investment Income	17,961	-	-	-	-	-	-	-	5,436	(1,543)	21,854	15,803		
Rental and lease income	19,955	-	-	-	-	-	-	-	33,048	(1,146)	51,857	50,322		
Gain (loss) on disposal of tangible capital assets	(97)	-	-	(57)	(3,172)	-	(47)	(2,239)	36,242	-	30,630	18,647		
	922,277	20,828	8,990	33,827	228,280	18,533	51,788	11,154	151,542	(2,689)	1,444,530	1,399,943		
Operating Expenditures														
Wages, salaries and benefits	80,756	206,021	87,349	79,110	36,544	50,295	72,450	41,560	22,337	-	676,422	665,393		
Contract services	31,343	3,428	218	6,998	17,161	2,911	5,730	1,177	10,419	-	79,385	83,328		
Supplies, material and equipment	8,992	29,947	6,561	(14,957)	138,985	21,487	25,985	31,370	82,502	(1,146)	329,726	330,298		
Debt charges	3,750	1,942	249	7,185	10,759	80	4,887	2,321	10,746	(1,543)	40,376	41,105		
	124,841	241,338	94,377	78,336	203,449	74,773	109,052	76,428	126,004	(2,689)	1,125,909	1,120,124		
Amortization											-	172,200	172,424	
	19,071	6,186	3,603	79,069	26,696	3,045	21,442	7,614	5,474	-				
	143,912	247,524	97,980	157,405	230,145	77,818	130,494	84,042	131,478	(2,689)	1,298,109	1,292,548		
NET REVENUES (EXPENSES)	\$ 778,365	\$ (226,696)	\$ (88,990)	\$ (123,578)	\$ (1,865)	\$ (59,285)	\$ (78,706)	\$ (72,888)	\$ 20,064	\$ -	\$ 146,421	\$ 107,395		

**SUPPLEMENTARY
FINANCIAL
INFORMATION**

UNAUDITED

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

	2012 Budget	2012	2011
REVENUE			
Property taxes, penalties and interest	\$ 635,632	\$ 642,281	\$ 619,885
Water fees	103,961	99,469	92,979
Solid waste fees	54,515	57,167	53,467
Sewer fees	54,393	52,930	48,672
Neighbourhood energy utility	1,980	1,666	1,419
Other fees, rates and cost recoveries	221,223	245,159	238,546
Revenue sharing, grants and contributions	21,652	26,784	25,916
Investment income	14,574	17,256	14,248
Rental and lease income	22,955	19,954	20,004
	1,130,885	1,162,666	1,115,136
EXPENDITURES			
General government	146,895	116,339	116,297
Police protection	234,893	241,134	232,984
Fire protection	91,125	94,386	93,625
Engineering	75,624	73,935	78,640
Water utility	84,830	82,096	76,675
Solid waste	41,715	43,951	47,033
Sewer utility	61,728	62,394	60,707
Neighbourhood energy utility	1,488	2,140	1,546
Planning and development	64,731	67,632	70,614
Recreation and parks	103,766	103,831	103,552
Community and cultural services	77,885	76,244	75,904
	984,680	964,082	957,577
NET REVENUE	146,205	198,584	157,559
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(40,268)	(38,000)	(36,472)
Transfers			
Net transfers to other funds	(75,441)	(104,649)	(92,900)
Net transfers to reserves	(30,496)	(48,991)	(30,067)
Change in obligations to be funded from future revenue	-	(5,727)	4,111
	(146,205)	(197,367)	(155,328)
CHANGE IN FUND BALANCE	-	1,217	2,231
FUND BALANCE			
Beginning of year	17,382	17,382	15,151
End of year	\$ 17,382	\$ 18,599	\$ 17,382

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

	2012 Budget	2012	2011
Permits and licences			
Business	\$ 14,170	\$ 14,992	\$ 14,646
Dog	1,683	916	895
False Alarm Reduction Program	1,144	1,085	1,121
Other	938	718	743
	<u>17,935</u>	<u>17,711</u>	<u>17,405</u>
Municipal by-law fines	<u>19,868</u>	<u>17,978</u>	<u>19,192</u>
Service and inspection fees			
Development permits	7,051	9,065	8,088
Building permits	6,976	9,920	9,403
Plumbing inspection	4,095	5,778	5,210
Electrical inspection	3,789	4,870	4,484
Other	8,205	11,537	9,945
	<u>30,116</u>	<u>41,170</u>	<u>37,130</u>
On street parking	<u>39,451</u>	<u>41,076</u>	<u>39,225</u>
Sundry fees and services			
Recovery - Greater Vancouver Transit Authority	3,765	3,904	3,832
Provincial school tax administration fee	400	463	431
Utility company access	211	229	240
Other	1,955	1,945	2,047
	<u>6,331</u>	<u>6,541</u>	<u>6,550</u>
Departmental revenues			
Parks and recreation - general operations	47,873	47,762	46,118
Britannia Community Services	1,004	1,020	836
Libraries	4,178	4,485	4,694
Civic theatres	8,194	7,883	8,076
General government	6,723	5,531	5,978
Fire	6,731	8,990	7,678
Police	13,534	20,827	20,326
Engineering	9,855	11,225	11,321
Community services	9,430	12,960	14,017
	<u>107,522</u>	<u>120,683</u>	<u>119,044</u>
TOTAL	<u>\$ 221,223</u>	<u>\$ 245,159</u>	<u>\$ 238,546</u>

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

	<u>2012</u>	<u>2011</u>
OPERATIONS		
Rental and leases		
Revenue	\$ 24,370	\$ 27,317
Expenses	<u>14,182</u>	<u>14,002</u>
	10,188	13,315
Parking		
Revenue	18,519	20,258
Expenses	<u>17,548</u>	<u>17,358</u>
	971	2,900
Water Moorage		
Revenue	1,204	1,089
Expenses	<u>634</u>	<u>695</u>
	570	394
NET REVENUES FROM OPERATIONS	11,729	16,609
Interest and other income	1,450	1,224
Investment Income	410	0
Gain on disposal of tangible capital assets	<u>15,410</u>	<u>5,886</u>
	28,999	23,719
Administration expenses	4,217	5,824
NET REVENUES	<u><u>\$ 24,782</u></u>	<u><u>\$ 17,895</u></u>

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

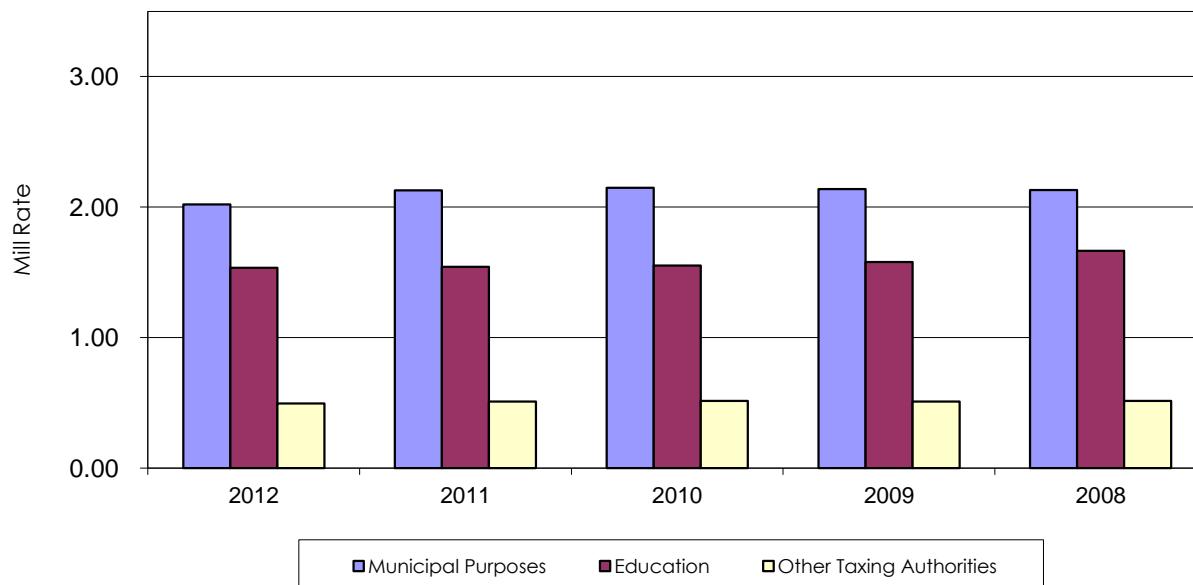
	2012	2011
SOLID WASTE UTILITY		
REVENUE		
Fees and service charges	<u>$\\$ 57,167</u>	<u>$\\$ 53,467</u>
EXPENDITURES AND TRANSFERS		
Garbage collection & disposal	11,032	10,705
Recycling	8,920	8,421
Composting	6,096	5,535
Commercial	17,086	16,316
Management & solid waste levy	-	281
Post closure costs	817	5,775
	<u>43,951</u>	<u>47,033</u>
Transfer to other funds	9,730	8,122
Transfer to (from) reserves	3,486	(1,688)
	<u>$\\$ 57,167</u>	<u>$\\$ 53,467</u>
WATER UTILITY		
REVENUE		
Fees and service charges	<u>$\\$ 99,469</u>	<u>$\\$ 92,979</u>
EXPENDITURES AND TRANSFERS		
Purchase of water	66,813	62,350
Water debt charges	4,115	4,330
Operations	11,168	9,995
	<u>82,096</u>	<u>76,675</u>
Debt principal repayments	9,168	8,736
Transfer to Sinking Fund	6,323	5,931
Transfer to reserves	1,882	1,637
	<u>$\\$ 99,469</u>	<u>$\\$ 92,979</u>
SEWER UTILITY		
REVENUE		
Fees and service charges	52,930	48,672
Contribution from property taxes	30,411	29,150
	<u>$\\$ 83,341</u>	<u>$\\$ 77,822</u>
EXPENDITURES AND TRANSFERS		
Contribution to Joint Sewerage Board	47,863	46,971
Sewers debt charges	5,847	5,726
Operations	8,684	8,010
	<u>62,394</u>	<u>60,707</u>
Debt principal repayments	10,515	10,031
Transfer to Sinking Fund	9,189	7,820
Transfer to (from) reserves	1,243	(736)
	<u>$\\$ 83,341</u>	<u>$\\$ 77,822</u>

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

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2012	2011	2010	2009	2008
Property Assessment (\$000s)					
Rateable property general purposes	\$ 241,777,267	\$ 211,419,049	\$ 187,431,088	\$ 183,955,565	\$ 157,347,427
Tax Rates – Rate per \$1,000 of Assessment					
Residential					
Municipal purposes	2.02002	2.12815	2.14861	2.13692	2.13092
Education	1.53487	1.54202	1.55095	1.57888	1.66466
Other taxing authorities	0.49588	0.50981	0.51421	0.50993	0.51583
Total Residential	4.05077	4.17998	4.21377	4.22573	4.31141
Business/Other					
Municipal purposes	8.78096	9.19882	9.78076	10.34798	10.81610
Education	6.75274	6.86945	6.80610	7.29402	7.75987
Other taxing authorities	1.98450	2.04321	2.04949	2.18056	2.31524
Total Business/Other	17.51820	18.11148	18.63635	19.82256	20.89121
Major Industrial					
Municipal purposes	31.98356	31.46583	30.64936	30.28937	28.28632
Education	6.40000	6.60000	6.80000	7.00000	9.30000
Other taxing authorities	2.97948	3.01831	3.03126	3.12009	3.06928
Total Major Industrial	41.36304	41.08414	40.48062	40.40946	40.65560
Light Industrial					
Municipal purposes	8.78096	9.19882	9.78076	10.34798	10.81610
Education	6.57739	6.95857	6.78545	7.48227	8.36739
Other taxing authorities	2.37194	2.50688	2.42127	2.72814	3.19158
Total Light Industrial	17.73029	18.66427	18.98748	20.55839	22.37507
Total Utilities	55.97006	55.64063	57.73727	57.40031	52.21255
Total Recreational/Non-Profit	5.63732	5.83157	6.10040	6.23958	5.99796
Total Farm – All Purposes	9.17932	9.27997	9.44100	9.46778	9.19796

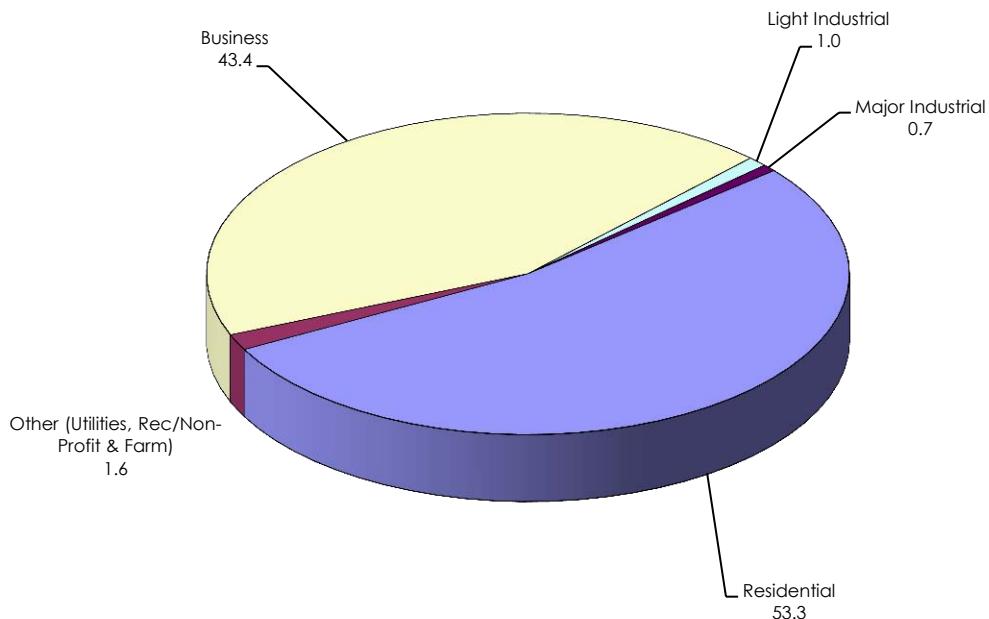
Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2012	2011	2010	2009	2008
Property Tax Revenue by Property Class (%)					
Residential - Class 1	53.3	52.3	51.7	50.6	48.4
Business - Class 6	43.4	44.5	45.0	46.1	48.4
Major industrial - Class 4	0.7	0.7	0.7	0.8	1.2
Light industrial - Class 5	1.0	0.9	0.9	0.9	0.8
Other (Utilities, Rec/Non-Profit and Farm)	1.6	1.6	1.7	1.6	1.2
Total	100.0	100.0	100.0	100.0	100.0

Property Tax by Class



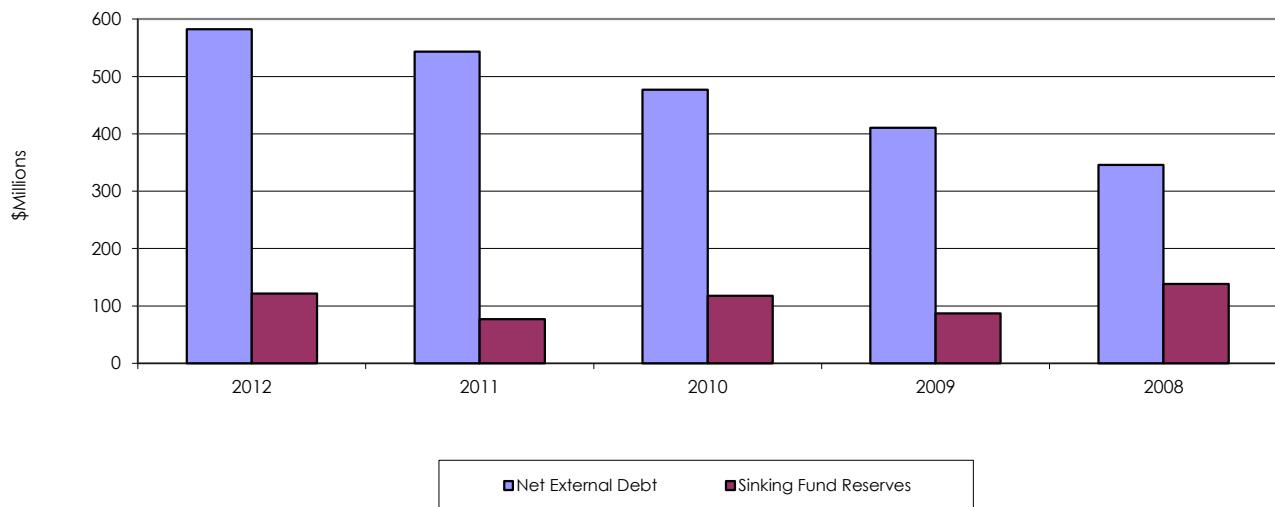
Property Taxation - Levy and Collections

	2012	2011	2010	2009	2008
Total tax levy (all purposes) (\$000s)	\$ 1,302,764	\$ 1,237,268	\$ 1,183,828	\$ 1,152,139	\$ 1,094,882
Total tax arrears outstanding (\$000s)	\$ 23,013	\$ 24,018	\$ 25,185	\$ 25,929	\$ 24,273
% of current collections to current levy	98.96	98.88	98.75	98.66	98.68
% of total collections to current levy	100.20	100.22	100.20	99.91	100.09

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

(000s)	2012	2011	2010	2009	2008
Population *	666,517	651,000	642,800	628,600	615,500
Internally restricted reserves	\$ 637,367	\$ 509,175	\$ 471,374	\$ 436,709	\$ 424,404
Long Term Debt (000s)					
Debenture debt outstanding	\$ 712,927	\$ 630,343	\$ 605,863	\$ 510,628	\$ 558,538
Less: Internally held debt	(9,156)	(10,197)	(11,001)	(12,800)	(74,172)
Externally held debt	703,771	620,146	594,862	497,828	484,366
Sinking Fund reserves	121,459	76,731	117,935	87,198	138,415
Net externally held debt	\$ 582,312	\$ 543,415	\$ 476,927	\$ 410,630	\$ 345,951
Debt per capita (externally held)	\$ 1,055.89	\$ 952.61	\$ 925.42	\$ 791.96	\$ 786.95

Long Term Debt - Net 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:

	2012	2011
Taxes collected:		
Property and business taxes	\$ 1,211,594	\$ 1,151,717
Payment in lieu of taxes	35,274	32,228
Local improvement levies	2,100	2,350
	<u>1,248,968</u>	<u>1,186,295</u>
Less taxes collected on behalf of:		
Province of British Columbia - School Taxes	463,726	431,295
Greater Vancouver Transportation Authority	110,724	104,267
B.C. Assessment Authority	17,009	15,534
Greater Vancouver Regional District	15,177	15,269
Municipal Finance Authority	51	45
	<u>606,687</u>	<u>566,410</u>
NET TAXES - MUNICIPAL PURPOSES	<u>\$ 642,281</u>	<u>\$ 619,885</u>

STATEMENT OF TAX RECEIPT AND PROPERTY TAXES RECEIVABLE

	2012	2011
Analysis of Tax Receipts and Receivables		
Balance, before allowance for tax write-offs, beginning of year	\$ 24,018	\$ 25,185
Add: Interest and adjustments (net)	192	237
	<u>24,210</u>	<u>25,422</u>
Less: Receipts	(16,140)	(16,596)
Outstanding - prior years	<u>8,070</u>	<u>8,826</u>
Current tax levy including utility and other charges	1,302,763	1,237,268
Less : Receipts	(1,289,203)	(1,223,396)
Current arrears	13,560	13,872
Add: Penalties on current arrears	1,383	1,320
Outstanding - current year	<u>14,943</u>	<u>15,192</u>
Balance	<u>\$ 23,013</u>	<u>\$ 24,018</u>

Analysis of Property Taxes Receivable by Year

Current year	\$ 14,944	\$ 15,192
Prior year	5,301	5,738
Prior 2 year	2,768	3,088
Balance	<u>\$ 23,013</u>	<u>\$ 24,018</u>

CHANGES IN DEBENTURE DEBT OUTSTANDING (\$000s)
Year Ended December 31, 2012

	Externally Held	Internally Held	Total
Balance, beginning of year	\$ 620,146	\$ 10,197	\$ 630,343
Add: Debentures issued	120,000		120,000
Local improvements		584	584
	<u>740,146</u>	<u>10,781</u>	<u>750,927</u>
Less: Maturities			
General and water	36,375	-	36,375
Local improvements	-	1,625	1,625
	<u>36,375</u>	<u>1,625</u>	<u>38,000</u>
Balance, end of year	<u>\$ 703,771</u>	<u>\$ 9,156</u>	<u>\$ 712,927</u>

OUTSTANDING BORROWING AUTHORITY

General borrowing authorities for each Capital Plan are approved by the electors. Sewer, Water and NEU borrowing authorities are approved by Council.

	Capital Plan Borrowing Limits	Council-approved Borrowing Authorities	Debentures Issued to Dec 31, 2012	Unused Borrowing Authorities
General				
2009 - 2011	\$ 222,000	\$ 194,478	\$ 187,255	\$ 7,223
2012 - 2014	<u>179,800</u>	<u>60,800</u>	<u>-</u>	<u>60,800</u>
	<u>401,800</u>	<u>255,278</u>	<u>187,255</u>	<u>68,023</u>
Sewer, Water and NEU				
2009 - 2011	160,572	145,106	117,743	27,363
2012 - 2014	<u>142,900</u>	<u>40,535</u>	<u>-</u>	<u>40,535</u>
	<u>303,472</u>	<u>185,641</u>	<u>117,743</u>	<u>67,898</u>
Total General, Sewer, Water and NEU				
2009 - 2011	382,572	339,584	304,998	34,586
2012 - 2014	<u>322,700</u>	<u>101,335</u>	<u>-</u>	<u>101,335</u>
	<u>\$ 705,272</u>	<u>\$ 440,919</u>	<u>\$ 304,998</u>	<u>\$ 135,921</u>

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2012

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Reserve Balance
8808	March 16, 2013 - 2014	4.500% - 4.650%	10	\$ 116 1,419 2,129 1,334 260 7,419 968 551 1,922 7,022	\$ - - - - - - - - - - 23,140
9115	October 06, 2013 - 2015	3.950% - 4.100%	10	924 2,053 2,372 1,680 2,303 85 808 800 5,163 2,179 205 10,511 376 1,329 1,711 1,326 6,742 491	- 41,058
9532	December 1, 2017	4.700%	10	2,166 15,000 600 2,000 4,548 1,500 7,175 12,349 12,304 25,000 17,557 4,801 20,000 125,000	955 6,617 265 882 2,006 662 3,165 5,447 5,427 11,028 7,745 2,118 8,822 55,139
			Carried Forward	\$ 189,198	\$ 55,139

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2012

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
	Carried Forward			\$ 189,198	\$ 55,139
9897	December 2, 2019	4.900%	10		
	Civic facilities			10,600	2,667
	Community legacy projects			19,500	4,907
	Fire protection			4,000	1,007
	Libraries			500	126
	Local area improvement			4,700	1,183
	Parks			3,000	755
	Pedestrian/cycling facilities			7,800	1,963
	Police			16,000	4,026
	Sewers			27,800	6,995
	Street/bridge infrastructure			13,000	3,271
	Street lighting & Transit/safety improvements			1,700	428
	Transit & Safety Improvements			4,500	1,132
	Waterworks			11,900	2,994
				125,000	31,454
10015	June 1, 2011 - 2020	4.500%	10		
	Civic Facilities			16,000	2,618
	Community Legacy Projects			1,125	184
	Fire Protection			552	90
	Local Area Improvement			1,267	207
	Parks			25,000	4,092
	Pedestrian / Cycling Facilities			4,351	712
	Police			2,448	401
	Sewers			25,000	4,092
	Street / Bridge Infrastructure			18,657	3,053
	Street Lighting			300	49
	Street Lighting / Communications			3,700	606
	Transit / Safety Improvements			5,000	818
	Waterworks			21,600	3,535
				125,000	20,457
10017	September 30, 2010 - 2030	1.710%	20		
	Neighbourhood Energy Utility			4,573	-
	Carried Forward			\$ 443,771	\$ 107,050

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2012

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Reserve Balance
			Carried Forward	\$ 443,771	\$ 107,050
10393	December 02, 2021	3.45%	10		
	Civic Facilities			18,000	1,437
	Libraries			2,000	160
	Neighbourhood Energy Utility			15,000	1,197
	Parks			25,000	1,995
	Police			11,000	878
	Sewers			32,000	2,554
	Street / Bridge Infrastructure			5,000	399
	Street Lighting / Communications			6,000	479
	Transit / Safety Improvements			4,000	319
	Waterworks			22,000	1,756
				<u>140,000</u>	<u>11,174</u>
10565	October 18, 2052	3.70%	40		
	Civic Facilities			9,814	-
	Libraries			2,150	-
	Neighbourhood Energy Utility			2,400	-
	Parks			18,365	-
	Police			10,723	-
	Sewers			38,200	-
	Street / Bridge Infrastructure			13,761	-
	Street Lighting / Communications			4,120	-
	Transit / Safety Improvements			3,467	-
	Waterworks			17,000	-
				<u>120,000</u>	<u>-</u>
	Total			<u>\$ 703,771</u>	<u>\$ 118,224</u>

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2012

LOCAL IMPROVEMENT - Property Owners' Share

Bylaw	Maturity Dates	Purpose	Rate (%)	Term (Yr)	Debt Balance
7912	June 24, 2013	Beautification	6.00	15	\$ 21
7915	June 24, 2013	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	223
8037	June 23, 2013 - 2014	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	433
8204	June 23, 2013 - 2015	Lane paving, speed ramps, sidewalks, pavements & curb	7.00	15	453
8207	June 21, 2013 - 2015	Beautification	7.00	15	34
8209	June 21, 2013 - 2015	Beautification	7.00	15	8
8501	June 26, 2013 - 2017	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	855
8501	June 26, 2013 - 2017	Trees	6.00	15	1
8504	June 26, 2013 - 2017	Beautification	6.00	15	98
8506	June 26, 2013 - 2017	Underground Wiring	6.00	15	90
8693	June 25, 2013 - 2018	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	1050
8696	June 25, 2013	Beautification	6.00	15	7
8871	June 23, 2013 - 2019	Lane paving, speed ramps, sidewalks, pavements & curb	5.75	15	783
9063	June 29, 2013 - 2020	Lane paving, speed ramps, sidewalks, pavements & curb	5.75	15	961
9301	June 14, 2013 - 2021	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	362
9303	June 14, 2013 - 2022	Beautification	6.00	15	32
9514	June 27, 2013 - 2022	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	621
9672	June 25, 2013 - 2022	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	397
9885	June 17, 2013 - 2023	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	470
9886	June 17, 2013	Lane Lighting	6.00	5	2
9887	June 17, 2013 - 2018	Street Lighting	6.00	10	2
10071	June 23, 2013 - 2014	Lane Lighting	6.00	5	1
10072	June 23, 2013 - 2024	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	911
10300	June 29, 2013 - 2025	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	817
10301	June 29, 2013 - 2015	Lane Lighting	6.00	5	2
10495	June 27, 2013 - 2021	Street Lighting	6.00	10	10
10496	June 27, 2013 - 2026	Lane paving, speed ramps, sidewalks, pavements & curb	6.00	15	487
10497	June 27, 2013 - 2016	Traffic Circle	6.00	5	25
					<hr/> \$ 9,156

Held Internally

DEBT INTEREST RATES (\$000s)
Year Ended December 31, 2012

Interest Rate	General (including Waterworks)	Local Improvement	Total
7.00	\$ -	\$ 495	\$ 495
6.00	-	6,917	6,917
5.75	-	1,744	1,744
4.90	125,000	-	125,000
4.70	125,000	-	125,000
4.65	11,827	-	11,827
4.50	136,314	-	136,314
4.10	14,226	-	14,226
4.05	13,678	-	13,678
3.95	13,153	-	13,153
3.70	120,000	-	120,000
3.45	140,000	-	140,000
1.71	4,573	-	4,573
	<hr/> <hr/> \$ 703,771	<hr/> <hr/> \$ 9,156	<hr/> <hr/> \$ 712,927

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2012

Total Debt (Internal and External)

	General			Waterworks			Local Improvements			Total General & Waterworks and Local Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 19,093	\$ 25,034	\$ 44,127	\$ 5,593	\$ 4,399	\$ 9,992	\$ 1,417	\$ 550	\$ 1,967	\$ 26,103	\$ 29,983	\$ 56,086
2014	19,893	24,227	44,120	5,835	4,153	9,988	1,234	464	1,698	26,962	28,844	55,806
2015	12,116	23,569	35,685	2,336	3,979	6,315	1,072	389	1,461	15,524	27,937	43,461
2016	230	23,078	23,308	-	3,883	3,883	949	323	1,272	1,179	27,284	28,463
2017	105,234	23,074	128,308	20,000	3,883	23,883	998	267	1,265	126,232	27,224	153,456
2018 - 2022	335,734	58,303	394,037	55,500	9,777	65,277	2,803	642	3,445	394,037	68,722	462,759
Thereafter	105,207	114,493	219,700	17,000	18,871	35,871	683	79	762	122,890	133,443	256,333
	<u>\$ 597,507</u>	<u>\$ 291,778</u>	<u>\$ 889,285</u>	<u>\$ 106,264</u>	<u>\$ 48,945</u>	<u>\$ 155,209</u>	<u>\$ 9,156</u>	<u>\$ 2,714</u>	<u>\$ 11,870</u>	<u>\$ 712,927</u>	<u>\$ 343,437</u>	<u>\$ 1,056,364</u>

External Debt Only

	General			Waterworks			Total General & Waterworks and Local Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 19,093	\$ 25,034	\$ 44,127	\$ 5,593	\$ 4,399	\$ 9,992	\$ 24,686	\$ 29,433	\$ 54,119
2014	19,893	24,227	44,120	5,835	4,153	9,988	25,728	28,380	54,108
2015	12,116	23,569	35,685	2,336	3,979	6,315	14,452	27,548	42,000
2016	230	23,078	23,308	-	3,883	3,883	230	26,961	27,191
2017	105,234	23,074	128,308	20,000	3,883	23,883	125,234	26,957	152,191
2018 - 2022	335,734	58,303	394,037	55,500	9,777	65,277	391,234	68,080	459,314
Thereafter	105,207	114,493	219,700	17,000	18,871	35,871	122,207	133,364	255,571
	<u>\$ 597,507</u>	<u>\$ 291,778</u>	<u>\$ 889,285</u>	<u>\$ 106,264</u>	<u>\$ 48,945</u>	<u>\$ 155,209</u>	<u>\$ 703,771</u>	<u>\$ 340,723</u>	<u>\$ 1,044,494</u>