



BRITISH COLUMBIA

**CONSOLIDATED
FINANCIAL STATEMENTS**

2010

TABLE OF CONTENTS

| | |
|--|----|
| Mayor and Council | 1 |
| Officials | 2 |
| Boards | 3 |
| Financial Statements | |
| Report of the Director of Finance | 4 |
| Auditors' Report | 9 |
| Consolidated Statement of Financial Position | 10 |
| Consolidated Statement of Operations | 11 |
| Consolidated Statement of Change in Net Debt | 12 |
| Consolidated Statement of Cash Flows | 13 |
| Notes to Consolidated Financial Statements | 14 |
| Supplementary Financial Information | 28 |

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 | 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 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. |
| 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 and Human Resource Services | P. Impey, B. Sc., M.B.A. |
| General Manager of Parks and Recreation | M. Bromley |

Financial Services

| | |
|---|----------------------------|
| General Manager of Financial Services Group | 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

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 – S. Singh

C. Evans – Chair

L. Bohach – Vice-Chair

E. Kazemi – Vice-Chair

M. Lombardi - School Board Trustee

Councillor T. Stevenson – City Council Representative

Commissioner L. Woodcock – Park Board Representative

M.L. Baum

K. Epstein

C. Brooks

D. Millward

A. Chan

A Twigg

D. Chariandy

Vancouver Police Board

Chief Constable – J.Chu

Mayor G. Robertson – Chair

M. Collins

P. Marfleet

W. Grant

S. Williamson

J. McLean

G. Wong

Board of Parks and Recreation

General Manager – M. Bromley

A. Jasper – Chair

S. Blyth– Vice-Chair

C. Barnes

I. Robertson

R. Hundal

L. Woodcock

S. Mackinnon

Vancouver Civic Theatres Board

Director – R. Ackerman

R. Haynes – Chair

M. Noon – Vice-Chair

Councillor T. Stevenson – Council Liaison

H. Batra

K. Wilson

B. McLean

I. Woo

K. Sutherland

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, 2010. 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.

2010 Consolidated Financial Position

| (\$000s) | 2010 | 2009 Restated | Change |
|----------------------|-------------------|-------------------|-----------------|
| Financial assets | \$ 1,349.9 | \$ 1,394.7 | \$ (44.8) |
| Liabilities | 1,698.6 | 1,716.9 | (18.3) |
| Net debt | (348.7) | (322.2) | (26.5) |
| Non-financial assets | 6,150.4 | 6,004.5 | 145.9 |
| Accumulated Surplus | <u>\$ 5,801.7</u> | <u>\$ 5,682.3</u> | <u>\$ 119.4</u> |

The City's financial position improved by \$119.4 million in 2010 with accumulated surplus totaling \$5.80 billion (2009 - \$5.68 billion).

Financial Assets decreased by \$44.8 million while Liabilities decreased by \$18.3 million. Net Debt, calculated as Financial Assets less Liabilities is an indicator of the amount of future revenues required to pay for past transactions and events. The City's Net Debt increased by \$26.5 million to a total of \$348.7 million.

The City's non-financial assets increased by \$145.9 million in 2010 bringing the total City non-financial assets to \$6.15 billion. The 2009 amount for non-financial assets has been restated by a \$209.5 million decrease to reflect an adjustment for certain assets where more accurate information was available to establish historical costs than was used in the prior year.

Consolidated Results of Operations

The City's consolidated revenues were \$1.356 billion (2009 - \$1.284 billion) and include property taxes, utilities and user charges, government transfers and capital contributions. Consolidated expenses totaled \$1.236 billion (2009 - \$1.130 billion) resulting in an annual surplus of \$119.4 million.

Revenue Fund

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

Revenues for the year totaled \$1.077 billion and expenditures totaled \$956.6 million resulting in a Net revenue amount of \$120.2 million. After debt charges and transfers to reserves and other funds, the net change in the Revenue fund balance was \$2.0 million. The total fund balance of the Revenue Fund currently stands at \$15.2 million, compared to \$13.1 million in 2009. The following highlights the major changes in revenues and expenditures.

Total operating revenues increased by \$42.0 million from 2009 mainly due to:

- An increase in net taxation revenue of \$16.4 million or 2.8% from \$589.2 million to \$605.6 million. City Council approved a 2.26% increase in the property tax levy in 2010 that generated \$12.5 million in tax revenues (including \$2.5 million from new construction).
- An increase in water utility user fees of \$7.1 million (9.0%) was due to a Council approved rate increase of 10.0% to reflect rising regional water costs.
- An increase in solid waste utility revenue of \$5.4 million (12.2%) mainly due to increase in collection fees for cart collection services, recycling and yard waste, increases in disposal fees at the Vancouver Landfill (VLF) and Vancouver South Transfer Station (VSTS) as a result of regional rate changes, and increase in the sale of recyclables.
- An increase in sewer utility revenue of \$6.9 million (16.8%) was due to a Council approved rate increase of 17.5% offset by lower discharge by commercial and multifamily users.
- An increase in other fees, rates and cost recoveries of \$29.5 million (13.8%) due to a combination of the following:
 - Revenues and recoveries associated with Olympic related Host City activities (\$13.1 million)
 - \$4.7 million increase in on-street parking revenues due to Council approved increases in rates and expansion of meter zones
 - \$1.2 million increase in parking by-law enforcement revenue due to extended late night enforcement hours
 - Increased revenue of \$6.0 million from building permits, development and inspection fees due to the high level of construction activity presently being undertaken within the City
 - Higher revenue of \$3.5 million from Parks and Recreation due to a general 4% increase in recreational services fees, and the introduction of two new facilities during 2010, Aquatic Centre at Hillcrest Park and Creekside Community Recreational Centre.
- A decrease in provincial revenue sharing grants and contributions of \$18.8 million (59.8%) due to the impact of the 2009 change in allocation of the provincial traffic fine revenue offset by transfer from reserves, and decreased gaming revenue.
- A decrease in investment income of \$3.8 million (24.5%) due to lower interest rates compared with 2009.

Total operating expenditures amounted to \$956.6 million, an increase of \$82.9 million (9.5%) mainly due to:

- 2010 Olympic and Paralympic Games related operational expenditures (\$18.1 million), offset by revenues and recoveries of \$13.1 million.
- Contractual wage and fringe benefit adjustments for employees, which added approximately \$30.3 million to the 2010 expenditures.
- An increase of \$2.4 million in the cost of water charged by the Greater Vancouver Water District.
- A \$2.3 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.
- An increase in Recreation and Parks costs of \$5.5 million due mainly to: \$1.5 million relating to the opening of the Aquatic Centre at Hillcrest Park, \$1.2 million in additional recreation services offset by additional revenue.
- An increase in the landfill closure and post closure costs of \$24.7 million reflecting a significant change in the assumptions used to calculate estimated life of the City's landfill in Delta, reducing estimated life by 20 years (closure date of 2036 instead of 2056). The earlier closure results in a reduced capacity and costs to be recognized on a nearer term basis.

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 \$5.03 billion of assets at the end of 2010. Capital additions totalled \$298.7 million with the following major projects:

| | \$ Million |
|---|------------|
| • Streets, traffic and safety Traffic calming plans, streetlights, signals, sidewalks, City impound and Granville Bridge | 51.0 |
| • Sewer main construction | 47.4 |
| • Water works distribution system | 20.9 |
| • Solid Waste utility | 6.2 |
| • Vehicle and equipment purchases | 5.4 |
| • Parks, community centres, playing fields, ice rinks Hillcrest Curling Centre Conversion, Trout Lake Community Centre, Van Dusen Visitor Centre, Seawall/Brockton Lighthouse | 83.0 |
| • Construction and capital maintenance of City buildings and systems Civic Theatres upgrades, #1 Kingsway, libraries, Tactical Training Centre, Dog Squad facilities, Woodward's and firehalls | 58.9 |
| • Technology infrastructure Hardware upgrades, Infrastructure Management, Access Vancouver program | 12.7 |
| • Neighbourhood Energy Utility infrastructure | 3.5 |
| • Books, equipment and furniture | 9.7 |

The Property Endowment Fund holds \$1.08 billion of assets at the end of 2010. Capital additions totalled \$17.5 million with expenditures for final construction phases of the SEFC affordable housing, community centre and the Salt Building as well as parking structures and building improvements.

Long Term Debt

In addition to the borrowing for the Millennium advance, debt outstanding at year end was \$594.9 million (2009 - \$497.8 million). During the year, \$1.0 million sinking fund debentures and \$34.8 million serial debentures matured. In March 2010, the City issued a 10 year \$125.0 million sinking fund debenture at rate of 4.80%. The City has sinking fund debt reserves of \$ \$117.9 million for the future repayments.

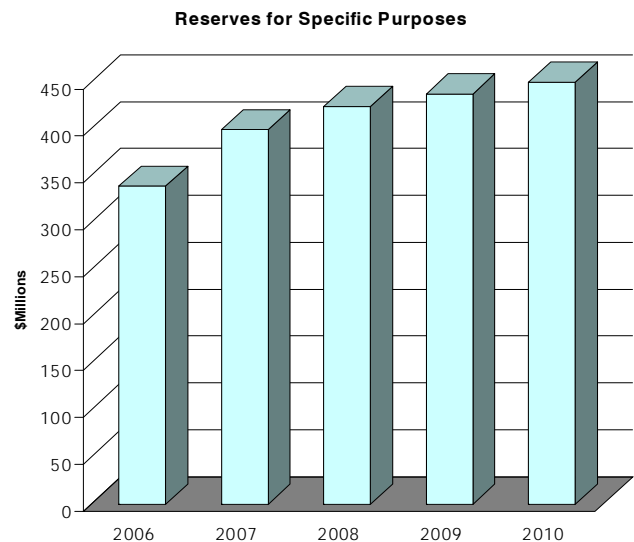
| (000s) | 2010 | 2009 | Change |
|----------------------------|-------------------|-------------------|------------------|
| Debenture debt outstanding | \$ 605,863 | \$ 510,628 | \$ 95,235 |
| Less: Internally held debt | (11,001) | (12,800) | 1,799 |
| Externally held debt | <u>\$ 594,862</u> | <u>\$ 497,828</u> | <u>\$ 97,034</u> |

In November 2008, the electorate approved borrowing authority of \$222.0 million to finance the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure as part of the 2009-2011 Capital Plan. Council approved an additional \$160.6 million in borrowing authority for sewer and water capital expenditures to bring total borrowing authority to \$382.6 million. In addition, there is \$16.0 million remaining authority from the 2006-2008 Capital Plan for an overall outstanding borrowing authority of \$199.6 million.

Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves in addition to the sinking fund debt repayment reserve. At the end of 2010, these reserves totalled \$471.4 million, up \$34.7 million over 2009. The most significant reserve balances and changes were:

- The Affordable Housing Reserve decreased by \$3.4 million as a result of \$4.0 million allotted to the Olympic Village affordable housing project; which was offset by \$0.6 million of contributions.
- Future Revenue Fund Budgets Reserve increased by \$9.5 million to a balance of \$60.9 million. The increase included the transfer of \$11.4 million to fund future payroll obligations, \$2.0 million for Vancouver Police Department special investigations, \$1.1 million for bylaw adjudication project and \$2.0 million rent and maintenance subsidies. This was offset by the transfer out of \$7.9 million of 2010 traffic fine revenue sharing received in 2009.
- Funding for future debt charges of \$6.1 million was transferred into the Future Debt Repayment Reserve bringing the balance to \$35.1 million.
- The Greenlinks Reserve, with a balance of \$3.5 million, holds contributions from a developer to be used for capital projects and programs related to integrated pedestrian-bicycle-transit net work in the downtown area.
- The Olympic Legacy Facilities Reserve has a balance of \$2.4 million remaining to complete the Hillcrest Complex conversion.
- The Olympic Legacy Reserve decreased by \$7.7 million resulting in a balance of \$2.4 million. Expenditures of \$6.2 million for Live Site events and other programs held during the Winter Olympic Games were offset against the \$3.6 million transfer from the extension of a lease of a City property
- 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 \$24.4 million, an increase of \$6.2 million.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan increased by \$17.9 million to \$61.1 million. The reserve is funded by internal equipment charges provided in the Operating and Capital Budgets and in 2010 this amounted to \$23.5 million. Actual expenditures were significantly lower in 2010 at \$5.6 million, pending a review of a 10-year strategic plan for the fleet replacement program.
- 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 \$65.4 million, with the remaining capacity of 10.6 million tonnes (39.2% of total capacity) to be utilized by 2037. During the year the reserve increased by \$1.3 million to \$68.9 million as a result of landfill capital and other expenditures of \$5.6 million offset by surplus and interest of \$6.9 million.
- Water and Sewer Utility Rate Stabilization Reserves decreased by \$1.8 million to a total of \$21.5 million as a result of lower user consumption revenues than anticipated.



REPORT OF THE DIRECTOR OF FINANCE

Southeast False Creek Development

In late 2009, the Southeast False Creek Development (Area 2A) was completed by the developer, Southeast False Creek Properties Ltd ("SEFC"), formerly Millennium Southeast False Creek Properties Ltd. The Vancouver Organizing Committee was granted a 6 month exclusive use period ended April 2010 to use the development as the Olympic Athlete's Village during the Winter Olympic and Paralympic Games. Following the Olympics, SEFC completed the retrofit of the residential units, completed a number of condominium pre-sales, launched a new marketing program, as well as commencing occupancy of the rental units.

The proceeds of the condominium sales were applied to the City's construction loan, however, on August 31, 2010, the construction loan was in default. In January 2011, a negotiated settlement with the borrower was completed including settling with the guarantors of the loan. The 2010 financial statement values have been adjusted to reflect the estimated net realizable value of the construction loan receivable as of December 31, 2010, as well as reflecting the land loan receivable from the sale of a portion of the land associated with the properties that were sold. The estimated net realizable value of these assets is based on current markets (real estate and financial), estimated ongoing carrying costs of the development, as well as estimated value of the settlement from the guarantors. The loan construction loan receivable has been adjusted down by \$48 million to \$506 million, and with a land loan receivable of \$18 million, totals assets of \$524 million.

As the project is expected to continue for a number of years, these estimates will change and be updated periodically.


Summary

| (\$000s) | 2010 | 2009 | Change |
|---|-------------------|-------------------|-----------------|
| Investment in tangible capital assets | \$ 5,519.9 | \$ 5,473.2 | \$ 46.7 |
| Reserve for debt retirement | 117.9 | 87.2 | 30.7 |
| Reserves | 471.4 | 436.7 | 34.7 |
| Fund balances | (152.7) | (185.7) | 33.0 |
| Obligations to be funded from future revenues | (154.8) | (129.1) | (25.7) |
| Accumulated Surplus | <u>\$ 5,801.7</u> | <u>\$ 5,682.3</u> | <u>\$ 119.4</u> |

The City's consolidated operations for the year 2010 resulted in a surplus of \$119.4 million. Net investment in tangible capital assets was \$46.7 million as engineering infrastructure, parks and recreation facilities, libraries and cultural facilities were improved and expanded to provide better services to a growing population. This was partially offset by increase in long-term debt issued to finance the capital expenditures.

The Public Sector Accounting Board has approved new standards for the accounting of Government Transfers and Tax Revenue for implementation in 2012. In 2011, the City will be preparing for those changes and continuing to implement projects that facilitate the ongoing improvement of financial management and reporting. With the completion of the major work to inventory, value and restate the City's tangible capital assets, staff will incorporate this information into asset management and life-cycle costing. This information will also be a critical component as staff work on a comprehensive long term financial plan to support corporate capital planning and financing strategy.

Respectfully submitted,



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



Esther Lee CA
Director of Financial Services
Deputy Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Councilors

We have audited the accompanying consolidated financial statements of the City of Vancouver ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2010 and 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 Consolidated 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 financial position of the City of Vancouver as at December 31, 2010 and its results of operations, net financial assets and its 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, after giving effect to the prior year adjustments disclosed in note 2.

Chartered Accountants

April 11, 2011

Burnaby, Canada

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)

| | 2010 | 2009 |
|--|--------------|-------------------|
| | | (Restated Note 2) |
| FINANCIAL ASSETS | | |
| Cash (Note 3) | \$ 123,309 | \$ 87,170 |
| Temporary investments (Note 3) | 494,108 | 414,216 |
| Accounts receivable and accrued interest (Note 4) | 131,567 | 111,970 |
| Local improvement receivable | 10,912 | 11,753 |
| Property taxes receivable | 25,185 | 25,930 |
| South East False Creek development receivable (Note 9(i)) | 523,927 | 694,549 |
| Long term lease agreement receivable (Note 9(f)(i)) | 40,863 | 49,063 |
| | 1,349,871 | 1,394,651 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 4) | 266,076 | 295,981 |
| Deferred payroll, landfill and interest liabilities (Note 8) | 154,872 | 129,137 |
| Mortgage and loan agreements (Note 9(f)) | 60,098 | 61,926 |
| Long term debt (Note 5 (a)) | 594,862 | 497,828 |
| South East False Creek Financing (Note 5(b)) | 515,000 | 630,000 |
| Deferred income (Note 11) | 107,725 | 102,015 |
| | 1,698,633 | 1,716,887 |
| NET DEBT | (348,762) | (322,236) |
| NON-FINANCIAL ASSETS | | |
| Inventory and prepaids | 18,251 | 16,625 |
| Tangible capital assets (Note 6) | 6,132,164 | 5,987,859 |
| | 6,150,415 | 6,004,484 |
| ACCUMULATED SURPLUS (Note 7) | \$ 5,801,653 | \$ 5,682,248 |

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

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

| | 2010 | 2009 |
|--|--------------|-------------------|
| | | (Restated Note 2) |
| REVENUES | | |
| Property taxes, penalties and interest | \$ 605,602 | \$ 589,202 |
| Water fees | 85,452 | 78,367 |
| Solid waste fees | 49,181 | 43,828 |
| Sewer fees | 47,608 | 40,752 |
| Other fees, rates and cost recoveries | 474,685 | 392,970 |
| Revenue sharing, grants and contributions | 20,841 | 40,023 |
| Investment income | 38,093 | 59,600 |
| Rental and lease income | 45,673 | 43,851 |
| Gain (loss) on disposal of tangible capital assets | (11,467) | (4,269) |
| | 1,355,668 | 1,284,324 |
| EXPENSES | | |
| General government | 176,411 | 154,819 |
| Police protection | 233,022 | 218,698 |
| Fire protection | 94,815 | 91,794 |
| Engineering | 175,058 | 168,070 |
| Water utility | 80,698 | 78,170 |
| Solid waste | 65,489 | 23,785 |
| Sewer utility | 74,763 | 69,557 |
| Planning and development | 68,931 | 69,852 |
| Recreation and parks | 173,563 | 161,699 |
| Community and cultural services | 93,513 | 93,833 |
| | 1,236,263 | 1,130,277 |
| ANNUAL SURPLUS | 119,405 | 154,047 |
| ACCUMULATED SURPLUS (Note 7) | | |
| Beginning of year | 5,682,248 | 5,528,201 |
| End of year | \$ 5,801,653 | \$ 5,682,248 |

See accompanying Notes to Consolidated Financial Statements

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

| | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------------------|
| Annual Surplus | \$ 119,405 | (Restated Note 2) \$ 154,047 |
| Acquisition of tangible capital assets | (276,381) | (451,740) |
| Contributed tangible capital assets | (48,839) | |
| Amortization of tangible capital assets | 167,494 | 133,055 |
| Loss (gain) on sale of tangible capital assets | (36,533) | 4,269 |
| Proceeds on sale of tangible capital assets | 49,954 | 4,043 |
| | <u>(144,305)</u> | <u>(310,373)</u> |
| Change in inventory and prepaids | <u>(1,626)</u> | <u>809</u> |
| CHANGE IN NET DEBT | (26,526) | (155,517) |
| NET DEBT | | |
| Beginning of year | <u>(322,236)</u> | <u>(166,719)</u> |
| End of year | <u>\$ (348,762)</u> | <u>\$ (322,236)</u> |

See accompanying Notes to Consolidated Financial Statements.

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

| | 2010 | 2009 |
|---|-------------|-------------------|
| | | (Restated Note 2) |
| CASH PROVIDED BY (USED IN): | | |
| Operating Transactions | | |
| Annual surplus | \$ 119,405 | \$ 154,047 |
| Items not involving cash | | |
| Amortization | 167,494 | 133,055 |
| Contributed tangible capital assets | (48,839) | |
| Loss (gain) on sale of tangible capital assets | (36,533) | 4,269 |
| Loss on South East False Creek financing | 48,000 | |
| Change in non-cash items | | |
| Other financial assets and liabilities | (10,740) | (3,626) |
| Change in obligations to be funded from future revenues | 25,735 | (16,225) |
| Increase in inventories and prepaids | (1,626) | 809 |
| | 262,896 | 272,329 |
| Financing Transactions | | |
| Debt issued | 130,000 | 128,687 |
| Debt repayments | (34,794) | (112,747) |
| Deferred revenue | 5,710 | 210 |
| South East False Creek Credit Facility program | (115,000) | 630,000 |
| | (14,084) | 646,150 |
| Capital Transactions | | |
| Acquisition of tangible capital assets | (276,381) | (451,740) |
| Proceeds of sale of tangible capital assets | 3,356 | 4,043 |
| | (273,025) | (447,697) |
| Investing Transactions | | |
| South East False Creek financing | 140,244 | (614,653) |
| Net (purchase)/sale of temporary investments | (79,892) | 195,460 |
| | 60,352 | (419,193) |
| NET INCREASE IN CASH | 36,139 | 51,589 |
| CASH | | |
| Beginning of year | 87,170 | 35,581 |
| End of year | \$ 123,309 | \$ 87,170 |

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's)
Year Ended December 31, 2010

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 accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

(b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all the organizations controlled by the City. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

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

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

- Capital - Accounts for capital expenditures supporting civic infrastructure and holds all properties required for civic use and the related long term debt.
- Revenue - Accounts for revenue and expenditures for the general operations of the City including sewer, solid waste and water utilities.
- Property Endowment – Accounts for properties which are leased to third parties, being developed or held resale or lease.
- Sinking - Accounts for the accumulation of instalments generated from tax levies in accordance with the actuarial requirements for the retirement of sinking fund debt at maturity.
- Capital Financing - Accounts for funds designated for the financing of capital works, for the acquisition of the City's debentures and for funds set aside for the City's solid waste disposal program.

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

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

(c) Basis of Accounting

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 income

Deferred income represents development cost levies which have been collected 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.

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(e) Non-financial Assets

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

(i) Tangible capital assets

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

| | <u>Years</u> |
|-------------------------------------|--------------|
| Landfill and land improvements | 15 to 60 |
| Buildings and building improvements | 25 to 50 |
| Leasehold improvements | 5 to 20 |
| Vehicles, equipment and furniture | 3 to 20 |
| Computer systems | 5 |
| Library Collection | 10 |
| Infrastructure | |
| Streets and structures | 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.

(f) Deferred payroll liabilities

Employees are entitled to earned benefits related to non-vested accumulating sick leave, sick leave gratuity and full vacation entitlement at retirement. Employees may also defer current vacation entitlements. The cost of post-employment benefits is actuarially determined based on service provided, a best estimate of retirement ages and expected future salary and wage increases. The liability under these benefit plans is accrued based on projected benefits as the employees render service necessary to earn the future benefits

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

(g) Landfill Closure and Post Closure Costs

The Ministry of Environment Lands and Parks 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 expenditure is calculated based on the ratio of utilization to total capacity of the site.

(h) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(i) Estimates

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

Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits. 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.

2. PRIOR PERIOD ADJUSTMENTS

In 2009, the City implemented PS 3150, Tangible Capital Assets, which requires governments to record and amortize their tangible capital assets in their financial statements. The costs of tangible capital assets were based on historical cost records or, when historical costs records were not available, other methods were used to determine a best estimate of historical costs and accumulated amortization of the assets. In certain cases, the City used replacement costs and appropriate indices to deflate the replacement cost to an estimated historical cost at the year of acquisition.

During the year, the City identified certain assets where inaccurate information was used to establish the historical cost used in the prior year financial statements. The City applied the adjustment retroactively and prior periods have been restated as follows:

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Accumulated surplus, January 1 | | |
| As previously reported | \$ 5,891,733 | \$ 5,729,215 |
| Adjustment for net book value of tangible capital assets | (209,485) | (201,014) |
| Restated | <u>\$ 5,682,248</u> | <u>\$ 5,528,201</u> |
| Annual Surplus for 2009 | | |
| Annual surplus, as previously reported | | \$ 162,518 |
| Amortization expense not previously recorded | | (4,645) |
| Loss on asset retirements | | (3,826) |
| Annual surplus, as restated | | <u>\$ 154,047</u> |
| Tangible Capital Assets, December 31, 2009 | | |
| As previously reported | | \$ 6,197,344 |
| Adjustment for net book value | | (209,485) |
| Restated | | <u>\$ 5,987,859</u> |

3. CASH AND TEMPORARY INVESTMENTS

Cash includes short-term investments with maturity dates within 90 days of acquisition. Temporary investments are comprised of money market instruments, term deposits, 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.

| | 2010 | 2009 |
|--|-------------------|-------------------|
| Cash | \$ 123,309 | \$ 87,170 |
| Temporary investments | 494,108 | 414,216 |
| Total cash and temporary investments | <u>\$ 617,417</u> | <u>\$ 501,386</u> |
| Market Value of total cash and investments | <u>\$ 635,620</u> | <u>\$ 522,766</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2010

4. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

| | 2010 | 2009 |
|--|-------------------|-------------------|
| Accounts receivable and accrued interest | | |
| Accrued interest | \$ 11,762 | \$ 9,546 |
| Utility receivables | 26,653 | 22,767 |
| Employee advances | 2,220 | 2,408 |
| Rental and lease receivables | 1,455 | 1,073 |
| Trade and other receivables | 91,416 | 77,718 |
| | <u>133,506</u> | <u>113,512</u> |
| Allowance for doubtful accounts | (1,939) | (1,542) |
| | <u>\$ 131,567</u> | <u>\$ 111,970</u> |
| Accounts payable and accrued liabilities | | |
| Payroll liabilities | \$ 55,380 | \$ 46,684 |
| Advance deposits and receipts | 98,402 | 119,284 |
| Trade and other liabilities | 112,294 | 130,013 |
| | <u>\$ 266,076</u> | <u>\$ 295,981</u> |

5. LONG TERM DEBT AND SOUTH EAST FALSE CREEK FINANCING

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

| Maturing In | Total | Internally Held | External |
|-------------|-------------------|------------------|-------------------|
| 2011 | \$ 116,379 | \$ 1,663 | \$ 114,716 |
| 2012 | 37,897 | 1,522 | 36,375 |
| 2013 | 26,029 | 1,343 | 24,686 |
| 2014 | 26,884 | 1,156 | 25,728 |
| 2015 | 15,442 | 990 | 14,452 |
| Thereafter | 383,232 | 4,327 | 378,905 |
| Total | <u>\$ 605,863</u> | <u>\$ 11,001</u> | <u>\$ 594,862</u> |

The rates of interest payable on the principal amount of the debentures range from 1.71% to 7.50% per annum. The weighted average interest rate on total debt to maturity is 4.53%. Total interest paid in 2010 on externally held debt amounted to \$27.5 million (2009 - \$26.3 million). Reserve for debt retirement at December 31, 2010 amounted to \$117.9 million (2009 - \$87.2 million).

(b) To provide the financing for the South East False Creek development (see Note 9(i)), The City issued a \$150 million, 5 year debenture (at 3.3%) in 2009. As well, 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, 2010, the amount of commercial paper outstanding was \$365 million at a current cost of 1.85%. 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 (000's) CONTINUED
Year Ended December 31, 2010

6. TANGIBLE CAPITAL ASSETS

| | Balance beginning of year | Additions | Disposals | Balance end of year |
|-------------------------------------|---------------------------------|-------------------|--------------------|---------------------------|
| Cost | | | | |
| Land | \$ 1,680,394 | \$ 39,907 | \$ (8,033) | \$ 1,712,268 |
| Landfill and land improvements | 205,194 | 37,253 | (99) | 242,348 |
| Buildings and building improvements | 773,050 | 394,575 | (2,763) | 1,164,862 |
| Leasehold improvements | 17,050 | 1,971 | - | 19,021 |
| Vehicles, equipment and furniture | 263,529 | 18,828 | (8,901) | 273,456 |
| Computer systems | 107,957 | 12,739 | (38) | 120,658 |
| Books | 50,522 | 4,302 | (5,945) | 48,879 |
| Infrastructure | | | | |
| Streets and structures | 2,874,151 | 81,349 | - | 2,955,500 |
| Water system | 634,209 | 19,641 | - | 653,850 |
| Sewer system | 1,183,154 | 34,683 | - | 1,217,837 |
| Assets under construction | 479,126 | (320,028) | - | 159,098 |
| Total Cost | \$ 8,268,336 | \$ 325,220 | \$ (25,779) | \$ 8,567,777 |
| Accumulated amortization | | | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Landfill and land improvements | 96,989 | 8,676 | (95) | 105,570 |
| Buildings and building improvements | 265,989 | 22,831 | (1,216) | 287,604 |
| Leasehold improvements | 6,951 | 1,583 | - | 8,534 |
| Vehicles, equipment and furniture | 138,527 | 22,295 | (6,745) | 154,077 |
| Computer systems | 40,429 | 21,268 | (35) | 61,662 |
| Books | 32,243 | 3,072 | (4,267) | 31,048 |
| Infrastructure | - | - | - | - |
| Streets and structures | 1,238,683 | 66,417 | - | 1,305,100 |
| Water system | 152,565 | 8,547 | - | 161,112 |
| Sewer system | 308,101 | 12,805 | - | 320,906 |
| Assets under construction | - | - | - | - |
| Accumulated amortization | \$ 2,280,477 | \$ 167,494 | \$ (12,358) | \$ 2,435,613 |
| Net book value | | | | |
| Land * | \$ 1,680,394 | \$ 39,907 | \$ (8,033) | \$ 1,712,268 |
| Landfill and land improvements | 108,205 | 28,577 | (4) | 136,778 |
| Buildings and building improvements | 507,061 | 371,744 | (1,547) | 877,258 |
| Leasehold improvements | 10,099 | 388 | - | 10,487 |
| Vehicles, equipment and furniture | 125,002 | (3,467) | (2,156) | 119,379 |
| Computer systems | 67,528 | (8,529) | (3) | 58,996 |
| Books | 18,279 | 1,230 | (1,678) | 17,831 |
| Infrastructure | - | - | - | - |
| Streets and structures | 1,635,468 | 14,932 | - | 1,650,400 |
| Water system | 481,644 | 11,094 | - | 492,738 |
| Sewer system | 875,053 | 21,878 | - | 896,931 |
| Assets under construction | 479,126 | (320,028) | - | 159,098 |
| Net Book Value | \$ 5,987,859 | \$ 157,726 | \$ (13,421) | \$ 6,132,164 |
| Net Book Value 2009 | \$ 5,677,486 | \$ 315,179 | \$ (4,806) | \$ 5,987,859 |

*The Assessed Value of land is \$10,505,244 (2009 - \$10,255,148)

Additions include contributed tangible capital assets of \$42.0 million (2009 - \$17.8 million)

Additions include transfers from assets under construction of \$416.9 million (2009 - \$45.7 million)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2010

7. ACCUMULATED SURPLUS

| | 2010 | 2009 |
|---|---------------------|---------------------|
| | | Restated Note 2 |
| Investment in capital assets | \$ 5,519,913 | \$ 5,473,220 |
| Reserve for sinking fund debt retirement | 117,935 | 87,198 |
| Reserves | 471,374 | 436,709 |
| Fund balances | (152,697) | (185,742) |
| Obligations to be funded from future revenues | (154,872) | (129,137) |
| | <u>\$ 5,801,653</u> | <u>\$ 5,682,248</u> |

The following reserve amounts are set aside for specific purposes:

| | 2009 | Change During Year | 2010 |
|--|-------------------|-----------------------|-------------------|
| Affordable Housing | \$ 9,420 | (3,434) | \$ 5,986 |
| Art Gallery Operations | 4,085 | (5) | 4,080 |
| Capital Facilities | 1,603 | 163 | 1,766 |
| Childcare Endowment | 7,430 | 1,424 | 8,854 |
| Community Amenities | 49,226 | (1,149) | 48,077 |
| Cultural Precinct | 7,026 | (1,165) | 5,861 |
| Emerging Neighbourhood | 6,471 | 130 | 6,601 |
| Future Revenue Fund Budgets | 51,451 | 9,492 | 60,943 |
| Future Debt Repayment | 29,047 | 6,111 | 35,158 |
| Greenlinks | - | 3,459 | 3,459 |
| Hastings Park | 7,176 | 873 | 8,049 |
| Library | 5,499 | (61) | 5,438 |
| Mortgage Debenture Retirement | 6,118 | (122) | 5,996 |
| Olympic Village Trust | 18 | 2,036 | 2,054 |
| Olympic Legacy | 10,172 | (7,744) | 2,428 |
| Olympic Legacy Facilities | 6,493 | (2,099) | 4,394 |
| Outstanding Commitments | 11,631 | (630) | 11,001 |
| Pacific National Exhibition | 131 | (92) | 39 |
| Park Board | 5,052 | 2,334 | 7,386 |
| Parking Sites | 18,189 | 6,224 | 24,413 |
| Plant and Equipment | 43,174 | 17,913 | 61,087 |
| Public Art | 7,361 | (105) | 7,256 |
| Self-insurance | 21,467 | 900 | 22,367 |
| South East False Creek Construction | 25,000 | - | 25,000 |
| Solid Waste Capital | 67,662 | 1,265 | 68,927 |
| Stanley Park Restoration | 913 | (179) | 734 |
| Water and Sewer Utility Rate Stabilization | 23,207 | (1,752) | 21,455 |
| Other | 11,687 | 878 | 12,565 |
| | <u>\$ 436,709</u> | <u>\$ 34,665</u> | <u>\$ 471,374</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2010

7. ACCUMULATED SURPLUS - Continued

Fund balances are comprised of:

| | 2009 | Change During Year | 2010 |
|---|---------------------|-----------------------|---------------------|
| Revenue Fund | \$ 13,119 | 2,032 | \$ 15,151 |
| Capital Fund | (204,860) | (149,689) | (354,549) |
| Capital Financing Fund | 188,757 | 11,682 | 200,439 |
| Sinking Fund | - | - | - |
| Property Endowment Fund | (182,178) | 167,398 | (14,780) |
| Harbour Park Development Ltd. | 16 | (1) | 15 |
| Vancouver Civic Development Corp. | 10,702 | 124 | 10,826 |
| Hastings Institute Inc. | 278 | (9) | 269 |
| Pacific National Exhibition | 286 | 781 | 1,067 |
| City of Vancouver Public Housing Corporation | 405 | (191) | 214 |
| | (173,475) | 32,127 | (141,348) |
| Elimination for internally-held debt on consolidation | (12,267) | 918 | (11,349) |
| | <u>\$ (185,742)</u> | <u>\$ 33,045</u> | <u>\$ (152,697)</u> |

8. DEFERRED PAYROLL, LANDFILL AND INTEREST LIABILITIES

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

| | 2010 | 2009 |
|------------------------------------|-------------------|-------------------|
| Deferred payroll costs | \$ 84,827 | \$ 83,901 |
| Accrued interest on long term debt | 4,637 | 4,505 |
| Landfill closure and post-closure | 65,408 | 40,731 |
| | <u>\$ 154,872</u> | <u>\$ 129,137</u> |

(a) Deferred Payroll Costs

The liabilities reported in 2010 are based on an actuarial valuation as at December 31, 2010 using the following valuation assumptions:

| | 2010 | 2009 |
|-------------------------------|----------------|----------------|
| Discount rate | 5.00% | 5.00% |
| Inflation rate | 3.00 % | 3.00 % |
| Rate of compensation increase | 2.58% to 4.50% | 2.58% to 4.50% |

Employee benefit liabilities are as follows:

| | 2010 | 2009 |
|------------------------------------|------------------|------------------|
| Sick leave gratuity | \$ 22,569 | \$ 22,028 |
| Deferred vacation | 10,086 | 10,304 |
| Non-vested accumulating sick leave | 14,867 | 14,611 |
| Long term disability | 14,418 | 13,547 |
| Other post-employment benefits | 14,472 | 14,933 |
| | 76,412 | 75,423 |
| Unamortized actuarial gain | 8,415 | 8,478 |
| | <u>\$ 84,827</u> | <u>\$ 83,901</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2010

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

(a) Deferred Payroll Costs - Continued

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

| | 2010 | 2009 |
|---------------------------------------|------------------|------------------|
| Beginning of year | \$ 83,901 | \$ 83,868 |
| Current service cost | 7,136 | 5,807 |
| Interest cost | 3,894 | 3,821 |
| Amortization of actuarial (gain) loss | (781) | (681) |
| Actual benefits paid | (9,323) | (8,914) |
| End of year | <u>\$ 84,827</u> | <u>\$ 83,901</u> |

The City has provided \$38.0 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, 2010 is \$65.4 million (2009 - \$40.7 million) an increase of \$24.7 million.

In prior years the estimated future liability and expenditures assumed the current 1987 agreement with Delta and Metro Vancouver would be extended beyond its original term limit of 50 years if the physical capacity of the landfill was not reached during that period. The City has determined that the probability of this assumption cannot be determined and therefore is basing the future liability and expenditure amounts on the original term of the agreement, which results in a closure date of 2036. This change in assumption significantly increases the liability reflecting a reduced capacity as a result of a fixed term closure date and nearer term expenditures.

The landfill and liabilities reported in 2010 are based the utilization to date and following assumptions

| | 2010 | 2009 |
|---------------------------------------|-----------------|-----------------|
| Closure date | 2036 | 2056 |
| Total capacity (million tonnes) | 26.9 | 33.0 |
| Future costs | \$328.7 million | \$355.2 million |
| Present value of future costs | \$140.4 million | \$133.1 million |
| Deposited to date (million tonnes) | 16.4 | 16.1 |
| Utilization of total capacity to date | 60.8% | 48.9% |
| Discount rate | 5.00% | 5.00% |
| 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.

9. CONTINGENCIES AND COMMITMENTS

(a) Contingent Liability and Commitment

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

The City is a shareholder and member of Emergency Communications for Southwest British Columbia Incorporated (E-Comm), whose services include: regional 911 call centre for the Greater Vancouver Regional District, Wide Area Radio emergency communications network, dispatch operations and records management. The City holds 2 Class A shares (of a total 23 Class A and 25 Class B shares issued and outstanding at December 31, 2010). 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 \$17.4 million during the year (2009 - \$17.8 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 163,000 active members and approximately 60,000 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 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 \$51.2 million during 2010 (2009 - \$49.1 million) for employer contributions to the Plan. Employee contributions during 2010 amounted to \$38.7 million (2009 - \$37.3 million).

(d) Contingent Legal Liabilities

As at December 31, 2010, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has made provision for certain uninsured claims, but has made no specific provision for those where the outcome is presently indeterminable. The City has a reserve of \$22.4 million (2009 - \$21.5 million) for potential claims.

(e) Property Assessment Appeals

As at December 31, 2010, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals.

9. CONTINGENCIES AND COMMITMENTS - Continued

(f) Long Term Lease, Mortgage and Loan Agreements

- (i) The City has executed a 25-year lease of the Library Square office building to the Federal Government which commenced April 30, 1995. Annual lease payments of \$6.7 million will fully offset mortgage principal and interest payments. The lease provides options for the Federal Government to purchase the office building at the end of the 10th and 20th years and at the end of the lease term. The balance of the lease receivable is \$40.9 million (2009 - \$43.4 million).

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

| | | |
|------------|----|---------------|
| 2011 | \$ | 4,232 |
| 2012 | | 3,764 |
| 2013 | | 8,680 |
| 2014 | | 3,804 |
| 2015 | | 4,143 |
| Thereafter | | 35,475 |
| | \$ | <u>60,098</u> |

Outstanding mortgages include:

- \$8.4 million (2009 - \$8.8 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 February 1, 2011 to December 1, 2027.
- \$42.7 million (2009 - \$45.1 million) on the Library Square Project due on January 14, 2021. Interest at 9.875% per annum is compounded semi-annually with monthly repayments of principal and interest. The mortgage is secured by a first charge on the land and any proceeds from the sale of the land on which the office building is situated, the office building and any improvements to it including machinery, plant and equipment, and any proceeds on the lease of the office building.

(g) Loan Guarantee

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

(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 ground lease, development and land/airspace parcel sales agreement (the "Agreement") with SEFC Properties Ltd. ("SEFC Ltd"), formerly Millennium Southeast False Creek Properties Ltd, to develop some of the City's properties in Southeast False Creek Area 2A. This development was used by the City and the Vancouver Organizing Committee ("VANOC") for the 2010 Olympic and Paralympic Winter Games (the "Games") as the Vancouver Athletes' Village. Under the Agreement, SEFC Ltd was required to construct the market housing and commercial space buildings (the "Market Project") on several land/airspace parcels (the "Development Parcels"). 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. The Purchase Price (the "Purchase Price") for the Development Parcels was approximately \$200 million and SEFC paid a deposit of \$29 million with the balance due September 2010.

In 2007, SEFC Ltd arranged construction financing (the "Loan") of approximately \$750 million for the Market Project from Fortress Credit Co. L.L.C. ("Fortress"). In February 2009, the City purchased and took assignment of the Loan and the related security for the amount of approximately \$319 million, thereby extinguishing the City's obligations to Fortress (which included a completion guarantee and a payment guarantee in the amount of approximately \$190 million) and resulting in the City becoming the lender to SEFC Ltd for the Market Project.

9. CONTINGENCIES AND COMMITMENTS - Continued

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

In September 2009, the City and SEFC Ltd amended the Agreement and also entered into the Amended and Restated Credit Agreement ("Amended Loan Agreement") which provided for an extended term of financing to a maximum of \$986.8 million to December 30, 2012 plus the option of a further six months. The amendments included the following terms:

- restated financing costs based on a spread of 4.00% to 5.00% over the higher of the prime interest rate offered by the City's primary financial institution or the City's cost of funds to fund the Loan, with a minimum interest rate of 7.00% to 8.00% (the rates are dependent upon SEFC Ltd meeting specific milestones and timelines);
- reduced interest rate during the period the Development Parcels and Market Project are used as the Vancouver Athletes' Village for the Games;
- retroactive interest rate reductions ranging from 0.25% to 3.00% should SEFC Ltd repay the financing under the Amended Loan Agreement and the outstanding amount of the Purchase Price at specified dates in advance of the maturity date;
- bonus payments for on time delivery of the Market Project for the Games, resulting in payments to SEFC Ltd of \$1.5 million; and
- extension of the due date for payment of the outstanding amount of the Purchase Price to match the maturity of the Amended Loan Agreement, with interest accruing thereon from September 30, 2010 at bank prime plus 6.00%, with a minimum interest rate of 8.5% .

After the Games, SEFC Ltd completed retrofit work on the Market Project to prepare it for sale to third party purchasers. By August 31, 2010, the due date of the first repayment of \$200 million, SEFC Ltd had repaid the City only \$192 million from the proceeds of 2007 and 2008 presales and new sales in 2010. As a result, the Amended Loan Agreement was in default and the City registered its debenture security on all real property covered by the debenture (the "Debenture Properties") as collateral. No further interest was accrued on this advance subsequent to August 31, 2010. On November 17, 2010, with the consent of SEFC Ltd and its owners, the City obtained a court order for the appointment of a receiver over SEFC Ltd and its Market Project.

On December 14, 2010, the City and the guarantors under the Amended Loan Agreement (the "Guarantors") reached an agreement (the "Restructuring Agreement") on the settlement of the guarantees which included:

- the City obtaining beneficial and legal rights on specific conditions (the "Conditions") over other properties owned (directly or indirectly) by the Guarantors (the "Guarantor Properties", collectively with the Debenture Properties, the "Transferred Properties")
- the City registering its debenture security over the Guarantor Properties
- the City registering an additional \$5 million mortgage on a downtown development site owned indirectly by the Guarantors
- the parties committing to work cooperatively to carry out a corporate restructuring including providing the principals of SEFC Ltd a residual share of net proceeds from the sale of shares of SEFC Ltd.

Subsequently on January 28, 2011, the Conditions were addressed by an Amended and Restated Restructuring Agreement (the "Amended Restructuring Agreement"). In February 2011 the Transferred Properties were turned over to the City.

At December 31, 2010, the City has recorded a receivable from SEFC Ltd of \$17.6 million for the Purchase Price of the Development Parcels, calculated based on the pro-rated land value related to the market units sold to the end of year in the amount of \$46.6 million, less the deposit of \$29 million received from SEFC Ltd in 2006.

9. CONTINGENCIES AND COMMITMENTS - Continued

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

In addition, at December 31, 2010, the City has adjusted the amount owed by SEFC Ltd under the Amended Loan Agreement by \$48 million to its net realizable value of \$506.3 million reflecting the default of the loan. Net realizable value is calculated based on estimated future cash flows and fair values of assets available to the City as security, and incorporates the following considerations and estimates:

- estimated net realizable value (net proceeds from sale) of the remaining Market Project after deducting selling and carrying costs
- estimated fair values of the residential rental and commercial properties
- estimated fair value of the Transferred properties less underlying debt and mortgages
- estimated residual value of the sale of the shares of SEFC Ltd
- other contingent costs and potential claims.

The appointment of the receiver provides the City with court supported management of the asset to the benefit of the creditor of SEFC Ltd, with the City being the primary secured lender. The Amended Restructuring Agreement provides the city with control of the transferred guaranteed properties.

The City's ongoing risk is primarily dependent on the value and timing of the proceeds from the sale of the balance of the Market Project., the net realizable values from the sale by the City of the Transferred properties and the ultimate residual value to the City on the sale of the shares of SEFC Ltd. The recorded amount of the loan receivable at December 31, 2010 is based on management's best estimate and assumptions made as indicated above. The amount ultimately realized may differ from this estimate.

10. TRUST FUNDS

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

| | 2010 | 2009 |
|-------------------------|------------------|------------------|
| Vancouver Agreement | \$ 8,821 | \$ 11,567 |
| Cemetery Perpetual Care | 3,185 | 3,448 |
| General | 607 | 654 |
| | <u>\$ 12,613</u> | <u>\$ 15,669</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.

11. DEFERRED INCOME

Deferred income is comprised of the following:

| | 2009 | Change During Year | 2010 |
|-------------------------|-------------------|-----------------------|-------------------|
| Development cost levies | | | |
| City-wide | \$ 63,794 | \$ 685 | \$ 64,479 |
| Area-specific | 36,841 | 5,242 | 42,083 |
| | 100,635 | 5,927 | 106,562 |
| Capital contributions | 1,380 | (217) | 1,163 |
| | <u>\$ 102,015</u> | <u>\$ 5,710</u> | <u>\$ 107,725</u> |

11. DEFERRED INCOME - Continued

Development cost levies (DCL) are collected from developers 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. During the year, \$35.5 million of DCLs were collected and \$32 million was used to fund capital expenditures and the balance accrued interest of \$2.4 million.

12. SEGMENTED INFORMATION

City services are provided by departments and their activities are reported in the City's Funds as described in note 1(b). Segmented financial information for certain departments is provided in Schedule 1. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Revenues not directly attributable to a specific segment are shown in General Government.

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 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, 2010

ANNUAL FINANCIAL REPORT 2010

| | Revenue & Capital Fund | | | | | | | | | | 2010 | 2009 |
|--|------------------------|---------------------|--------------------|---------------------|--------------------|------------------------|--------------------|----------------------|------------------------|--------------|-------------------|-------------------|
| | 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 | \$ 605,602 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 605,602 | \$ 589,202 |
| Utility fees | - | - | - | - | 183,411 | - | - | - | - | - | 183,411 | 162,947 |
| Other fees, rates and cost recoveries | 151,854 | 42,044 | 8,451 | 33,953 | 19,349 | 23,221 | 101,695 | 15,321 | 77,770 | (143) | 473,515 | 392,970 |
| Revenue sharing, grants and contributions | 12,688 | 200 | - | 1,421 | - | - | 3,518 | - | 3,014 | - | 20,841 | 40,023 |
| Investment Income | 11,712 | - | - | - | - | - | - | - | 27,208 | (827) | 38,093 | 59,600 |
| Rental and lease income | 20,217 | - | - | - | - | - | - | - | 25,456 | - | 45,673 | 43,851 |
| Gain (loss) on disposal of tangible capital assets | - | - | - | (397) | - | - | (1,550) | (1,801) | (7,719) | - | (11,467) | (443) |
| | <u>802,073</u> | <u>42,244</u> | <u>8,451</u> | <u>34,977</u> | <u>202,760</u> | <u>23,221</u> | <u>103,663</u> | <u>13,520</u> | <u>125,729</u> | <u>(970)</u> | <u>1,355,668</u> | <u>1,288,150</u> |
| Operating Expenditures | | | | | | | | | | | | |
| Wages, salaries and benefits | 64,934 | 198,608 | 86,051 | 89,380 | 48,355 | 49,417 | 72,998 | 38,675 | 23,834 | - | 672,252 | 628,456 |
| Contract services | 38,955 | 3,250 | 192 | 5,258 | 4,604 | 2,987 | 4,050 | 1,020 | 6,651 | - | 66,967 | 63,236 |
| Supplies, material and equipment | 20,919 | 18,884 | 4,392 | 45,392 | 134,726 | 16,359 | 20,013 | 39,091 | 52,149 | (1,856) | 350,069 | 304,829 |
| Debt charges | 1 | 1,453 | 241 | 9,171 | 11,284 | - | 4,715 | 1,473 | 7,048 | 886 | 36,272 | 32,751 |
| Allocated Costs | 1,416 | 4,076 | 266 | (66,370) | (3,735) | 3,289 | 3,150 | (279) | 6,274 | - | (51,913) | (32,050) |
| | <u>126,225</u> | <u>226,271</u> | <u>91,142</u> | <u>82,831</u> | <u>195,234</u> | <u>72,052</u> | <u>104,926</u> | <u>79,980</u> | <u>95,956</u> | <u>(970)</u> | <u>1,073,647</u> | <u>997,222</u> |
| Amortization | 14,914 | 6,747 | 3,673 | 75,440 | 26,762 | 2,828 | 16,828 | 4,322 | 11,102 | | 162,616 | 128,410 |
| | <u>141,139</u> | <u>233,018</u> | <u>94,815</u> | <u>158,271</u> | <u>221,996</u> | <u>74,880</u> | <u>121,754</u> | <u>84,302</u> | <u>107,058</u> | <u>(970)</u> | <u>1,236,263</u> | <u>1,125,632</u> |
| NET REVENUES (EXPENSES) | <u>\$ 660,934</u> | <u>\$ (190,774)</u> | <u>\$ (86,364)</u> | <u>\$ (123,294)</u> | <u>\$ (19,236)</u> | <u>\$ (51,659)</u> | <u>\$ (18,091)</u> | <u>\$ (70,782)</u> | <u>\$ 18,671</u> | <u>\$ -</u> | <u>\$ 119,405</u> | <u>\$ 162,518</u> |

**SUPPLEMENTARY
FINANCIAL
INFORMATION**



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Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca/enterprise

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councilors

We have reported to the Mayor and Councilors 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, 2010.

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Accountants

April 11, 2011

Burnaby, Canada

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

| | <u>2010 Budget</u> | <u>2010</u> | <u>2009</u> |
|--|------------------------|------------------|------------------|
| REVENUE | | | |
| Property taxes, penalties and interest | \$ 598,984 | \$ 605,602 | \$ 589,202 |
| Water fees | 87,268 | 85,452 | 78,367 |
| Solid waste fees | 48,928 | 49,181 | 43,828 |
| Sewer fees | 48,363 | 47,608 | 40,752 |
| Neighbourhood Energy Utility | 1,538 | 1,170 | 854 |
| Other fees, rates and cost recoveries | 185,331 | 243,166 | 213,647 |
| Revenue sharing, grants and contributions | 20,912 | 12,688 | 31,538 |
| Investment income | 15,040 | 11,712 | 15,508 |
| Rental and lease income | 22,955 | 20,217 | 21,094 |
| | <u>1,029,319</u> | <u>1,076,796</u> | <u>1,034,790</u> |
| EXPENDITURES | | | |
| General government | 115,502 | 115,593 | 109,598 |
| Police protection | 212,496 | 226,227 | 215,150 |
| Fire protection | 90,155 | 91,136 | 88,559 |
| Engineering | 73,340 | 81,900 | 76,769 |
| Water utility | 76,683 | 70,989 | 68,533 |
| Solid waste | 37,491 | 62,111 | 22,173 |
| Sewer utility | 58,612 | 59,317 | 56,767 |
| Neighbourhood Energy Utility | 2,847 | 1,047 | 331 |
| Planning and development | 64,877 | 68,931 | 69,499 |
| Recreation and parks | 104,073 | 102,854 | 97,387 |
| Community and cultural services | 73,752 | 76,505 | 68,931 |
| | <u>909,828</u> | <u>956,610</u> | <u>873,697</u> |
| NET REVENUE | <u>119,491</u> | <u>120,186</u> | <u>161,093</u> |
| DEBT, TRANSFERS AND OTHER | | | |
| Debt principal repayments | (32,389) | (34,848) | (33,535) |
| Transfers | | | |
| Net transfers to other funds | (56,897) | (79,665) | (96,286) |
| Net transfers to reserves | (30,205) | (29,342) | (12,121) |
| Change in obligations to be funded from future revenue | - | 25,700 | (17,938) |
| | <u>(119,491)</u> | <u>(118,155)</u> | <u>(159,880)</u> |
| CHANGE IN FUND BALANCE | - | 2,031 | 1,213 |
| FUND BALANCE | | | |
| Beginning of year | 13,119 | 13,119 | 11,906 |
| End of year | <u>\$ 13,119</u> | <u>\$ 15,150</u> | <u>\$ 13,119</u> |

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

| | 2010 Budget | 2010 | 2009 |
|--|--------------------------|--------------------------|--------------------------|
| Permits and licences | | | |
| Business | \$ 13,520 | \$ 14,285 | \$ 12,799 |
| Dog | 842 | 854 | 812 |
| False Alarm Reduction Programme | 1,144 | 1,095 | 1,202 |
| Other | 896 | 758 | 797 |
| | <u>16,402</u> | <u>16,992</u> | <u>15,610</u> |
| Municipal by-law fines | <u>16,354</u> | <u>17,598</u> | <u>15,505</u> |
| Service and inspection fees | | | |
| Development permits | 2,526 | 8,614 | 6,071 |
| Building permits | 3,246 | 6,224 | 5,454 |
| Plumbing inspection | 2,737 | 4,348 | 3,158 |
| Electrical inspection | 2,232 | 3,779 | 3,407 |
| Other | 7,869 | 10,226 | 7,665 |
| | <u>18,610</u> | <u>33,191</u> | <u>25,755</u> |
| On street parking | <u>35,920</u> | <u>36,025</u> | <u>31,327</u> |
| Sundry fees and services | | | |
| Recovery - Greater Vancouver Transit Authority | 3,765 | 3,741 | 3,767 |
| Provincial school tax administration fee | 390 | 406 | 402 |
| Utility company access | 211 | 239 | 324 |
| Other | 1,335 | 1,784 | 1,613 |
| | <u>5,701</u> | <u>6,170</u> | <u>6,106</u> |
| Departmental revenues | | | |
| Parks and recreation - general operations | 42,241 | 45,779 | 41,477 |
| Britannia Community Services | 876 | 919 | 982 |
| Libraries | 4,116 | 4,677 | 5,358 |
| Civic theatres | 6,613 | 7,750 | 5,574 |
| General government | 3,523 | 13,246 | 14,075 |
| Fire | 7,019 | 8,498 | 7,825 |
| Police | 13,554 | 29,024 | 21,450 |
| Engineering | 5,287 | 11,916 | 10,647 |
| Community services | 9,115 | 11,381 | 11,956 |
| | <u>92,344</u> | <u>133,190</u> | <u>119,344</u> |
| TOTAL | <u><u>\$ 185,331</u></u> | <u><u>\$ 243,166</u></u> | <u><u>\$ 213,647</u></u> |

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

| | 2010 | 2009 |
|---|-------------|-------------|
| OPERATIONS | | |
| Rental and leases | | |
| Revenue | \$ 23,881 | \$ 21,206 |
| Expenses | 13,293 | 9,679 |
| | 10,588 | 11,527 |
| Parking | | |
| Revenue | 21,018 | 23,175 |
| Expenses | 16,563 | 16,734 |
| | 4,455 | 6,441 |
| Water Moorage | | |
| Revenue | 1,142 | 1,100 |
| Expenses | 837 | 665 |
| | 305 | 435 |
| NET REVENUES FROM OPERATIONS | 15,348 | 18,403 |
| Interest and other income | 1,889 | 4,442 |
| Gain on disposal of tangible capital assets | 40,750 | 742 |
| | 57,987 | 23,587 |
| Administration expenses | 7,506 | 6,155 |
| NET REVENUES | 50,481 | 17,432 |

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

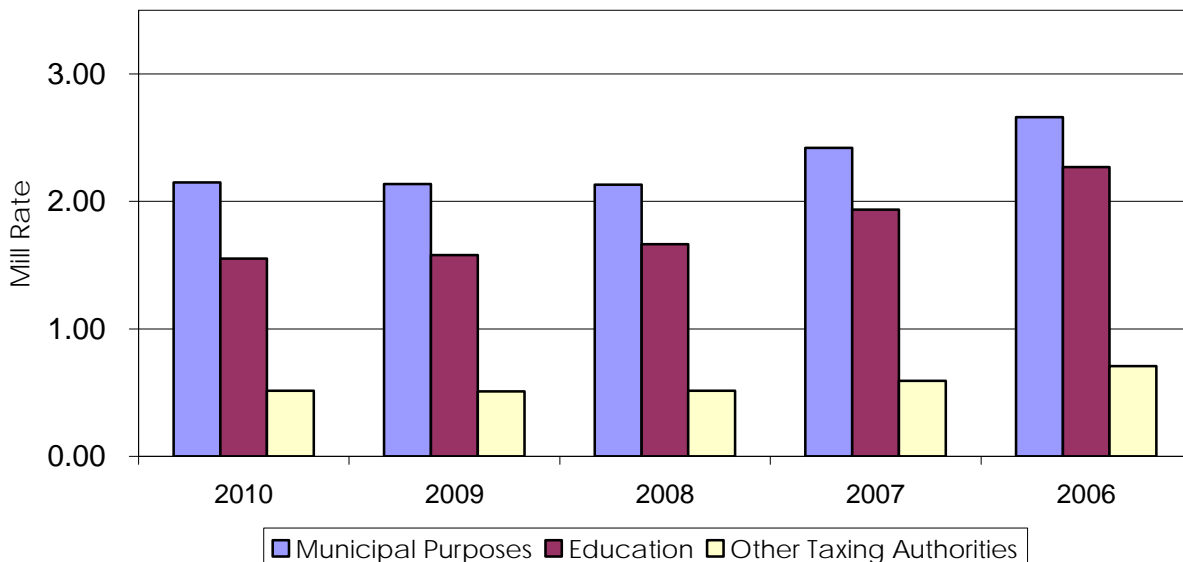
| | 2010 | 2009 |
|--------------------------------------|-------------|-------------|
| SOLID WASTE UTILITY | | |
| REVENUE | | |
| Fees and service charges | \$ 49,181 | \$ 43,828 |
| EXPENDITURES AND TRANSFERS | | |
| Garbage collection and disposal | 8,768 | 9,585 |
| Recycling | 7,048 | 6,251 |
| Composting | 5,955 | 5,236 |
| Commercial | 15,081 | 15,607 |
| Management and solid waste levy | 582 | 813 |
| Post closure costs | 24,677 | (15,319) |
| | 62,111 | 22,173 |
| Transfers from other funds | (474) | |
| Transfer (from) to reserves | (12,456) | 21,655 |
| | \$ 49,181 | \$ 43,828 |
| WATER UTILITY | | |
| REVENUE | | |
| Fees and service charges | \$ 85,452 | \$ 78,367 |
| EXPENDITURES AND TRANSFERS | | |
| Purchase of water | 56,672 | 52,843 |
| Water debt charges | 4,965 | 6,828 |
| Operations | 9,352 | 8,862 |
| | 70,989 | 68,533 |
| Debt principal repayments | 8,337 | 7,967 |
| Transfer to Sinking Fund | 4,633 | 7,005 |
| Transfer to (from) reserves | 1,493 | (5,138) |
| | \$ 85,452 | \$ 78,367 |
| SEWER UTILITY | | |
| REVENUE | | |
| Fees and service charges | \$ 47,608 | \$ 40,752 |
| Contribution from property taxes | 27,753 | 31,660 |
| | \$ 75,361 | \$ 72,412 |
| EXPENDITURES AND TRANSFERS | | |
| Contribution to Joint Sewerage Board | 46,593 | 44,310 |
| Sewer debt charges | 6,319 | 7,016 |
| Operations | 6,405 | 5,441 |
| | 59,317 | 56,767 |
| Debt principal repayments | 9,582 | 9,166 |
| Transfer to Sinking Fund | 6,182 | 6,331 |
| Transfer to reserves | 280 | 148 |
| | \$ 75,361 | \$ 72,412 |

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

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Property Assessment (\$000s) | | | | | |
| Rateable property general purposes | 187,431,088 | 183,955,565 | 157,347,427 | 134,958,971 | 107,777,325 |
| Tax Rates – Rate per \$1,000 of Assessment | | | | | |
| Residential | | | | | |
| Municipal purposes | 2.14861 | 2.13692 | 2.13092 | 2.42045 | 2.66174 |
| Education | 1.55095 | 1.57888 | 1.66466 | 1.93546 | 2.26854 |
| Other taxing authorities | 0.51421 | 0.50993 | 0.51583 | 0.59226 | 0.70825 |
| Total Residential | 4.21377 | 4.22573 | 4.31141 | 4.94817 | 5.63853 |
| Business/Other | | | | | |
| Municipal purposes | 9.78076 | 10.34798 | 10.81610 | 13.34754 | 15.48272 |
| Education | 6.80610 | 7.29402 | 7.75987 | 8.94972 | 9.96944 |
| Other taxing authorities | 2.04949 | 2.18056 | 2.31524 | 2.57445 | 2.80508 |
| Total Business/Other | 18.63635 | 19.82256 | 20.89121 | 24.87171 | 28.25724 |
| Major Industrial | | | | | |
| Municipal purposes | 30.64936 | 30.28937 | 28.28632 | 30.25422 | 28.46539 |
| Education | 6.80000 | 7.48227 | 9.30000 | 12.50000 | 12.50000 |
| Other taxing authorities | 3.03126 | 2.72814 | 3.06928 | 3.36844 | 3.76664 |
| Total Major Industrial | 40.48062 | 40.49978 | 40.65560 | 46.12266 | 44.73203 |
| Light Industrial | | | | | |
| Municipal purposes | 9.78076 | 10.34798 | 10.81610 | 13.34754 | 14.28709 |
| Education | 6.78545 | 7.48227 | 8.36739 | 8.86071 | 9.20000 |
| Other taxing authorities | 2.42127 | 2.72814 | 3.19158 | 3.44676 | 3.51684 |
| Total Light Industrial | 18.98748 | 20.55839 | 22.37507 | 25.65501 | 27.00393 |
| Total Utilities | 57.73727 | 57.40031 | 52.21255 | 55.85287 | 54.09031 |
| Total Recreational/Non-Profit | 6.10040 | 6.23958 | 5.99796 | 6.50882 | 7.23303 |
| Total Farm – All Purposes | 9.44100 | 9.46778 | 9.19796 | 9.40882 | 9.83303 |

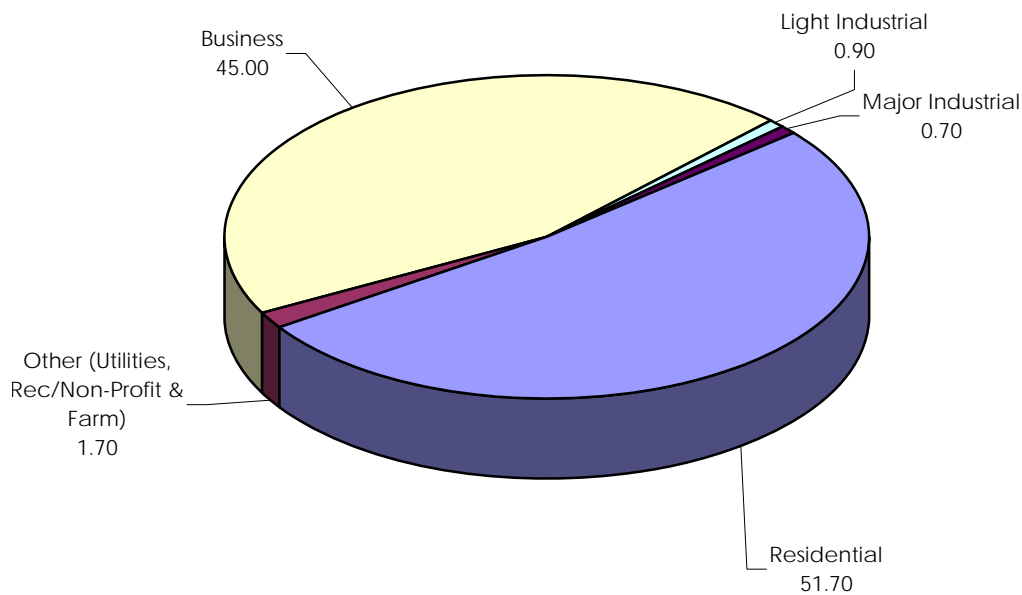
Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|--------------|--------------|--------------|--------------|--------------|
| Property Tax Revenue by Property Class (%) | | | | | |
| Residential - Class 1 | 51.7 | 50.6 | 48.4 | 47.2 | 44.9 |
| Business - Class 6 | 45.0 | 46.1 | 48.4 | 49.5 | 51.6 |
| Major industrial - Class 4 | 0.7 | 0.8 | 1.2 | 1.1 | 1.2 |
| Light industrial - Class 5 | 0.9 | 0.9 | 0.8 | 0.9 | 0.9 |
| Other (Utilities, Rec/Non-Profit and Farm) | 1.7 | 1.6 | 1.2 | 1.3 | 1.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Property Tax by Class

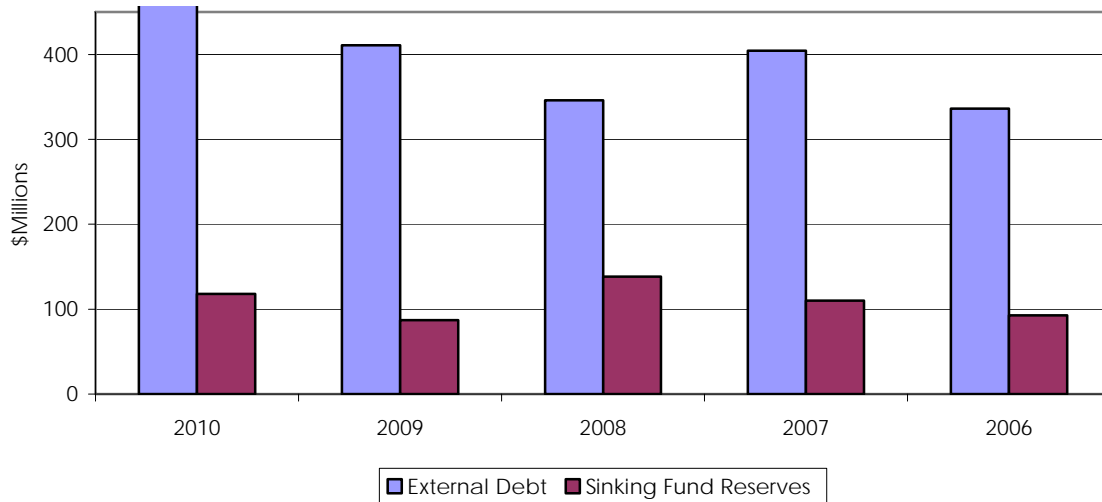


| Property Taxation - Levy and Collections | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|-------------|-------------|
| Total tax levy (all purposes) (\$000s) | 1,183,828 | 1,152,139 | 1,094,882 | 1,050,887 | 1,007,751 |
| Total tax arrears outstanding (\$000s) | 25,185 | 25,929 | 24,273 | 24,059 | 22,238 |
| % of current collections to current levy | 98.75 | 98.66 | 98.68 | 98.61 | 98.61 |
| % of total collections to current levy | 100.20 | 99.91 | 100.09 | 99.91 | 100.10 |

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

| (000s) | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------------------------|------------|------------|------------|------------|------------|
| Population * | 642,843 | 628,600 | 615,500 | 611,900 | 606,900 |
| Internally restricted reserves | 436,709 | 436,709 | 424,404 | 399,893 | 339,149 |
| Long Term Debt (000s) | | | | | |
| Debtenture debt outstanding | \$ 605,863 | \$ 510,628 | \$ 558,538 | \$ 590,375 | \$ 505,858 |
| Less: Internally held debt | (11,001) | (12,800) | (74,172) | (75,789) | (77,227) |
| Externally held debt | 594,862 | 497,828 | 484,366 | 514,586 | 428,631 |
| Sinking Fund reserves | 117,935 | 87,198 | 138,415 | 110,135 | 92,621 |
| Net externally held debt | \$ 476,927 | \$ 410,630 | \$ 345,951 | \$ 404,451 | \$ 336,010 |
| Debt per capita (externally held) | \$ 925.36 | \$ 791.96 | \$ 786.95 | \$ 840.96 | \$ 706.26 |

Long Term Debt - External



*Source: Population Section, B.C. Stats
 Ministry of Labour Citizens' Services, Government of British Columbia

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

NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

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

| | <u>2010</u> | <u>2009</u> |
|---|--------------------------|--------------------------|
| Taxes collected: | | |
| Property and business taxes | \$ 1,105,653 | \$ 1,081,275 |
| Payment in lieu of taxes | 32,251 | 32,719 |
| Local improvement levies | 2,493 | 2,650 |
| | <u>1,140,397</u> | <u>1,116,644</u> |
| Less taxes collected on behalf of: | | |
| Province of British Columbia - School Taxes | 406,702 | 402,992 |
| Greater Vancouver Transportation Authority | 99,245 | 96,923 |
| B.C. Assessment Authority | 14,686 | 14,171 |
| Greater Vancouver Regional District | 14,121 | 13,317 |
| Municipal Finance Authority | 41 | 39 |
| | <u>534,795</u> | <u>527,442</u> |
| NET TAXES - MUNICIPAL PURPOSES | <u>\$ 605,602</u> | <u>\$ 589,202</u> |

STATEMENT OF TAX RECEIPT AND PROPERTY TAXES RECEIVABLE

| | <u>2010</u> | <u>2009</u> |
|---|-------------------------|-------------------------|
| Analysis of Tax Receipts and Receivables | | |
| Balance, before allowance for tax write-offs, beginning of year | \$ 25,929 | \$ 24,272 |
| Add: Interest and adjustments (net) | 250 | (496) |
| | <u>26,179</u> | <u>23,776</u> |
| Less: Receipts | (17,114) | (14,421) |
| Outstanding - prior years | <u>9,065</u> | <u>9,355</u> |
| Current tax levy including utility and other charges | 1,183,828 | 1,152,139 |
| Less : Receipts | <u>(1,169,038)</u> | <u>(1,136,730)</u> |
| Current arrears | 14,790 | 15,409 |
| Add: Penalties on current arrears | 1,330 | 1,166 |
| Outstanding - current year | <u>16,120</u> | <u>16,575</u> |
| Balance | <u><u>\$ 25,185</u></u> | <u><u>\$ 25,930</u></u> |
| Analysis of Property Taxes Receivable by Year | | |
| Current year | \$ 16,120 | \$ 16,575 |
| Prior year | 6,162 | 6,400 |
| Prior 2 year | 2,904 | 2,955 |
| Balance | <u><u>\$ 25,186</u></u> | <u><u>\$ 25,930</u></u> |

CHANGES IN DEBENTURE DEBT OUTSTANDING (\$000s)
Year Ended December 31, 2010

| | Externally Held | Internally Held | Total |
|----------------------------|----------------------------|----------------------------|-------------------|
| Balance, beginning of year | \$ 497,828 | \$ 12,800 | \$ 510,628 |
| Add: Debentures issued | 130,000 | | 130,000 |
| Local improvements | | 1,121 | 1,121 |
| | <u>627,828</u> | <u>13,921</u> | <u>641,749</u> |
| Less: Maturities | | | |
| General and water | 32,966 | 1,038 | 34,004 |
| Local improvements | - | 1,882 | 1,882 |
| | <u>32,966</u> | <u>2,920</u> | <u>35,886</u> |
| Balance, end of year | <u>\$ 594,862</u> | <u>\$ 11,001</u> | <u>\$ 605,863</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, 2010 | Unused Borrowing Authorities |
|---|--|---|--|---|
| General (excluding Sewer, Water and NEU) | | | | |
| 2006 - 2008 | \$ 170,570 | \$ 170,570 | \$ 170,570 | \$ - |
| 2009 - 2011 | 222,000 | 154,245 | 53,855 | 100,390 |
| | <u>\$ 392,570</u> | <u>\$ 324,815</u> | <u>\$ 224,425</u> | <u>\$ 100,390</u> |
| Sewer, Water and NEU | | | | |
| 2006 - 2008 | \$ 150,300 | \$ 145,157 | \$ 129,157 | \$ 16,000 |
| 2009 - 2011 | 160,572 | 90,351 | 7,143 | 83,208 |
| | <u>\$ 310,872</u> | <u>\$ 235,508</u> | <u>\$ 136,300</u> | <u>\$ 99,208</u> |
| Total General, Sewer, Water and NEU | | | | |
| 2006 - 2008 | \$ 320,870 | \$ 315,727 | \$ 299,727 | \$ 16,000 |
| 2009 - 2011 | 382,572 | 244,596 | 60,998 | 183,598 |
| | <u>\$ 703,442</u> | <u>\$ 560,323</u> | <u>\$ 360,725</u> | <u>\$ 199,598</u> |

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2010

| Bylaw | Maturity Dates & Purpose | Rate % | Term (Years) | Debenture Outstanding | Sinking Fund Reserve Balance |
|--------------|---|-----------------|---------------------|------------------------------|-------------------------------------|
| 8295 | February 21, 2011 | 5.850% | 10 | | |
| | Infrastructure | | | 2,238 | 1,962 |
| | Parks | | | 13,858 | 12,149 |
| | Pedestrian/cycling facilities | | | 1,678 | 1,471 |
| | Public works/fire facilities | | | 10,600 | 9,293 |
| | Roads, walks, streets and lanes | | | 2,382 | 2,088 |
| | Sewers | | | 17,015 | 14,916 |
| | Street lighting/communications/undergrounding | | | 857 | 751 |
| | Street lighting/communications | | | 4,476 | 3,924 |
| | Street lighting | | | 2,384 | 2,090 |
| | Transit /safety improvements | | | 6,162 | 5,402 |
| | Waterworks | | | 18,350 | 16,087 |
| | | | | <u>80,000</u> | <u>70,133</u> |
| 8460 | April 17, 2011 - 2012 | 6.125% | 10 | | |
| | Local area improvement | | | 1,464 | - |
| | Parks | | | 1,722 | - |
| | Pedestrian/cycling facilities | | | 984 | - |
| | Public works/fire facilities | | | 1,784 | - |
| | Sewers | | | 7,383 | - |
| | Street lighting | | | 272 | - |
| | Street/bridge infrastructure | | | 1,600 | - |
| | Transit /safety improvements | | | 2,018 | - |
| | Waterworks | | | 7,383 | - |
| | | | | <u>24,610</u> | <u>-</u> |
| 8808 | March 16, 2011 - 2014 | 4.150% - 4.650% | 10 | | |
| | Civic facilities | | | 222 | - |
| | Local area improvement | | | 2,722 | - |
| | Parks | | | 4,085 | - |
| | Pedestrian/cycling facilities | | | 2,560 | - |
| | Public works/fire facilities | | | 501 | - |
| | Sewers | | | 14,231 | - |
| | Street lighting/communications | | | 1,057 | - |
| | Street/bridge infrastructure | | | 1,856 | - |
| | Transit /safety improvements | | | 3,686 | - |
| | Waterworks | | | 13,469 | - |
| | | | | <u>44,389</u> | <u>-</u> |
| | | | Carried Forward | <u>\$148,999</u> | <u>\$70,133</u> |

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2010

| Bylaw | Maturity Dates & Purpose | Rate % | Term (Years) | Debenture Outstanding | Sinking Fund Reserve Balance |
|--------------|-------------------------------------|-----------------|---------------------|------------------------------|-------------------------------------|
| | | | Carried Forward | \$148,499 | \$70,133 |
| 9115 | October 06, 2011 - 2015 | 3.700% - 4.100% | 10 | | |
| | Bridges/tunnels | | | 1,482 | - |
| | Community centre facilities | | | 3,293 | - |
| | Infrastructure | | | 3,805 | - |
| | Libraries | | | 2,695 | - |
| | Local area improvement | | | 3,693 | - |
| | Miscellaneous | | | 137 | - |
| | Multi-purpose centres | | | 1,295 | - |
| | Neighbourhood houses | | | 1,284 | - |
| | Parks | | | 8,282 | - |
| | Pedestrian/cycling facilities | | | 3,496 | - |
| | Public safety/Police | | | 329 | - |
| | Sewers | | | 16,862 | - |
| | Sports facilities | | | 604 | - |
| | Street lighting/communications | | | 2,131 | - |
| | Train stations | | | 2,744 | - |
| | Transit/safety improvements | | | 2,127 | - |
| | Waterworks | | | 10,817 | - |
| | Yards | | | 788 | - |
| | | | | <u>65,864</u> | <u>-</u> |
| 9532 | December 1, 2017 | 4.700% | 10 | | |
| | Civic Facilities | | | 2,166 | 543 |
| | Community legacy projects | | | 15,000 | 3,760 |
| | Fire protection | | | 600 | 150 |
| | Libraries | | | 2,000 | 501 |
| | Local area improvement | | | 4,548 | 1,140 |
| | Overhead debenture costs | | | 1,500 | 376 |
| | Parks | | | 7,175 | 1,798 |
| | Pedestrian/cycling facilities | | | 12,349 | 3,095 |
| | Police | | | 12,304 | 3,084 |
| | Sewers | | | 25,000 | 6,266 |
| | Street/bridge infrastructure | | | 17,557 | 4,401 |
| | Transit /safety improvements | | | 4,801 | 1,203 |
| | Waterworks | | | 20,000 | 5,013 |
| | | | | <u>125,000</u> | <u>31,330</u> |
| | | | Carried Forward | <u>\$339,363</u> | <u>\$101,463</u> |

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2010

| Bylaw | Maturity Dates & Purpose | Rate % | Term (Years) | Debenture Outstanding | Sinking Fund Reserve Balance |
|--------------|---|---------------|---------------------|------------------------------|-------------------------------------|
| | | | Carried Forward | \$339,363 | \$101,463 |
| 9897 | December 2, 2019 | 4.900% | 10 | | |
| | Civic facilities | | | 10,600 | 843 |
| | Community legacy projects | | | 19,500 | 1,550 |
| | Fire protection | | | 4,000 | 318 |
| | Libraries | | | 500 | 40 |
| | Local area improvement | | | 4,700 | 374 |
| | Parks | | | 3,000 | 239 |
| | Pedestrian/cycling facilities | | | 7,800 | 620 |
| | Police | | | 16,000 | 1,272 |
| | Sewers | | | 27,800 | 2,210 |
| | Street/bridge infrastructure | | | 13,000 | 1,034 |
| | Street lighting & Transit/safety improvements | | | 6,200 | 492 |
| | Waterworks | | | 11,900 | 946 |
| | | | | <u>125,000</u> | <u>9,938</u> |
| 10015 | June 1, 2011 - 2020 | 4.500% | 10 | | |
| | Civic Facilities | | | 16,000 | - |
| | Community Legacy Projects | | | 1,125 | - |
| | Fire Protection | | | 552 | - |
| | Local Area Improvements | | | 1,267 | - |
| | Parks | | | 25,000 | - |
| | Pedestrian and Cycling Facilities | | | 4,351 | - |
| | Police | | | 2,448 | - |
| | Sewers | | | 25,000 | - |
| | Street/Bridge Infrastructure | | | 18,657 | - |
| | Street Lighting | | | 300 | - |
| | Street Lighting/Communications | | | 3,700 | - |
| | Transit & Safety7 Improvementys | | | 5,000 | - |
| | Waterworks | | | 21,600 | - |
| | | | | <u>125,000</u> | <u>-</u> |
| 10017 | September 30, 2010 - 2030 | 1.71% | 20 | | |
| | Neighbourhood Energy Utility | | | 5,000 | - |
| | | | | <u>5,000</u> | <u>-</u> |
| | | | Total | <u>\$594,363</u> | <u>\$111,401</u> |

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2010

LOCAL IMPROVEMENT - Property Owners' Share

| Bylaw | Maturity Dates | Purpose | Rate | Term (Yr) | Debt Balance |
|--------------|-----------------------|---|-------------|------------------|---------------------|
| 7584 | June 26 2011 | Lane paving, speed ramps, sidewalks & curbs | 7.500 | 15 | 228 |
| 7758 | June 25 2011 - 2012 | Lane paving, speed ramps, sidewalks & curbs | 7.000 | 15 | 448 |
| 7759 | June 25 2011 - 2012 | Beautification | 7.000 | 15 | 33 |
| 7912 | June 24 2011 - 2013 | Beautification | 6.000 | 15 | 59 |
| 7915 | June 24 2011 - 2013 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 633 |
| 8037 | June 23 2011 - 2014 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 818 |
| 8204 | June 21 2011 - 2015 | Lane paving, speed ramps, sidewalks & curbs | 7.000 | 15 | 709 |
| 8207 | June 21 2011 - 2015 | Beautification | 7.000 | 15 | 53 |
| 8209 | June 21 2011 - 2015 | Beautification | 7.000 | 15 | 12 |
| 8501 | June 26 2011 - 2017 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 1,133 |
| 8501 | June 26 2011 - 2017 | Trees | 6.000 | 15 | 1 |
| 8503 | June 26 2011 - 2012 | Street lighting | 6.000 | 10 | 3 |
| 8504 | June 26 2011 - 2017 | Beautification | 6.000 | 15 | 129 |
| 8506 | June 26 2011 - 2017 | Underground wiring | 6.000 | 15 | 119 |
| 8693 | June 25 2011 - 2018 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 1,326 |
| 8695 | June 25 2011 - 2013 | Street lighting | 6.000 | 15 | 1 |
| 8696 | June 25 2011 - 2013 | Beautification | 6.000 | 15 | 21 |
| 8871 | June 23 2011 - 2019 | Lane paving, speed ramps, sidewalks & curbs | 5.750 | 15 | 956 |
| 9063 | June 29 2011 - 2020 | Lane paving, speed ramps, sidewalks & curbs | 5.750 | 5 | 1,141 |
| 9301 | June 14 2011 - 2021 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 420 |
| 9302 | June 14 2011 | Lane lighting | 6.000 | 5 | 2 |
| 9303 | June 14 2011 - 2021 | Beautification | 6.000 | 15 | 38 |
| 9513 | June 27 2011 - 2012 | Traffic circle | 6.000 | 5 | 1 |
| 9514 | June 27 2011 - 2022 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 5 | 707 |
| 9515 | June 27 2011 - 2012 | Lane lighting | 6.000 | 5 | 8 |
| 9671 | June 25 2011 - 2012 | Lane lighting | 6.000 | 5 | 2 |
| 9672 | June 25 2011 - 2022 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 452 |
| 9885 | June 17 2011 - 2023 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 528 |
| 9886 | June 17 2011 - 2012 | Lane lighting | 6.000 | 5 | 5 |
| 9887 | June 17 2011 - 2022 | Street lighting | 6.000 | 10 | 3 |
| 10071 | June 23 2011 - 2014 | Lane Lighting | 6.000 | 5 | 2 |
| 10072 | June 23 2011 - 2024 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 1,010 |
| | | | | | \$11,001 |

Held Internally

DEBT INTEREST RATES (\$000s)
Year Ended December 31, 2010

| <u>Interest Rate</u> | <u>General (including Waterworks)</u> | <u>Local Improvement</u> | <u>Total</u> |
|--------------------------|---|------------------------------|----------------|
| 7.500 | - | 228 | 228 |
| 7.000 | - | 1,254 | 1,254 |
| 6.125 | 24,610 | - | 24,610 |
| 6.000 | - | 7,422 | 7,422 |
| 5.850 | 80,000 | - | 80,000 |
| 5.750 | - | 2,097 | 2,097 |
| 4.900 | 125,000 | - | 125,000 |
| 4.700 | 125,000 | - | 125,000 |
| 4.650 | 11,827 | - | 11,827 |
| 4.500 | 136,314 | - | 136,314 |
| 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 | 13,153 | - | 13,153 |
| 3.850 | 12,647 | - | 12,647 |
| 3.700 | 12,160 | - | 12,160 |
| 1.710 | 5,000 | - | 5,000 |
| | <u>594,862</u> | <u>11,001</u> | <u>605,863</u> |

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2010

Total Debt (Internal and External)

| | General | | | Waterworks | | | Local Improvements Property Owners' Share | | | Total General & Waterworks and Local Improvements | | |
|------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|--|-----------------|------------------|--|-------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2011 | \$ 87,630 | \$ 21,201 | \$ 108,831 | \$ 27,086 | \$ 4,330 | \$ 31,416 | \$ 1,663 | \$ 671 | \$ 2,334 | # \$ 116,379 | \$ 26,202 | \$ 142,581 |
| 2012 | 27,207 | 18,176 | 45,383 | 9,168 | 3,357 | 12,525 | 1,522 | 564 | 2,086 | # 37,897 | 22,097 | 59,994 |
| 2013 | 19,093 | 17,152 | 36,245 | 5,593 | 3,011 | 8,604 | 1,343 | 470 | 1,813 | # 26,029 | 20,633 | 46,662 |
| 2014 | 19,893 | 16,346 | 36,239 | 5,835 | 2,765 | 8,600 | 1,156 | 388 | 1,544 | # 26,884 | 19,499 | 46,383 |
| 2015 | 12,116 | 15,687 | 27,803 | 2,336 | 2,591 | 4,927 | 990 | 317 | 1,307 | # 15,442 | 18,595 | 34,037 |
| 2016-2020 | 322,693 | 53,265 | 375,958 | 53,500 | 8,586 | 62,086 | 3,483 | 800 | 4,283 | # 379,676 | 62,651 | 442,327 |
| Thereafter | 2,712 | 250 | 2,962 | - | - | - | 844 | 104 | 948 | # 3,556 | 354 | 3,910 |
| | <u>\$ 491,344</u> | <u>\$ 142,077</u> | <u>\$ 633,421</u> | <u>\$ 103,518</u> | <u>\$ 24,640</u> | <u>\$ 128,158</u> | <u>\$ 11,001</u> | <u>\$ 3,314</u> | <u>\$ 14,315</u> | <u>\$ 605,863</u> | <u>\$ 170,031</u> | <u>\$ 775,894</u> |

External Debt Only

| | General | | | Waterworks | | | Total General & Waterworks | | |
|------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------------------|-------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2011 | \$ 87,630 | \$ 21,201 | \$ 108,831 | \$ 27,086 | \$ 4,330 | \$ 31,416 | \$ 114,716 | \$ 25,531 | \$ 140,247 |
| 2012 | 27,207 | 18,176 | 45,383 | 9,168 | 3,357 | 12,525 | 36,375 | 21,533 | 57,908 |
| 2013 | 19,093 | 17,152 | 36,245 | 5,593 | 3,011 | 8,604 | 24,686 | 20,163 | 44,849 |
| 2014 | 19,893 | 16,346 | 36,239 | 5,835 | 2,765 | 8,600 | 25,728 | 19,111 | 44,839 |
| 2015 | 12,116 | 15,687 | 27,803 | 2,336 | 2,591 | 4,927 | 14,452 | 18,278 | 32,730 |
| Thereafter | 325,405 | 53,515 | 378,920 | 53,500 | 8,586 | 62,086 | 378,905 | 62,101 | 441,006 |
| | <u>\$ 491,344</u> | <u>\$ 142,077</u> | <u>\$ 633,421</u> | <u>\$ 103,518</u> | <u>\$ 24,640</u> | <u>\$ 128,158</u> | <u>\$ 594,862</u> | <u>\$ 166,717</u> | <u>\$ 761,579</u> |

GENERAL STATISTICS
Year Ended December 31, 2010

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---------------|---------------|---------------|---------------|---------------|
| Land Area (hectares) | 11,396 | 11,396 | 11,396 | 11,396 | 11,396 |
| Waterworks | | | | | |
| Consumption (million cubic metres) | 115 | 119 | 117 | 121 | 129 |
| Number of services - metered | 13,663 | 13,630 | 13,531 | 13,315 | 13,536 |
| - flat rate | 81,355 | 81,278 | 80,995 | 80,969 | 80,939 |
| Total number of services | <u>95,018</u> | <u>94,908</u> | <u>94,526</u> | <u>94,284</u> | <u>94,475</u> |
| Value of Building Permits (\$000s) | 1,539,890 | 1,312,314 | 1,597,591 | 2,592,818 | 2,044,119 |
| Roads and Sewers (kilometres) | | | | | |
| Street pavements | 1,256 | 1,253 | 1,252 | 1,251 | 1,250 |
| Lane pavements | 684 | 683 | 686 | 684 | 682 |
| Cement concrete sidewalks | 2,187 | 2,172 | 2,171 | 2,169 | 2,169 |
| Sewers | 2,045 | 2,032 | 2,022 | 2,017 | 2,010 |