

CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

2005

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 Financial Activities | 11 |
| Consolidated Statement of Cash Flows | 12 |
| Notes to Consolidated Financial Statements | 13 |
| Auditors' Report | 22 |
| Schedules of Financial Activities | |
| Revenue Fund | 23 |
| Capital Fund | 24 |
| Capital Financing Fund | 25 |
| Sinking Fund | 26 |
| Property Endowment Fund | 27 |
| Utilities | 28 |
| Supplementary Financial Information | 29 |

Vancouver City Council



Mayor Sam Sullivan



Suzanne Anton



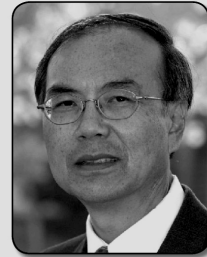
Elizabeth Ball



David Cadman



Kim Capri



George Chow



Heather Deal



Peter Ladner



B.C. Lee



Raymond Louie



Tim Stevenson

OFFICIALS

Corporate Management Team

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

Financial Services

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

City Clerk

S. Baxter, B.A.

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.

Vancouver Public Library Board

City Librarian – P. Whitney
J. Andersen – Chair
J. Buckberrough – Vice-Chair
S. Daub – Vice-Chair
C. Hansen, School Board Representative
H. Holden, Parks and Recreation Representative
Councillor E. Ball – Council Liaison
M. Feder L. Kuehn
D. Foley T. Tao
C. George A. Zaenker
E. Kazemi

Vancouver Police Board

Chief Constable – J. Graham
Mayor S. Sullivan – Chair
L. Kennedy J. Pau
M. McNeil P. Webster
D. Parker T. La Liberté

Vancouver Civic Theatres Board

Director – R. Ackerman
Directors Emeritus –N. Young
A. Jones – Chair
B. McLean – Vice-Chair
Councillor R. Louie – Council Liaison
M. Andrew W. Saunders
C. Davies G. Stamp

Board of Parks and Recreation

General Manager – S. Mundick
H. Holden – Chair
I. Robertson – Vice-Chair
K. Houghton S. Herbert
M. Zlotnik L. Woodcock
A. De Genova

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

Superintendent of Schools – C. Kelly
Secretary-Treasurer – B. Ng
K. Denike – Chair
D. Lee – Vice-Chair
A. Blakey C. Hansen
E. Gregory A. Wong
S. Gregson S. Wong
C. Gibson

**Mayor S. Sullivan and
Members of Council**

It is my pleasure to submit the Consolidated Financial Statements for the City of Vancouver for the year ended December 31, 2005. These financial statements include the financial position and results of operations of the City including its boards and City-owned/controlled corporations.

2005 Financial Highlights

The City continued to maintain a strong financial position in 2005:

- The cash position of the City, including temporary investments, increased to \$790.6 million from \$622.6 million at the end of 2004. The increase of \$168.0 million (27.0%) was mainly due to the issuance of a \$120 million City of Vancouver debenture in late 2005 and an increase in reserves for specific purposes by \$51.1 million.
- Through tight fiscal control, the City was able to manage expenditures within the Operating Budget envelope ending the year with a surplus of \$1.2 million.
- Expenditures on capital works totalled \$156.6 million, compared to \$127.2 million in 2004, a 23.1% increase due to major sewer projects (Canoe and China Creek basins), implementation of the automated garbage collection system and parks projects including the replacement of Killarney Pool.
- In October 2005, the City issued a \$120 million 10-year serial debenture to finance the capital expenditure program. The cost to the City was 3.95%, the lowest financing cost completed by the City in over 20 years.
- Total debt outstanding at December 31, 2005 was \$645.1 million (2004 - \$552.5 million), of which \$566.0 million was held externally; the balance of \$79.1 million was held by the Sinking Fund. Of this internally held debt, \$18.1 million is to be recovered from individual property owners through local improvement charges.
- Reserves set aside for specific purposes by Council increased during 2005 by \$51.1 million to \$294.8 million. There were major increases in the reserves for Olympic Village Trust of \$28.5 million, Affordable Housing of \$7.3 million, Future Revenue Fund Budgets of \$4.5 million, and Water and Sewer Utility Rate Stabilization of \$3.0 million.
- Funding of \$2.9 million was provided for future payroll benefit obligations. To date, total funding of \$17.2 million has been provided in reserves to meet increased employment related payments due to anticipated retirement of long term staff over the next 5 to 10 years.
- Solid waste landfill closure and post-closure costs increased by \$2.5 million in 2005 bringing the total liability to \$22.0 million (2004 - \$19.5 million). The Solid Waste Capital Reserve balance at December 31, 2005 amounts to \$62.6 million (2004 - \$61.7 million).

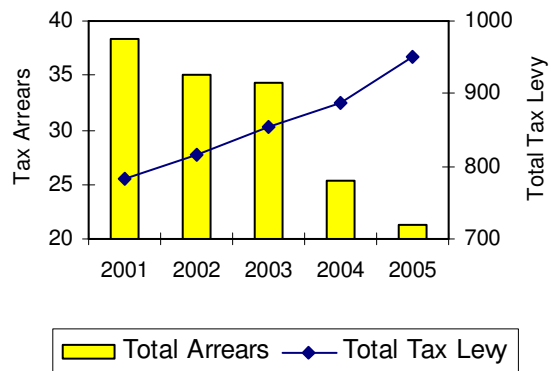
Property Tax Receivable

Property tax collection remained strong. As the chart shows, over the last five years, although tax levies have increased, the total tax arrears have continued to decline from over \$38.3 million in 2001 to \$21.3 million in 2005.

The collection of 2005 property taxes, including those amounts raised for other taxing authorities, amounted to \$934.9 million, or 98.2% of the total 2005 property taxes levied. During the year, the City also collected \$18.5 million (73.1%) of the \$25.3 million property tax in arrears at the beginning of 2005.

At year end, tax prepayments were \$31.6 million compared to \$30.2 million at the end of 2004, an increase of 4.6%.

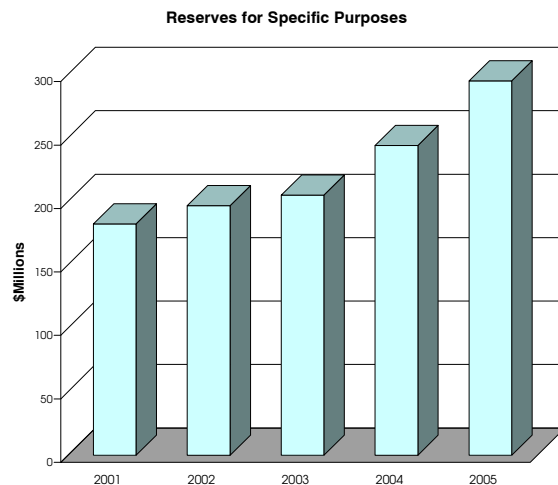
Tax Levy and Arrears (\$Millions)



Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves. At the end of 2005, these reserves totalled \$294.8 million, up \$51.1 million over 2004 or a 21.0% increase. The most significant changes were:

- The City received \$28.5 million from the Olympic Village Trust.
- Reserves for affordable housing received contributions of \$7.3 million from major downtown rezonings.
- The Solid Waste Capital Reserve increased by \$0.9 million to \$62.6 million as a net result of surpluses from solid waste operations and interest of \$3.6 million less expenditure of \$3.3 million for automated garbage implementation. This reserve is being accumulated to fund closure and post-closure costs at the City's landfill.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan decreased by \$1.4 million to \$27.4 million. The reserve is funded by internal equipment charges provided in the Operating Budget. The 2005 transfer to the reserve totalled \$17.6 million. Actual expenditures drawn on the reserve were \$19.0 million.
- The Sewer and Water Utility Rate Stabilization Reserves increased by \$3.0 million to \$26.6 million as a result of surpluses from operations.
- The Public Art Reserve increased by \$2.3 million due to a major contribution for a downtown sculpture garden on Georgia Street.
- Capital Facilities Reserve decreased by \$4.6 million to fund a variety of capital projects not funded in the Capital Plan, including purchase of property for the Urban Native Youth Centre and outfitting of facilities for expanded City services.
- Future Revenue Budgets Reserve increased by \$4.5 million to provide funding for future payroll benefit obligations of \$2.9 million and future debt charges of \$2.6 million offset by expenditures of \$1.3 million for the civic election.

**Revenue Fund**

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

Revenues for the year totalled \$850.3 million and expenditures, debt repayments and transfers amounted to \$849.1 million, resulting in a Revenue Fund surplus of \$1.2 million. The total fund balance of the Revenue Fund currently stands at \$10.4 million, compared to \$9.2 million in 2004.

Total operating revenues increased by \$44.6 million from 2004 mainly due to:

- An increase in taxation revenue of \$16.9 million or 3.6% from \$465.4 million to \$482.3 million. City Council approved a 2.99% increase in the property tax levy in 2005 generating \$20.2 million in tax revenues, offset by a provision for pending tax appeals of \$3.5 million.
- An increase in water utility user fees of \$5.9 million (9.5%) following Council approval of a 6.5% increase to water rates reflecting an increase in regional water costs and higher metered consumption.
- An increase in solid waste utility user fees of \$1.7 million (4.5%) due mainly to the higher volume of demolition material and general waste tonnage received at the transfer station and landfill site.
- An increase in sewer utility user fees of \$1.2 million (3.5%) mainly related to increased metered consumption.
- An increase in revenue sharing grants and contributions of \$3.0 million due to the City receiving more from the Provincial Government for Traffic Fines revenue.
- An increase in investment income of \$1.4 million due to higher cash balances.

- An increase in other fees, rates and cost recoveries of \$15.3 million due primarily to a combination of: increased revenues of \$2.1 million from the on-street parking program due to a rate increase and improved compliance; an increase in bylaw fines by \$1.0 million due to increased enforcement; \$1.2 million in additional recoveries or funding for Community related planning and social programs; increased building permit and inspection fees of \$2.1 million due to the high level of construction activity in the City; \$2.6 million more in Engineering cost recoveries; an increase of \$2.7 million in Secondment Recoveries due to a higher number of police officers being assigned to other agencies and a grant of \$1.9 million received from a developer to fund the Georgia Street Public Art Endowment Fund.

Total operating expenditures amounted to \$728.7 million, an increase of \$32.0 million. This increase was primarily related to the wage and fringe benefit adjustments for employees which added approximately \$12.3 million to the 2005 expenditures.

Other major areas of change in expenditures are:

- Increase in costs of \$6.0 million due to provision for obligations to be funded from future revenues. This is comprised of \$2.5 million increase in the accrual for the solid waste landfill site closure and post closure costs, \$2.8 million increase in the accrual for future payroll benefit obligations and \$0.7 million increase in accrued interest on long-term debt due to the debenture issue in 2005.
- Police expenditures increased by \$3.0 million due primarily to an increase of 50 police officers and 57 civilians in 2005 at an approximate cost of \$4.9 million. This was partially offset by lower overtime (regular and statutory) costs of \$2.2 million due to increased staffing levels and improved monitoring by the Police Department.
- An increase of \$2.9 million in the cost of water charged by the Greater Vancouver Water District which increased rates by 12%.
- A \$1.5 million increase in the requisition from E-Comm for the provision of emergency radio and communication services.
- The cost of \$1.3 million to the City for the civic election in November 2005.
- The implementation of the Sustainability and Climate Change Action Plan increased costs by \$0.7 million.
- A net increase of \$1.6 million for community and planning projects such as the Oakridge Center, False Creek Flats, East Fraser Lands Planning Study, Drug Policy Program and the Vancouver Agreement.
- An increase in Recreation and Parks costs of \$0.5 million due to the reopening of the Renfrew Pool.
- An increase in the expenditures of Community and Cultural Services was primarily due to Council approving increases to Civic Grants of \$2.3 million.

Capital Fund

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

The Capital Fund balance increased by \$98.9 million bringing the total fund balance to \$52.0 million (2004 – fund deficit of \$46.9 million). The change is mainly due to:

- \$110.2 million in revenue including a \$28.5 contribution from the Olympic Village Trust, \$20.9 million from the Province of British Columbia for various projects, \$17.8 million in developer cost levy contributions, \$10.2 million in water and sewer connection fees and \$3.8 million for sale of Stainsbury Yard.
- \$120.0 million debenture issue bringing total debt outstanding at year end to \$645.1 million.
- \$25.2 million net transfers from reserves and other funds, the most significant being the transfer from Revenue Fund Operating Budget to fund capital projects.

- \$156.6 million capital expenditures which included:

| | \$ Million |
|--|------------|
| • Streets, traffic and safety | 37.1 |
| Traffic calming plans, streetlights, signals, sidewalks, Burrard Street Bridge seismic upgrade | |
| • Main sewer construction and sewer abatement | 35.5 |
| Cambie, China and Canoe Creek basin infrastructure projects | |
| • Water works distribution system | 20.7 |
| • Vehicle and equipment purchases | 19.2 |
| • Parks, community centres, playing fields, ice rinks | 22.0 |
| Killarney pool replacement, contribution to Vancouver Aquarium Discovery Centre | |
| • Daycare, social housing and community services facilities | 4.3 |
| Urban Native Youth centre site, neighbourhood houses | |
| • Technology infrastructure | 5.8 |
| Tax and utility billing system, software and hardware upgrades | |
| • Construction and capital maintenance of City buildings and systems | 4.9 |
| Civic Theaters upgrades, #1 Kingsway | |
| • Vancouver Convention Centre Expansion Project | 3.7 |
| Construction of Harbour Park parking structure | |
| • Automated garbage containers | 3.4 |

In November 2005, the electorate approved borrowing authority of \$170.6 million to finance the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure as part of the 2006-2008 Capital Plan. Council has also indicated it will approve an additional \$129.3 million in borrowing authority for sewer and water capital expenditures to complete that plan. These new borrowing authorities are in addition to approximately \$19.5 million of general borrowing authority from the 2003-2005 Capital Plan that had not been exercised by Council through issuance of debentures.

Capital Financing Fund

The Capital Financing Fund (CFF) provides funds for the internal financing of capital projects and at year end the total amount advanced to the Capital Fund was \$47.5 million. The interim financing will be repaid with interest from future operating savings or additional fees and service charges without impacting on the existing property taxation levels provided in the Operating Budget.

The CFF holds the City's Solid Waste Capital Reserve which accumulates funds to meet closure and post closure costs at the City's landfill site. At year end, the balance of the reserve was \$62.6 million. The present liability is calculated based on the ratio of utilization to the total capacity of the landfill site and the discounted value of future estimated cash flows associated with closure and post-closure activities. At year end, the liability amounted to \$22.0 million, with the remaining capacity of 19.0 million tonnes (57.5% of total capacity) to be utilized by 2042.

Sinking Fund

The Sinking Fund holds the accumulation of annual principal instalments collected through tax levies, together with interest earned to provide for the retirement of principal at maturity. As at December 31, 2005, the Sinking Fund reserve for debt retirement was \$201.5 million.

The Sinking Fund held \$79.1 million of City of Vancouver debentures at year end as investments. \$33.6 million of the reserve for debt retirement relates to internally held debt, with the remaining \$167.9 million reserve set aside for externally held debt.

Property Endowment Fund

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

The PEF fund balance at year end was \$35.5 million, a decrease of \$53.3 million from 2004 due mainly to significant capital expenditures. Net revenues from parking and property lease and rentals amounted to \$17.0 million.

In 2005, PEF capital expenditures amounted to \$64.8 million compared to \$30.9 million in 2004. Of this amount, \$19.2 million was spent on the acquisition of six properties for non-market housing, of which a major portion (\$14.3 million) was funded from Development Cost Levies from the Capital Fund. \$24.1 million was spent on the acquisition of an office building for the use by the Vancouver Organizing Committee for the Olympic Games (VANOC) and another \$9.6 million was spent on properties for future strategic purposes such as assembly or development. \$8.7 million was spent on the construction of the Granville Hotel, #1 Kingsway project and Southeast False Creek Olympic Village. During the year, the PEF sold 1 site which was surplus to the City's needs for \$1.8 million.

During the year, the City accepted an assignment of lease of a non-profit housing site and assumed the related mortgage of \$3.2 million. The City will receive lease payments from the tenants to pay the mortgage until such time as the lease and mortgage can be assigned to a new non-profit housing society.

On an annual basis, \$7.0 million of the net revenue from operations is transferred to the Revenue Fund to support general operations. The PEF also financed \$2.5 million of administrative expenses in the Operating Budget.

By the end of the year, the PEF had advanced \$13.5 million to the Capital Fund as financing for specific capital projects approved by Council outside the 2003-2005 Capital Plan. The interim financing will be repaid with interest from future operating savings, additional fees and service charges and within the existing property taxation level provided in the Operating Budget.

Future Accounting and Reporting Changes

As mentioned in the 2004 Annual Report, the Public Sector Accounting Board (PSAB) has been developing new standards for the accounting and reporting of capital assets. In March 2006 an Exposure Draft has been released recommending implementation of new principles by fiscal 2009. The principles that represent a major departure from the current accounting policies of the City include:


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

The changes will include a reduction in the carrying value of land (from BC Assessment values to historical cost) and the recording of depreciation of capital assets. Staff will be assessing the impact of these changes on the way the City's financial position will be presented on the financial statements.

Conclusion

The City of Vancouver has continued to maintain a strong financial position going into 2006. The financial strength of the City reflects the careful attention to prudent financial management provided by Council and staff.

Respectfully submitted,



Estelle Lo
Director of Finance



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

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

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

We have audited the consolidated statement of financial position of the City of Vancouver (the "City") as at December 31, 2005 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Vancouver Charter, we report that, in our opinion, these principles have been applied, to the consolidated financial statements, on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

Vancouver, Canada

March 31, 2006

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

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

| | 2005 | 2004 |
|---|--------------|-----------------|
| | | Restated Note 5 |
| FINANCIAL ASSETS | | |
| Cash (Note 2) | \$ 70,157 | \$ 66,638 |
| Temporary investments (Note 2) | 720,430 | 555,974 |
| Accounts receivable and accrued interest (Note 3) | 64,813 | 50,095 |
| Local improvement receivable | 16,375 | 18,614 |
| Property taxes receivable | 12,391 | 19,890 |
| Lease agreement receivable (Note 10(f)) | 51,581 | 53,171 |
| | 935,747 | 764,382 |
| PHYSICAL ASSETS | | |
| Inventory | 12,159 | 12,091 |
| Capital assets (Note 4) | 8,180,974 | 7,274,586 |
| | 8,193,133 | 7,286,677 |
| | \$ 9,128,880 | \$ 8,051,059 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 3) | \$ 251,371 | \$ 225,233 |
| Mortgage and loan agreements (Note 10(f)) | 70,235 | 68,493 |
| Long term debt (Note 6) | 566,026 | 472,332 |
| Deferred income | 53,250 | 43,431 |
| | 940,882 | 809,489 |
| MUNICIPAL EQUITY | | |
| Equity in capital assets (Note 5) | 7,597,434 | 6,786,453 |
| Reserve for debt retirement (Note 6) | 167,864 | 139,630 |
| Reserves (Note 7) | 294,826 | 243,754 |
| Fund balances (Note 8) | 234,692 | 172,530 |
| Obligations to be funded from future revenue (Note 9) | (106,818) | (100,797) |
| | 8,187,998 | 7,241,570 |
| | \$ 9,128,880 | \$ 8,051,059 |

Contingencies and commitments (Note 10)
See accompanying Notes to Consolidated Financial Statements

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

| | <u>2005</u> | <u>2004</u> |
|--|-------------------|-------------------|
| | | Restated Note 5 |
| REVENUE | | |
| Property taxes, penalties and interest | \$ 482,323 | \$ 465,447 |
| Water fees | 67,262 | 61,412 |
| Solid waste fees | 38,629 | 36,970 |
| Sewer fees | 34,103 | 32,951 |
| Other fees, rates and cost recoveries | 315,923 | 262,039 |
| Revenue sharing, grants and contributions | 46,143 | 14,781 |
| Investment income | 23,770 | 21,470 |
| Rental and lease income | 37,959 | 37,782 |
| Sale of property | 5,967 | 17,722 |
| | <u>1,052,079</u> | <u>950,574</u> |
| EXPENDITURES | | |
| General government | 174,586 | 131,715 |
| Police protection | 165,336 | 158,412 |
| Fire protection | 79,030 | 75,744 |
| Engineering | 109,424 | 109,949 |
| Water utility | 67,362 | 62,338 |
| Solid waste | 46,457 | 37,792 |
| Sewer utility | 83,914 | 72,417 |
| Planning and development | 61,528 | 58,725 |
| Recreation and parks | 151,082 | 139,740 |
| Community and cultural services | 73,351 | 66,629 |
| | <u>1,012,070</u> | <u>913,461</u> |
| NET REVENUE | <u>40,009</u> | <u>37,113</u> |
| DEBT, TRANSFERS AND OTHER | | |
| Debt | | |
| Principal repayments | (29,165) | (26,111) |
| New issues | 124,601 | 103,903 |
| Net transfers to reserves | (79,305) | (65,355) |
| Change in obligations to be funded from future revenue | 6,022 | 14,292 |
| | <u>22,153</u> | <u>26,729</u> |
| CHANGE IN FUND BALANCES | 62,162 | 63,842 |
| FUND BALANCES (Note 8) | | |
| Beginning of year | <u>172,530</u> | <u>108,688</u> |
| End of year | <u>\$ 234,692</u> | <u>\$ 172,530</u> |

See accompanying Notes to Consolidated Financial Statements

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

| | 2005 | 2004 |
|---------------------------------------|--------------|---------------|
| CASH PROVIDED BY (USED IN): | | |
| Operations | | |
| Net revenue | \$ 40,009 | \$ 37,113 |
| Change in non-cash items | 32,530 | 34,222 |
| | 72,539 | 71,335 |
| Financing | | |
| Debt issued | 124,601 | 103,903 |
| Debt repayments | (29,165) | (26,111) |
| | 95,436 | 77,792 |
| Investing | | |
| Net purchase of temporary investments | (164,456) | (119,308) |
| NET INCREASE IN CASH | 3,519 | 29,819 |
| CASH | | |
| Beginning of year | 66,638 | 36,819 |
| End of year | \$ 70,157 | \$ 66,638 |

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's)
Year Ended December 31, 2005

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

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

(b) Reporting Entity

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

Outside Boards

| | |
|--------------------------|--------------------------|
| Parks & Recreation | Vancouver Police |
| Vancouver Public Library | Vancouver Civic Theatres |

Owned/Controlled Entities

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

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

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

(c) Fund Accounting

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

Capital

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

Revenue

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

Property Endowment

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

Sinking

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

Capital Financing

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

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Basis of Accounting

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

(e) Capital Assets

- (i) Capital Fund (for civic use)

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

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

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

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

Buildings - at cost.

Plant and equipment - at cost.

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

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

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

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

Buildings - At cost less accumulated depreciation of \$42.1 million (2004 - \$37.7 million). Depreciation is charged against Equity in Capital Assets on a 5% straight-line basis on the buildings on parking sites, and on a 5% declining balance basis on leased buildings.

Equipment - At cost less accumulated depreciation of \$3.1 million (2004 - \$2.4 million). Depreciation is calculated on a 30% declining balance basis and is charged to Equity in Capital Assets.

Property subject to sale option - At option price. The land parcel is subject to purchase by the lessee at a minimum value of \$8.4 million (with an expiry date of July 31, 2006).

(f) Reserves for Future Expenditures

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

(g) Comparative Figures

Certain of the 2004 figures have been reclassified to conform to current year presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2005

2. CASH AND TEMPORARY INVESTMENTS

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

| | 2005 | 2004 |
|--|-------------------|-------------------|
| Cash | \$ 22,749 | \$ 8,858 |
| Short-term investments (Maturity date within 90 days) | 47,408 | 57,780 |
| | <u>70,157</u> | <u>66,638</u> |
| Temporary investments (Maturity date greater than 90 days) | 720,430 | 555,974 |
| Total cash and investments | <u>\$ 790,587</u> | <u>\$ 622,612</u> |
| | | |
| Market Value of total cash and investments | <u>\$ 792,355</u> | <u>\$ 629,439</u> |

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

| | 2005 | 2004 |
|--|-------------------|-------------------|
| Accounts receivable and accrued interest | | |
| Accrued interest | \$ 11,874 | \$ 9,227 |
| Utility receivables | 16,520 | 11,638 |
| Employee advances | 2,848 | 3,039 |
| Rental and lease receivables | 5,247 | 6,294 |
| Trade and other receivables | 30,865 | 22,138 |
| | <u>67,354</u> | <u>52,336</u> |
| Allowance for doubtful accounts | (2,541) | (2,241) |
| | <u>\$ 64,813</u> | <u>\$ 50,095</u> |
| | | |
| Accounts payable and accrued liabilities | | |
| Payroll liabilities | \$ 30,847 | \$ 22,738 |
| Advance deposits and receipts | 53,682 | 50,866 |
| Future obligations (Note 9) | 106,818 | 100,797 |
| Trade and other liabilities | 60,024 | 50,832 |
| | <u>\$ 251,371</u> | <u>\$ 225,233</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2005

4. CAPITAL ASSETS

| | Capital Fund | Property Endowment Fund | 2005 Total | 2004 Total |
|--|---------------------|-------------------------------|---------------------|---------------------|
| Land | \$ 4,450,238 | \$ 1,513,270 | \$ 5,963,508 | \$ 5,175,827 |
| Buildings | 413,683 | 104,751 | 518,434 | 481,888 |
| Property subject to sale option | - | 8,365 | 8,365 | 8,365 |
| Leasehold interests | 25,448 | 3,510 | 28,958 | 28,919 |
| Engineering assets | 912,715 | - | 912,715 | 866,400 |
| Waterworks | 314,067 | - | 314,067 | 304,047 |
| Plant, equipment, artworks and artifacts | 413,652 | 2,016 | 415,668 | 390,989 |
| | <u>\$ 6,529,803</u> | <u>\$ 1,631,912</u> | <u>8,161,715</u> | <u>7,256,435</u> |
| City of Vancouver Public Housing Corporation * | | | 10,646 | 11,099 |
| Pacific National Exhibition* | | | 8,613 | 7,052 |
| Total | | | <u>\$ 8,180,974</u> | <u>\$ 7,274,586</u> |

* At cost less depreciation

5. EQUITY IN CAPITAL ASSETS

| | 2005 | 2004 |
|------------------------------------|---------------------|---------------------|
| Capital expenditures | \$ 224,369 | \$ 160,568 |
| Debt issued | (124,601) | (103,903) |
| Debt principal repayments | 29,165 | 26,111 |
| Disposals | (4,609) | (14,274) |
| Depreciation | (50,162) | (46,702) |
| Increase in assessed values | 740,785 | 408,162 |
| Capital grants | (3,966) | (1,554) |
| Lease receivable payments | - | (1,444) |
| Change in equity in capital assets | <u>810,981</u> | <u>426,964</u> |
| Balance, beginning of year | <u>6,786,453</u> | <u>6,359,489</u> |
| Balance, end of year | <u>\$ 7,597,434</u> | <u>\$ 6,786,453</u> |

The opening Equity in Capital Assets figure was restated by an increase of \$60.4 million to adjust for the presentation of the mortgage related to the Library Square Project (see Note 10(f)). This was offset by a corresponding decrease in the opening Fund Balance of the Capital Fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2005

6. LONG TERM DEBT

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

| Maturing In | General * | Local Improvements | Total |
|-------------------|-------------------|--------------------|-------------------|
| 2006 | \$ 137,395 | \$ 2,479 | \$ 139,874 |
| 2007 | 39,045 | 2,252 | 41,297 |
| 2008 | 30,220 | 2,056 | 32,276 |
| 2009 | 171,538 | 1,840 | 173,378 |
| 2010 | 34,005 | 1,644 | 35,649 |
| Thereafter | 214,862 | 7,823 | 222,685 |
| Total | 627,065 | 18,094 | 645,159 |
| Internally held | (61,039) | (18,094) | (79,133) |
| Net external debt | <u>\$ 566,026</u> | <u>\$ -</u> | <u>\$ 566,026</u> |

* General including Waterworks

The rates of interest payable on the principal amount of the debentures range from 3.6% to 10.0% per annum. The weighted average interest rate on total debt to maturity is 4.99%. Total interest paid in 2005 on externally held debt amounted to \$26.8 million (2004 - \$26.2 million). All debentures are payable in Canadian funds.

Reserve for debt retirement at December 31, 2005 amounted to \$167.9 million (2004 - \$139.6 million).

7. RESERVES

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

| | 2004 | Change During Year | 2005 |
|--|-------------------|-----------------------|-------------------|
| Affordable Housing | \$ 4,218 | \$ 7,308 | \$ 11,526 |
| Art Gallery Operations | 3,574 | - | 3,574 |
| Capital Facilities | 6,561 | (4,572) | 1,989 |
| Childcare Endowment | 4,868 | (40) | 4,828 |
| Community Amenities | 30,764 | 338 | 31,102 |
| Cultural Amenity | 470 | 1,355 | 1,825 |
| Emerging Neighbourhood | 4,164 | 259 | 4,423 |
| Future Revenue Fund Budgets | 25,792 | 4,486 | 30,278 |
| Hastings Park | 2,583 | 750 | 3,333 |
| Library | 2,776 | 898 | 3,674 |
| Mortgage Debenture Retirement | 2,149 | 3,611 | 5,760 |
| Olympic Village Trust | - | 28,533 | 28,533 |
| Outstanding Commitments | 7,153 | 2,557 | 9,710 |
| Pacific National Exhibition | 2,249 | (77) | 2,172 |
| Park Board | 2,202 | 659 | 2,861 |
| Parking Sites | 4,518 | (932) | 3,586 |
| Plant and Equipment | 28,920 | (1,441) | 27,479 |
| Public Art | 2,469 | 2,308 | 4,777 |
| Self-insurance | 17,003 | 928 | 17,931 |
| Solid Waste Capital | 61,730 | 917 | 62,647 |
| Water and Sewer Utility Rate Stabilization | 23,649 | 2,982 | 26,631 |
| Other | 5,942 | 245 | 6,187 |
| | <u>\$ 243,754</u> | <u>\$ 51,072</u> | <u>\$ 294,826</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2005

8. FUND BALANCES

| | 2004 | Change During Year | 2005 |
|---|-------------------|-----------------------|-------------------|
| | Restated Note 5 | | |
| Revenue Fund | \$ 9,242 | \$ 1,192 | \$ 10,434 |
| Capital Fund | (46,863) | 98,883 | 52,020 |
| Capital Financing Fund | 170,724 | 6,884 | 177,608 |
| Sinking Fund | - | - | - |
| Property Endowment Fund | 88,774 | (53,315) | 35,459 |
| Harbour Park Development Ltd. | 19 | (1) | 18 |
| Vancouver Civic Development Corp. | 8,972 | 309 | 9,281 |
| Hastings Institute Inc. | 165 | 19 | 184 |
| Pacific National Exhibition | (3,072) | 702 | (2,370) |
| City of Vancouver Public Housing Corporation | (211) | 47 | (164) |
| | <u>227,750</u> | <u>54,720</u> | <u>282,470</u> |
| Elimination for internally-held debt on consolidation | (55,220) | 7,442 | (47,778) |
| | <u>\$ 172,530</u> | <u>\$ 62,162</u> | <u>\$ 234,692</u> |

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE

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

| | 2005 | 2004 |
|------------------------------------|-------------------|-------------------|
| Deferred payroll costs | \$ 71,692 | \$ 68,883 |
| Accrued interest on long term debt | 13,079 | 12,407 |
| Landfill closure and post-closure | 22,047 | 19,507 |
| | <u>\$ 106,818</u> | <u>\$ 100,797</u> |

(a) Deferred Payroll Costs

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

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

The liabilities reported in 2005 are based on an actuarial valuation as at December 31, 2003 using the following valuation assumptions:

| | 2005 | 2004 |
|-------------------------------|----------------|----------------|
| Discount rate | 4.35% | 5.00% |
| Inflation rate | 2.00% | 2.00% |
| Rate of compensation increase | 3.08% to 5.00% | 3.08% to 5.00% |

Employee benefit liabilities as at December 31 are as follows:

| | 2005 | 2004 |
|------------------------------------|------------------|------------------|
| Sick leave gratuity | \$ 20,547 | \$ 17,712 |
| Deferred vacation | 11,815 | 12,136 |
| Non-vested accumulating sick leave | 22,195 | 18,040 |
| Long term disability | 8,937 | 9,981 |
| Other post-employment benefits | 12,471 | 10,895 |
| | <u>75,965</u> | <u>68,764</u> |
| Unamortized actuarial gain (loss) | (4,273) | 119 |
| | <u>\$ 71,692</u> | <u>\$ 68,883</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2005

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE - continued

(a) Deferred Payroll Costs - continued

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

| | 2005 | 2004 |
|--------------------------------|------------------|------------------|
| Beginning of year | \$ 68,883 | \$ 62,800 |
| Current service cost | 6,156 | 8,003 |
| Interest cost | 3,503 | 3,463 |
| Amortization of actuarial gain | (10) | - |
| Actual benefits paid | (6,840) | (5,383) |
| End of year | <u>\$ 71,692</u> | <u>\$ 68,883</u> |

The City manages the payment of these future payroll obligations as they come due in the current Operating Budget. The City has also provided funding of \$17.1 million (\$14.3 million in 2004) in a reserve.

(b) Landfill Closure and Post-Closure Costs

The City has agreed with the Ministry of Environment Lands and Parks to assume certain obligations in order to obtain the Operating Certificate for its landfill site. Those obligations include closure and post-closure liability. The present value of the City's estimated future liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability of \$22.0 million (2004 - \$19.5 million) represents the portion of the estimated total expenditure recognized as at December 31, 2005. This liability and annual expenditure is calculated based on the ratio of utilization to total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities. The discount rate used in 2005 was 4.35% compared to 5% in 2004 which resulted in an increase in the liability of \$2.0 million.

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the landfill. In 2005, the capacity of the landfill site was reviewed and the revised estimate of the remaining capacity is 19.0 million tonnes, which is 57.5% of the site's total capacity. The landfill site is expected to reach its capacity in 2042. At December 31, 2005, the discounted future cash flows for closure and post-closure cost is estimated at \$59.6 million.

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for 87% of the overall liability for closure and post-closure costs. The City has provided a reserve to fund future landfill capital expenditure and waste diversion programs with a balance as at December 31, 2005 of \$62.6 million (2004 - \$61.7 million).

10. CONTINGENCIES AND COMMITMENTS

(a) Contingent Liability for Debentures Issued by Others

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

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

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

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

10. CONTINGENCIES AND COMMITMENTS - Continued

(c) Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the Plan. The Plan is a multi-employer contributory defined benefit pension plan with about 130,000 active members and approximately 48,000 retired members. Active members include approximately 30,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of \$789 million. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the surplus to individual employers. The City paid \$36.1 million during 2005 (2004 - \$34.3 million) for employer contributions to the Plan. The employees' contributions during 2005 amounted to \$28.1 million (2004 - \$25.5 million).

(d) Contingent Legal Liabilities

As at December 31, 2005, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has made provision for certain uninsured claims in its self-insurance liability reserve, but has made no specific provision for those where the outcome is presently indeterminable.

(e) Property Assessment Appeals

As at December 31, 2005, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable, and general provision for those where the outcome is presently indeterminable.

(f) Mortgage and Lease Agreements

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

| | | |
|------------|----|---------------|
| 2006 | \$ | 3,339 |
| 2007 | | 3,553 |
| 2008 | | 9,448 |
| 2009 | | 2,839 |
| 2010 | | 2,635 |
| Thereafter | | 48,421 |
| | \$ | <u>70,235</u> |

Outstanding mortgages include \$52.7 million on the Library Square Project due on January 14, 2021. Interest at 9.875% per annum is compounded semi-annually with monthly repayments of principal and interest. The debentures are secured by a first charge on the land and any proceeds from the sale of the land on which the office building is situated, the office building and any improvements to it including machinery, plant and equipment, and any proceeds of the lease of the office building.

The City has executed a 25-year lease of the Library Square office building with the Federal Government which commenced April 30, 1995. Annual lease payments of \$6.7 million will fully offset debenture principal and interest payments. The lease provides options to purchase the office building at the end of the 10th and 20th years and at the end of the lease term. The balance of the lease receivable is \$51.7 million (2004 - \$53.2 million).

The City has \$10.5 million (2004 - \$10.8 million) in mortgages payable to Canada Mortgage and Housing Corporation for 5 non-market housing projects. Interest rates range from 4.24 % to 8.0% with maturity dates from February 1, 2006 to December 1, 2027.

(g) Loan Guarantee

The City has guaranteed a \$12.0 million line of credit for the Pacific National Exhibition effective January 1, 2006 for a period of one year.

(h) Property Acquisition

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2005

10. CONTINGENCIES AND COMMITMENTS - Continued

(i) 2nd Avenue RAV Station

The City has entered into an agreement with RAVCO for the design and construction of the 2nd Avenue RAV station for \$28.9 million. The City received a contribution of \$7.8 million from the Province of British Columbia toward this project. Payment of \$1.1 million was made in 2005 with future payments due as follows: 2006 - \$6.9 million, 2007 - \$13.8 million and 2008 - \$7.1 million.

11. TRUST FUNDS

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

| | 2005 | 2004 |
|-------------------------|------------------|------------------|
| Vancouver Agreement | \$7,713 | \$9,296 |
| Cemetery Perpetual Care | 3,125 | 3,050 |
| Atrium | 296 | 285 |
| General | 327 | 325 |
| | <u>\$ 11,461</u> | <u>\$ 12,956</u> |

The Vancouver Agreement is an urban development agreement between the Governments of Canada, British Columbia and the City to facilitate sustainable economic, social and community development in the City.

12. EXPENDITURES BY OBJECT

| | 2005 | 2004 |
|----------------------------------|---------------------|-------------------|
| Wages, salaries and benefits | \$574,814 | \$542,991 |
| Contract services | 87,912 | 83,531 |
| Supplies, material and equipment | 322,531 | 260,779 |
| Debt charges | 26,813 | 26,160 |
| | <u>\$ 1,012,070</u> | <u>\$ 913,461</u> |



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

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

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

We have audited and reported separately herein on the consolidated financial statements of the City of Vancouver as at and for the year ended December 31, 2005.

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

KPMG LLP

Chartered Accountants

Vancouver, Canada

March 31, 2006

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

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

| | <u>2005 Budget</u> | <u>2005</u> | <u>2004</u> |
|---|------------------------|------------------|------------------|
| REVENUE | | | |
| Property taxes, penalties and interest | \$ 489,033 | \$ 482,323 | \$ 465,447 |
| Water fees | 64,975 | 67,262 | 61,412 |
| Solid waste fees | 35,671 | 38,629 | 36,970 |
| Sewer fees | 32,609 | 34,103 | 32,951 |
| Other fees, rates and cost recoveries | 158,531 | 174,800 | 159,468 |
| Revenue sharing, grants and contributions | 19,737 | 17,061 | 14,077 |
| Investment income | 10,850 | 12,764 | 11,376 |
| Rental and lease income | 18,396 | 23,340 | 23,953 |
| | <u>829,802</u> | <u>850,282</u> | <u>805,654</u> |
| EXPENDITURES | | | |
| General government | 90,261 | 80,915 | 74,605 |
| Police protection | 161,107 | 161,489 | 153,684 |
| Fire protection | 77,557 | 78,522 | 75,295 |
| Engineering | 69,267 | 67,832 | 65,331 |
| Water utility | 49,198 | 47,827 | 44,495 |
| Solid waste | 30,534 | 35,418 | 37,484 |
| Sewer utility | 49,946 | 49,634 | 49,108 |
| Planning and development | 57,527 | 61,528 | 58,725 |
| Recreation and parks | 82,461 | 84,034 | 80,642 |
| Community and cultural services | 58,302 | 61,464 | 57,321 |
| | <u>726,160</u> | <u>728,663</u> | <u>696,690</u> |
| NET REVENUE | <u>103,642</u> | <u>121,619</u> | <u>108,964</u> |
| DEBT, TRANSFERS AND OTHER | | | |
| Debt principal repayments | (30,359) | (28,874) | (27,734) |
| Transfers | | | |
| Net transfers to other funds | (72,243) | (81,762) | (74,199) |
| Net transfers to reserves | (1,040) | (15,752) | (20,044) |
| Change in obligations to be funded from future revenue | - | 5,961 | 14,211 |
| | <u>(103,642)</u> | <u>(120,427)</u> | <u>(107,766)</u> |
| CHANGE IN FUND BALANCE | - | 1,192 | 1,198 |
| FUND BALANCE | | | |
| Beginning of year | 9,242 | 9,242 | 8,044 |
| End of year | <u>\$ 9,242</u> | <u>\$ 10,434</u> | <u>\$ 9,242</u> |

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

| | <u>2005</u> | <u>2004</u> |
|---------------------------------|------------------|--------------------|
| | | Restated Note 5 |
| REVENUE | | |
| Fees, charges and recoveries | \$ 76,894 | \$ 48,290 |
| Grants and contributions | 29,082 | 704 |
| Property sale | 4,190 | 505 |
| | <u>110,166</u> | <u>49,499</u> |
| EXPENDITURES | | |
| Capital expenditures | | |
| General government | 7,942 | 6,811 |
| Police protection | 3,847 | 4,728 |
| Fire protection | 508 | 449 |
| Engineering | 43,832 | 46,985 |
| Sewer utility | 35,462 | 24,487 |
| Water utility | 20,717 | 19,021 |
| Solid waste utility | 11,039 | 307 |
| Recreation and parks | 24,051 | 17,521 |
| Community and cultural services | 9,165 | 6,860 |
| | <u>156,563</u> | <u>127,169</u> |
| NET EXPENDITURES | <u>(46,397)</u> | <u>(77,670)</u> |
| DEBT AND TRANSFERS | | |
| Debt issued | 121,520 | 101,388 |
| Debt principal repayments | (1,484) | |
| Transfers | | |
| Net transfers to reserves | (6,690) | (10,322) |
| Net transfers from other funds | 31,934 | 41,845 |
| | <u>145,280</u> | <u>132,911</u> |
| CHANGE IN FUND BALANCE | 98,883 | 55,241 |
| FUND BALANCE | | |
| Beginning of year | <u>(46,863)</u> | <u>(102,104)</u> |
| End of year | <u>\$ 52,020</u> | <u>\$ (46,863)</u> |

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

| | 2005 | 2004 |
|-------------------------------|-------------|-------------|
| REVENUE | | |
| Investment income | \$ 5,832 | \$ 4,935 |
| TRANSFERS | | |
| Net transfer from other funds | 30,502 | 7,171 |
| Net transfer to reserves | (29,450) | (5,902) |
| | 1,052 | 1,269 |
| CHANGE IN FUND BALANCE | 6,884 | 6,204 |
| FUND BALANCE | | |
| Beginning of year | 170,724 | 164,520 |
| End of year | \$ 177,608 | \$ 170,724 |

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

| | <u>2005</u> | <u>2004</u> |
|---------------------------------|-----------------|-----------------|
| REVENUE AND EXPENDITURES | | |
| Investment income | \$ 8,267 | \$ 7,139 |
| Administration expenses | 72 | 74 |
| | <u>8,195</u> | <u>7,065</u> |
| DEBT AND TRANSFERS | | |
| Debt repayments | (36) | (35) |
| Transfers | | |
| Net transfer from Revenue Fund | 26,408 | 25,330 |
| Net transfer to reserves | <u>(34,567)</u> | <u>(32,911)</u> |
| | <u>(8,195)</u> | <u>(7,616)</u> |
| CHANGE IN FUND BALANCE | - | (551) |
| FUND BALANCE | | |
| Beginning of year | <u>-</u> | <u>551</u> |
| End of year | <u>\$ -</u> | <u>\$ -</u> |

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

| | 2005 | | | 2004 |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Revenue | Expenses | Net | Net |
| OPERATIONS | | | | |
| Rental and leases | \$ 13,290 | \$ 4,842 | \$ 8,448 | \$ 7,937 |
| Parking | 17,017 | 12,573 | 4,444 | 3,939 |
| Water moorage | 914 | 455 | 459 | 451 |
| Property sales | 1,777 | 503 | 1,274 | 16,724 |
| | <u>\$ 32,998</u> | <u>\$ 18,373</u> | <u>14,625</u> | <u>29,051</u> |
| Interest income | | | 1,492 | 2,765 |
| Miscellaneous income | | | 908 | 542 |
| | | | <u>17,025</u> | <u>32,358</u> |
| Expenses | | | | |
| Capital expenditures | | | 64,797 | 30,889 |
| Adminstration and operating | | | 2,492 | 1,911 |
| | | | <u>67,289</u> | <u>32,800</u> |
| NET EXPENDITURES | | | <u>(50,264)</u> | <u>(442)</u> |
| TRANSFERS | | | | |
| Debt principal repayments | | | (5) | - |
| Debt issue | | | 3,216 | - |
| Net transfer (to) from reserves | | | 820 | (2,205) |
| Transfer to Revenue Fund | | | (7,000) | (7,000) |
| Net transfer (to) from other funds | | | (82) | 6,855 |
| | | | <u>(3,051)</u> | <u>(2,350)</u> |
| CHANGE IN FUND BALANCE | | | <u>(53,315)</u> | <u>(2,792)</u> |
| FUND BALANCE | | | | |
| Beginning of year | | | <u>88,774</u> | <u>91,566</u> |
| End of year | | | <u>\$ 35,459</u> | <u>\$ 88,774</u> |

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

| | 2005 | 2004 |
|--------------------------------------|-------------|-------------|
| SOLID WASTE UTILITY | | |
| REVENUE | | |
| Fees and service charges | \$ 38,629 | \$ 36,970 |
| EXPENDITURES AND TRANSFERS | | |
| Garbage collection and disposal | 9,507 | 8,392 |
| Recycling | 4,415 | 4,729 |
| Composting | 3,733 | 3,479 |
| Commercial | 14,565 | 12,723 |
| Management and solid waste levy | 658 | 681 |
| Post closure costs | 2,540 | 7,480 |
| | 35,418 | 37,484 |
| Transfers from other funds | (3,614) | (7,732) |
| Transfer to reserves | 6,825 | 7,218 |
| | \$ 38,629 | \$ 36,970 |
| WATER UTILITY | | |
| REVENUE | | |
| Fees and service charges | \$ 67,262 | \$ 61,412 |
| EXPENDITURES AND TRANSFERS | | |
| Purchase of water | 32,206 | 29,289 |
| Water debt charges | 8,696 | 8,472 |
| Operations | 6,924 | 6,734 |
| | 47,826 | 44,495 |
| Debt principal repayments | 7,706 | 6,619 |
| Transfer to Sinking Fund | 7,404 | 7,135 |
| Transfer to reserves | 4,326 | 3,163 |
| | \$ 67,262 | \$ 61,412 |
| SEWER UTILITY | | |
| REVENUE | | |
| Fees and service charges | \$ 34,103 | \$ 32,951 |
| Contribution from property taxes | 33,729 | 32,341 |
| | \$ 67,832 | \$ 65,292 |
| EXPENDITURES AND TRANSFERS | | |
| Contribution to Joint Sewerage Board | 36,552 | 36,845 |
| Sewer debt charges | 7,343 | 7,065 |
| Operations | 5,739 | 5,198 |
| | 49,634 | 49,108 |
| Debt principal repayments | 7,690 | 6,188 |
| Transfer to Sinking Fund | 5,663 | 5,462 |
| Transfer to reserves | 4,845 | 4,534 |
| | \$ 67,832 | \$ 65,292 |

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

**SUPPLEMENTARY
FINANCIAL
INFORMATION**



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

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

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

We have reported to the Mayor and Members of Council on our examination for the purpose of expressing an opinion on the consolidated financial statements of the City of Vancouver for the year ended December 31, 2005.

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

Chartered Accountants

Vancouver, Canada

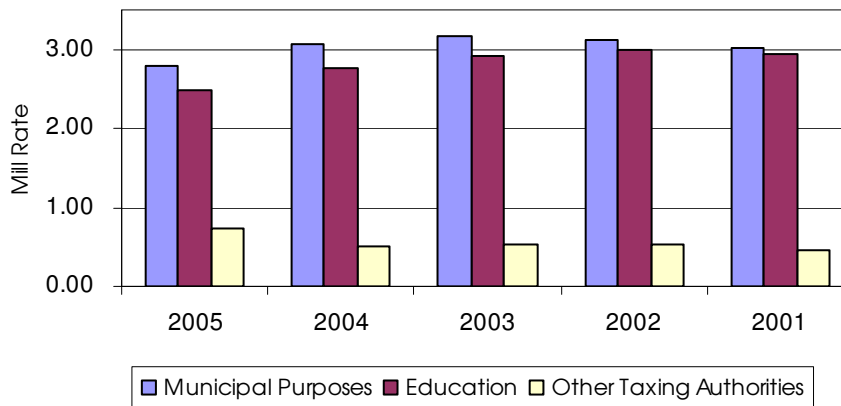
March 31, 2006

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

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

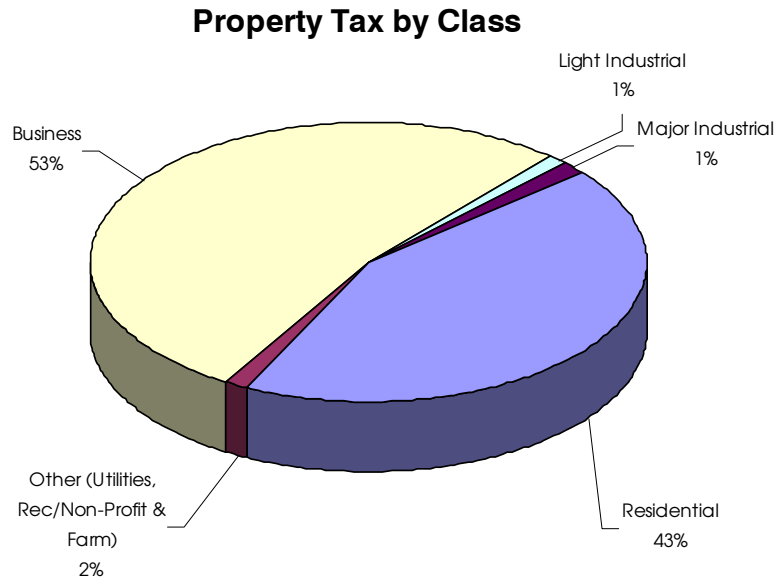
| | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Property Assessment (\$000s) | | | | | |
| Rateable property general purposes | 94,494,731 | 80,246,519 | 72,843,427 | 67,522,799 | 65,917,550 |
| Tax Rates – Rate per \$1,000 of Assessment | | | | | |
| Residential | | | | | |
| Municipal purposes | 2.78956 | 3.06186 | 3.17221 | 3.11743 | 3.01093 |
| Education | 2.47345 | 2.75856 | 2.91461 | 2.98026 | 2.94593 |
| Other taxing authorities | 0.72621 | 0.51531 | 0.52729 | 0.52335 | 0.44698 |
| Total Residential | 5.98922 | 6.33573 | 6.61411 | 6.62104 | 6.40384 |
| Business/Other | | | | | |
| Municipal purposes | 16.44104 | 16.75464 | 16.36674 | 15.48259 | 14.82695 |
| Education | 10.16357 | 10.35432 | 10.06992 | 9.92035 | 9.87587 |
| Other taxing authorities | 2.79649 | 2.28976 | 2.28677 | 2.28468 | 2.09721 |
| Total Business/Other | 29.40110 | 29.39872 | 28.72343 | 27.68762 | 26.80003 |
| Major Industrial | | | | | |
| Municipal purposes | 28.31661 | 28.58468 | 27.71701 | 28.13435 | 29.72034 |
| Education | 12.50000 | 12.50000 | 12.50000 | 12.50000 | 12.50000 |
| Other taxing authorities | 3.81372 | 3.18900 | 3.27333 | 3.35615 | 3.13486 |
| Total Major Industrial | 44.63033 | 44.27368 | 43.49034 | 43.99050 | 45.35520 |
| Light Industrial | | | | | |
| Municipal purposes | 15.52713 | 16.02039 | 16.09242 | 15.45070 | 14.86333 |
| Education | 9.60000 | 9.90000 | 9.90000 | 9.90000 | 9.90000 |
| Other taxing authorities | 3.57582 | 2.94250 | 3.00313 | 3.03205 | 2.78146 |
| Total Light Industrial | 28.70295 | 28.86289 | 28.99555 | 28.38275 | 27.54479 |
| Total Utilities | 52.27359 | 51.26064 | 50.80137 | 49.64316 | 48.06845 |
| Total Recreational/Non-Profit | 7.69044 | 7.86989 | 8.05780 | 8.13357 | 7.97683 |
| Total Farm – All Purposes | 9.99004 | 10.16989 | 10.35798 | 10.43470 | 10.30773 |

Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|--------------|--------------|--------------|--------------|--------------|
| Population * | 583,300 | 579,700 | 576,200 | 572,100 | 569,500 |
| Property Tax Revenue by Property Class (%) | | | | | |
| Residential - Class 1 | 43.5 | 43.3 | 42.9 | 42.2 | 41.8 |
| Business - Class 6 | 52.7 | 52.8 | 53.3 | 53.8 | 54.2 |
| Major industrial - Class 4 | 1.3 | 1.4 | 1.2 | 1.3 | 1.3 |
| Light industrial - Class 5 | 1.0 | 1.0 | 1.1 | 1.1 | 1.0 |
| Other (Utilities, Rec/Non-Profit and Farm) | 1.5 | 1.5 | 1.5 | 1.6 | 1.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |



Property Taxation - Levy and Collections

| | | | | | |
|--|---------|---------|---------|---------|---------|
| Total tax levy (all purposes) (\$000s) | 951,769 | 886,391 | 853,460 | 815,877 | 783,315 |
| Total tax arrears outstanding (\$000s) | 21,254 | 25,253 | 34,386 | 35,090 | 38,333 |
| % of current collections to current levy | 98.45 | 98.51 | 97.74 | 97.82 | 97.50 |
| % of total collections to current levy | 100.40 | 101.22 | 100.32 | 100.82 | 100.56 |

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

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

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

| | <u>2005</u> | <u>2004</u> |
|---|-----------------------|-----------------------|
| Taxes collected: | | |
| Property and business taxes | \$ 887,915 | \$ 826,927 |
| Payment in lieu of taxes | 29,220 | 28,391 |
| Hotel tax | - | 1,140 |
| Local improvement levies | 3,884 | 4,040 |
| | <u>921,019</u> | <u>860,498</u> |
| Less taxes collected on behalf of: | | |
| Province of British Columbia - School Taxes | 342,044 | 328,650 |
| Greater Vancouver Transportation Authority | 73,351 | 43,875 |
| B.C. Assessment Authority | 12,090 | 11,594 |
| Greater Vancouver Regional District | 11,186 | 10,911 |
| Municipal Finance Authority | 25 | 21 |
| | <u>438,696</u> | <u>395,051</u> |
| NET TAXES - MUNICIPAL PURPOSES | <u>\$ 482,323</u> | <u>\$ 465,447</u> |

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

| | <u>2005</u> | <u>2004</u> |
|---|------------------|------------------|
| Analysis of Tax Receipts and Receivables | | |
| Balance, before allowance for tax write-offs, beginning of year | \$ 25,253 | \$ 34,386 |
| Add: Interest and adjustments (net) | 61 | 1,011 |
| | <u>25,314</u> | <u>35,397</u> |
| Less: Receipts | (18,578) | (23,932) |
| Outstanding - prior years | <u>6,736</u> | <u>11,465</u> |
| | | |
| Current tax levy including utility and other charges | 951,769 | 886,391 |
| Less : Receipts | <u>(937,899)</u> | <u>(873,253)</u> |
| Current arrears | 13,870 | 13,138 |
| Add: Penalties on current arrears | <u>648</u> | <u>650</u> |
| Outstanding - current year | <u>14,518</u> | <u>13,788</u> |
| | | |
| Balance, before allowance for tax write-offs, end of year | <u>\$ 21,254</u> | <u>\$ 25,253</u> |
| | | |
| Analysis of Property Taxes Receivable by Year | | |
| Current year | \$ 14,518 | \$ 13,788 |
| Prior year | 4,320 | 6,549 |
| Prior 2 year | <u>2,416</u> | <u>4,916</u> |
| | 21,254 | 25,253 |
| Less: allowance for tax write-offs | <u>(8,863)</u> | <u>(5,363)</u> |
| Balance, after allowance for tax write-offs, end of year | <u>\$ 12,391</u> | <u>\$ 19,890</u> |

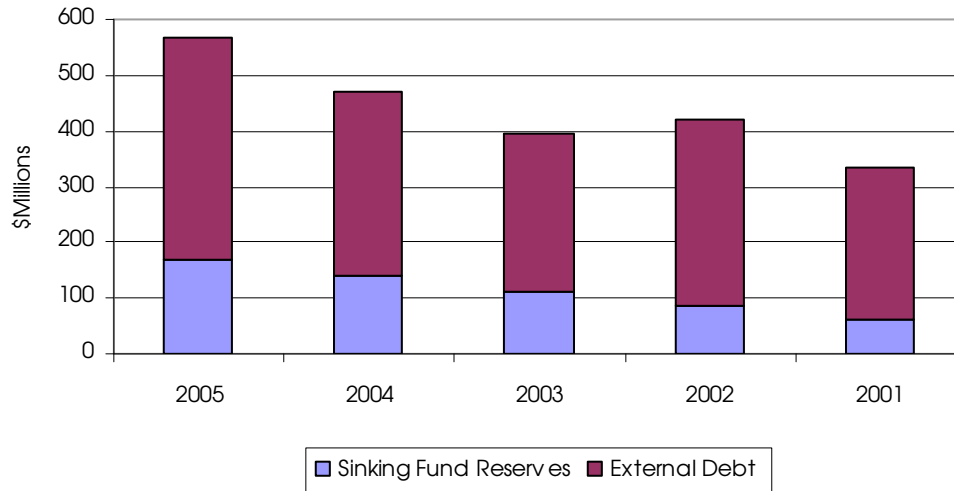
REVENUE FUND – OTHER FEES, RATES AND RECOVERIES (\$000s)
Years Ended December 31

| | 2005 Budget | 2005 | 2004 |
|--|--------------------------|--------------------------|--------------------------|
| Permits and licences | | | |
| Business | \$ 11,200 | \$ 11,174 | \$ 11,012 |
| Dog | 612 | 611 | 469 |
| False Alarm Reduction Programme | 1,350 | 1,156 | 1,130 |
| Other | 1,684 | 1,522 | 1,571 |
| | <u>14,846</u> | <u>14,463</u> | <u>14,182</u> |
| Municipal by-law fines | <u>9,994</u> | <u>10,830</u> | <u>9,867</u> |
| Service and inspection fees | | | |
| Development permits | 5,588 | 5,402 | 4,880 |
| Building permits | 6,200 | 7,004 | 6,752 |
| Plumbing inspection | 3,900 | 4,195 | 3,712 |
| Electrical inspection | 2,800 | 3,087 | 2,650 |
| Other | 7,640 | 8,054 | 7,641 |
| | <u>26,128</u> | <u>27,742</u> | <u>25,635</u> |
| On street parking | <u>22,625</u> | <u>23,675</u> | <u>21,568</u> |
| Sundry fees and services | | | |
| Recovery - Greater Vancouver Transit Authority | 3,240 | 3,478 | 3,239 |
| Provincial school tax administration fee | 315 | 339 | 326 |
| Utility company access | 287 | 295 | 276 |
| Other | 1,236 | 1,130 | 1,590 |
| | <u>5,078</u> | <u>5,242</u> | <u>5,431</u> |
| Departmental revenues | | | |
| Parks and recreation - general operations | 32,993 | 34,518 | 32,767 |
| Britannia Community Services | 739 | 682 | 774 |
| Libraries | 4,260 | 6,315 | 5,308 |
| Civic theatres | 5,958 | 6,288 | 5,578 |
| General government | 2,063 | 5,302 | 4,578 |
| Fire | 6,553 | 7,033 | 6,527 |
| Police | 10,590 | 14,423 | 10,956 |
| Engineering | 8,670 | 5,441 | 4,543 |
| Community services | 8,034 | 12,846 | 11,754 |
| | <u>79,860</u> | <u>92,848</u> | <u>82,785</u> |
| TOTAL | <u><u>\$ 158,531</u></u> | <u><u>\$ 174,800</u></u> | <u><u>\$ 159,468</u></u> |

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

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Long Term Debt (000s) | | | | | |
| Debenture debt outstanding | \$ 645,159 | \$ 552,512 | \$ 477,509 | \$ 546,072 | \$ 510,898 |
| Less: Internally held debt | (79,133) | (80,180) | (81,373) | (126,846) | (176,965) |
| Externally held debt | 566,026 | 472,332 | 396,136 | 419,226 | 333,933 |
| Sinking Fund reserves | 167,865 | 139,630 | 112,748 | 87,116 | 62,680 |
| Net externally held debt | <u>\$ 398,161</u> | <u>\$ 332,702</u> | <u>\$ 283,388</u> | <u>\$ 332,110</u> | <u>\$ 271,253</u> |
| Debt per capita (externally held) | \$ 970.44 | \$ 814.76 | \$ 687.47 | \$ 732.77 | \$ 586.39 |

Long Term Debt - External



| | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|
| (\$000s) | | | | | |
| Capital expenditures | 156,563 | 127,169 | 147,042 | 149,374 | 110,908 |
| Internally restricted reserves | 294,826 | 243,754 | 205,281 | 196,655 | 182,062 |

CHANGES IN DEBENTURE DEBT OUTSTANDING (\$000s)
Year Ended December 31, 2005

| | Externally Held | Internally Held | Total |
|------------------------------------|----------------------------|----------------------------|-------------------|
| Balance, beginning of year | \$ 472,332 | \$ 80,180 | \$ 552,512 |
| Add: Debentures issued during 2004 | 120,000 | - | 120,000 |
| Local improvements | - | 1,520 | 1,520 |
| | <u>592,332</u> | <u>81,700</u> | <u>674,032</u> |
| Less: Maturities | | | |
| General and water | 26,306 | - | 26,306 |
| Local improvements | - | 2,567 | 2,567 |
| | <u>26,306</u> | <u>2,567</u> | <u>28,873</u> |
| Balance, end of year | <u>\$ 566,026</u> | <u>\$ 79,133</u> | <u>\$ 645,159</u> |

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2005

| Bylaw | Maturity Date & Purpose | Rate % | Term (Years) | Debenture Outstanding | Sinking Fund Reserve Balance |
|--------------|--|----------------|---------------------|------------------------------|-------------------------------------|
| 7506 | January 11, 2006 | 7.500 | 10 | | |
| | Communications | | | \$1,200 | \$1,103 |
| | Emergency operations | | | 4,834 | 4,443 |
| | Parks | | | 5,090 | 4,679 |
| | Roads, walks streets and lanes | | | 39,260 | 36,087 |
| | Sewers | | | 20,267 | 18,629 |
| | Waterworks | | | 29,349 | 26,977 |
| | | | | <u>100,000</u> | <u>91,918</u> |
| 7811 | October 31, 2007 | 5.500 to 5.750 | 10 | | |
| | Communications | | | 455 | - |
| | Emergency operations | | | 66 | - |
| | Fire protection | | | 2,158 | - |
| | Infrastructure | | | 611 | - |
| | Parks | | | 4,555 | - |
| | Pedestrian/cycling facilities | | | 2,342 | - |
| | Sewers | | | 5,059 | - |
| | Street lighting | | | 617 | - |
| | Waterworks | | | 3,660 | - |
| | | | | <u>19,523</u> | <u>-</u> |
| 8042* | July 12, 2009 | 5.900 | 10 | | |
| | Parks | | | 5,000 | 2,768 |
| | Roads, walks streets and lanes | | | 15,000 | 8,303 |
| | Sewers | | | 20,000 | 11,070 |
| | Waterworks | | | 20,000 | 11,070 |
| | | | | <u>60,000</u> | <u>33,211</u> |
| 8077 | October 7, 2009 | 6.000 | 10 | | |
| | Roads, walks streets and lanes | | | 46,533 | 25,457 |
| | Sewers | | | 11,417 | 6,246 |
| | Waterworks | | | 22,050 | 12,063 |
| | | | | <u>80,000</u> | <u>43,766</u> |
| 8269* | December 14, 2010 | 6.000 | 10 | | |
| | Roads, walks streets and lanes | | | 1,038 | 457 |
| 8295 | February 21, 2011 | 5.850 | 10 | | |
| | Infrastructure | | | 2,238 | 800 |
| | Parks | | | 13,858 | 4,952 |
| | Pedestrian/cycling facilities | | | 1,678 | 600 |
| | Public works/fire facilities | | | 10,600 | 3,788 |
| | Roads, walks streets and lanes | | | 2,382 | 851 |
| | Sewers | | | 17,015 | 6,081 |
| | Street lighting/communication/undergrounding | | | 857 | 306 |
| | Street lighting/communications | | | 4,476 | 1,600 |
| | Street lighting | | | 2,384 | 852 |
| | Transit /safety improvements | | | 6,162 | 2,202 |
| | Waterworks | | | 18,350 | 6,558 |
| | | | | <u>80,000</u> | <u>28,590</u> |
| | | | Carried Forward | <u>\$340,561</u> | <u>\$197,942</u> |

* Held Internally

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2005

| Bylaw | Maturity Date & Purpose | Rate % | Term (Years) | Debenture Outstanding | Sinking Fund Reserve Balance |
|--------------|------------------------------------|----------------|---------------------|------------------------------|-------------------------------------|
| | | | Carried Forward | \$340,561 | \$197,942 |
| 8460 | April 17, 2012 | 3.500 | 10 | | |
| | Local area improvement | | | 4,469 | - |
| | Parks | | | 5,261 | - |
| | Pedestrian/cycling facilities | | | 3,006 | - |
| | Public works/fire facilities | | | 5,449 | - |
| | Sewers | | | 22,547 | - |
| | Street lighting | | | 4,885 | - |
| | Street/bridge infrastructure | | | 829 | - |
| | Transit /safety improvements | | | 6,163 | - |
| | Waterworks | | | 22,547 | - |
| | | | | <u>75,156</u> | <u>-</u> |
| 8808 | March 16, 2014 | 2.250 to 4.650 | 10 | | |
| | Civic facilities | | | 457 | - |
| | Local area improvement | | | 5,600 | - |
| | Parks | | | 8,405 | - |
| | Pedestrian/cycling facilities | | | 5,267 | - |
| | Public works/fire facilities | | | 1,030 | - |
| | Sewers | | | 29,285 | - |
| | Street lighting | | | 3,820 | - |
| | Street/bridge infrastructure | | | 2,176 | - |
| | Transit /safety improvements | | | 7,586 | - |
| | Waterworks | | | 27,715 | - |
| | | | | <u>91,341</u> | <u>-</u> |
| 9115 | October 06, 2015 | 3.150 to 4.100 | | | |
| | Bridges/tunnels | | | 2,700 | - |
| | Community centre facilities | | | 6,000 | - |
| | Infrastructure | | | 6,932 | - |
| | Libraries | | | 4,910 | - |
| | Local area improvement | | | 6,729 | - |
| | Miscellaneous | | | 250 | - |
| | Multi-purpose centres | | | 2,360 | - |
| | Neighbourhood houses | | | 2,340 | - |
| | Parks | | | 15,090 | - |
| | Pedestrian/cycling facilities | | | 6,370 | - |
| | Public safety/Police | | | 600 | - |
| | Sewers | | | 30,720 | - |
| | Sports facilities | | | 1,100 | - |
| | Street lighting/communications | | | 3,883 | - |
| | Train stations | | | 5,000 | - |
| | Transit/safety improvements | | | 3,874 | - |
| | Waterworks | | | 19,707 | - |
| | Yards | | | 1,435 | - |
| | | | | <u>120,000</u> | <u>-</u> |
| 4221 | February 1, 2006 | 5.250 | 40 | | |
| | Waterworks | | | 1 | - |
| 4236 | May 1, 2006 | 5.375 | | | |
| | Waterworks | | | 6 | - |
| | | | Total | <u>\$627,065</u> | <u>\$197,942</u> |

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2005

LOCAL IMPROVEMENT - Property Owners' Share

| Bylaw | Maturity Date | Purpose | Rate | Term (Yr) | Debt Balance |
|--------------|----------------------|---|-------------|------------------|---------------------|
| 6848 | June 19 2006 | Lane paving, speed ramps, sidewalks & curbs | 10.000 | 15 | 349 |
| 6849 | June 19 2006 | Beautification | 10.000 | 15 | 36 |
| 6990 | June 17 2007 | Lane paving, speed ramps, sidewalks & curbs | 9.500 | 15 | 544 |
| 6991 | June 17 2007 | Beautification | 9.500 | 15 | 69 |
| 7129 | June 23 2008 | Lane paving, speed ramps, sidewalks & curbs | 9.000 | 15 | 911 |
| 7312 | June 22 2009 | Lane paving, speed ramps, sidewalks & curbs | 7.000 | 15 | 845 |
| 7313 | June 22 2009 | Beautification | 7.000 | 15 | 217 |
| 7315 | June 22 2009 | Underground wiring | 7.000 | 15 | 20 |
| 7446 | June 21 2010 | Lane paving, speed ramps, sidewalks & curbs | 9.500 | 15 | 910 |
| 7447 | June 21 2010 | Underground wiring | 9.500 | 15 | 44 |
| 7584 | June 26 2011 | Lane paving, speed ramps, sidewalks & curbs | 7.500 | 15 | 1,152 |
| 7758 | June 25 2012 | Lane paving, speed ramps, sidewalks & curbs | 7.000 | 15 | 1,336 |
| 7759 | June 25 2012 | Beautification | 7.000 | 15 | 98 |
| 7912 | June 24 2013 | Beautification | 6.000 | 15 | 138 |
| 7914 | June 24 2008 | Street lighting | 6.000 | 10 | 4 |
| 7915 | June 24 2013 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 1,471 |
| 8037 | June 23 2014 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 1,606 |
| 8204 | June 21 2015 | Lane paving, speed ramps, sidewalks & curbs | 7.000 | 15 | 1,214 |
| 8206 | June 21 2010 | Street lighting | 7.000 | 10 | 15 |
| 8207 | June 21 2015 | Beautification | 7.000 | 15 | 90 |
| 8208 | June 21 2010 | Granville Street beautification | 7.000 | 10 | 102 |
| 8209 | June 21 2015 | Beautification | 7.000 | 15 | 20 |
| 8501 | June 26 2017 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 1,703 |
| 8502 | June 26 2007 | Lane lighting | 6.000 | 5 | 21 |
| 8503 | June 26 2012 | Street lighting | 6.000 | 10 | 8 |
| 8504 | June 26 2017 | Beautification | 6.000 | 15 | 194 |
| 8505 | June 26 2007 | Traffic circle | 6.000 | 5 | 5 |
| 8506 | June 25 2017 | Underground wiring | 6.000 | 15 | 179 |
| 8693 | June 27 2018 | Lane paving, speed ramps, sidewalks & curbs | 6.000 | 15 | 1,889 |
| 8694 | June 25 2018 | Lane lighting | 6.000 | 15 | 7 |
| 8695 | June 25 2018 | Street Lighting | 6.000 | 15 | 3 |
| 8696 | June 25 2018 | Beautification | 6.000 | 15 | 49 |
| 8871 | June 23 2019 | Lane paving, speed ramps, sidewalks & curbs | 5.750 | 15 | 1,312 |
| 8872 | June 23 2009 | Traffic circle | 5.750 | 5 | 2 |
| 8873 | June 23 2009 | Lane lighting | 5.750 | 5 | 11 |
| 9063 | June 29 2020 | Lane paving, speed ramps, sidewalks & curbs | 5.750 | 5 | 1,513 |
| 9064 | June 29 2010 | Lane Lighting | 5.750 | 15 | 7 |
| | | | | | <u>\$18,094</u> |

Held Internally

DEBT INTEREST RATES (\$000s)
Year Ended December 31, 2005

| <u>Interest Rate</u> | <u>General (including Waterworks)</u> | <u>Local Improvement</u> | <u>Total</u> |
|----------------------|---------------------------------------|--------------------------|-------------------|
| 10.000 | \$ - | \$ 385 | \$ 385 |
| 9.500 | - | 1,567 | 1,567 |
| 9.000 | - | 911 | 911 |
| 7.500 | 100,000 | 1,152 | 101,152 |
| 7.000 | - | 3,956 | 3,956 |
| 6.125 | 24,610 | - | 24,610 |
| 6.000 | 92,302 | 7,278 | 99,580 |
| 5.900 | 60,000 | - | 60,000 |
| 5.875 | 10,638 | - | 10,638 |
| 5.850 | 80,000 | - | 80,000 |
| 5.750 | 29,583 | 2,845 | 32,428 |
| 5.500 | 9,536 | - | 9,536 |
| 5.375 | 6 | - | 6 |
| 5.250 | 9,050 | - | 9,050 |
| 4.650 | 11,827 | - | 11,827 |
| 4.500 | 11,314 | - | 11,314 |
| 4.350 | 10,842 | - | 10,842 |
| 4.150 | 10,405 | - | 10,405 |
| 4.100 | 14,226 | - | 14,226 |
| 4.050 | 13,678 | - | 13,678 |
| 3.950 | 23,163 | - | 23,163 |
| 3.850 | 12,647 | - | 12,647 |
| 3.700 | 2,001 | - | 2,001 |
| 3.650 | 9,657 | - | 9,657 |
| 3.600 | 1,924 | - | 1,924 |
| 3.450 | 11,243 | - | 11,243 |
| 3.350 | 10,810 | - | 10,810 |
| 3.300 | 9,350 | - | 9,350 |
| 3.250 | 10,395 | - | 10,395 |
| 3.150 | 9,995 | - | 9,995 |
| 2.950 | 9,080 | - | 9,080 |
| 2.500 | 8,855 | - | 8,855 |
| 3.700 | 10,159 | - | 10,159 |
| 3.600 | 9,769 | - | 9,769 |
| | <u>\$ 627,065</u> | <u>\$ 18,094</u> | <u>\$ 645,159</u> |

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2005

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 |
| 2006 | \$98,416 | \$6,479 | \$104,895 | \$38,979 | \$2,626 | \$41,605 | \$2,479 | \$196 | \$2,675 | \$139,874 | \$9,301 | \$149,175 |
| 2007 | 28,994 | 1,289 | 30,283 | 10,051 | 465 | 10,516 | 2,252 | 169 | 2,421 | 41,297 | 1,923 | 43,220 |
| 2008 | 22,590 | 954 | 23,544 | 7,630 | 340 | 7,970 | 2,056 | 148 | 2,204 | 32,276 | 1,442 | 33,718 |
| 2009 | 121,520 | 6,877 | 128,397 | 50,018 | 2,875 | 52,893 | 1,840 | 127 | 1,967 | 173,378 | 9,879 | 183,257 |
| 2010 | 25,668 | 2,998 | 28,666 | 8,337 | 942 | 9,279 | 1,644 | 113 | 1,757 | 35,649 | 4,053 | 39,702 |
| 2011-2015 | 164,844 | 5,987 | 170,831 | 50,018 | 1,835 | 51,853 | 5,664 | 353 | 6,017 | 220,526 | 8,175 | 228,701 |
| Thereafter | - | - | - | - | - | - | 2,159 | 127 | 2,286 | 2,159 | 127 | 2,286 |
| | <u>\$462,032</u> | <u>\$24,584</u> | <u>\$486,616</u> | <u>\$165,033</u> | <u>\$9,083</u> | <u>\$174,116</u> | <u>\$18,094</u> | <u>\$1,233</u> | <u>\$19,327</u> | <u>\$645,159</u> | <u>\$34,900</u> | <u>\$680,059</u> |

External Debt Only

| | General | | | Waterworks | | | Total General & Waterworks | | |
|-----------|------------------|-----------------|------------------|------------------|----------------|------------------|-------------------------------|-----------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2006 | \$98,416 | \$6,479 | \$104,895 | \$38,979 | \$2,626 | \$41,605 | \$137,395 | \$9,105 | \$146,500 |
| 2007 | 28,994 | 1,289 | 30,283 | 10,051 | 465 | 10,516 | 39,045 | 1,754 | 40,799 |
| 2008 | 22,590 | 954 | 23,544 | 7,630 | 340 | 7,970 | 30,220 | 1,294 | 31,514 |
| 2009 | 81,520 | 4,517 | 86,037 | 30,018 | 1,695 | 31,713 | 111,538 | 6,212 | 117,750 |
| 2010 | 24,629 | 2,936 | 27,565 | 8,337 | 942 | 9,279 | 32,966 | 3,878 | 36,844 |
| 2011-2015 | 164,844 | 5,987 | 170,831 | 50,018 | 1,835 | 51,853 | 214,862 | 7,822 | 222,684 |
| | <u>\$420,993</u> | <u>\$22,162</u> | <u>\$443,155</u> | <u>\$145,033</u> | <u>\$7,903</u> | <u>\$152,936</u> | <u>\$566,026</u> | <u>\$30,065</u> | <u>\$596,091</u> |

OUTSTANDING BORROWING AUTHORITY
Year Ended December 31, 2005

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

| | <u>Amount Authorized</u> | <u>Debentures Issued to Dec 31, 2005</u> | <u>Balance</u> |
|--|------------------------------|--|-------------------|
| General (excluding Sewer and Water) | | | |
| 2003 - 2005 | \$ 116,790 | \$ 97,265 | \$ 19,525 |
| 2006 - 2008 | 170,570 | - | 170,570 |
| | <u>\$ 287,360</u> | <u>\$ 97,265</u> | <u>\$ 190,095</u> |
| Sewer and Water | | | |
| 2003 - 2005 | \$ 104,750 | \$ 104,750 | \$ - |
| 2006 - 2008 | 129,210 | - | 129,210 |
| | <u>\$ 233,960</u> | <u>\$ 104,750</u> | <u>\$ 129,210</u> |
| Total General, Water and Sewer | | | |
| 2003 - 2005 | \$ 221,540 | \$ 202,015 | \$ 19,525 |
| 2006 - 2008 | 299,780 | - | 299,780 |
| | <u>\$ 521,320</u> | <u>\$ 202,015</u> | <u>\$ 319,305</u> |

GENERAL STATISTICS
Year Ended December 31, 2005

Land Area (hectares) 11,396

Public Schools

Schools and annexes 109
Pupils 56,867
Teachers (F.T.E.) 3,184

Waterworks

Annual consumption (cubic metres) 129.0
Number of services - metered 13,868
- flat rate 80,804
Total number of services 94,672
Kilometres of water main 1,437

Parks and Recreation Facilities

Public Parks 200 (1,297.9 hectares)
Beaches 11
Ice Rinks 8
Swimming Pools 15
Golf Courses 6
Community Centres 23
Tennis Courts 183
Other Recreational facilities 9

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|-------------|-------------|-------------|-------------|-------------|
| Value of Building Permits (\$000s) | 1,574,061 | 1,640,663 | 1,062,780 | 1,300,141 | 1,119,043 |
| Roads and Sewers (kilometres) | | | | | |
| Street pavements | 1,249 | 1,245 | 1,223 | 1,219 | 1,215 |
| Lane pavements | 678 | 668 | 592 | 588 | 582 |
| Cement concrete sidewalks | 2,164 | 2,159 | 2,058 | 2,057 | 2,055 |
| Sewers | 1,999 | 1,984 | 1,974 | 1,962 | 1,951 |