

CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

2015

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Vancouver City Council 2014 – 2018

City Council is made up of the Mayor and ten councillors who are elected at large for a four-year term.



Councillor
Heather
Deal

Councillor
George
Affleck

Councillor
Elizabeth
Ball

Councillor
Raymond
Louie

Councillor
Geoff
Meggs

Mayor
Gregor
Robertson

Councillor
Tim
Stevenson

Councillor
Andrea
Reimer

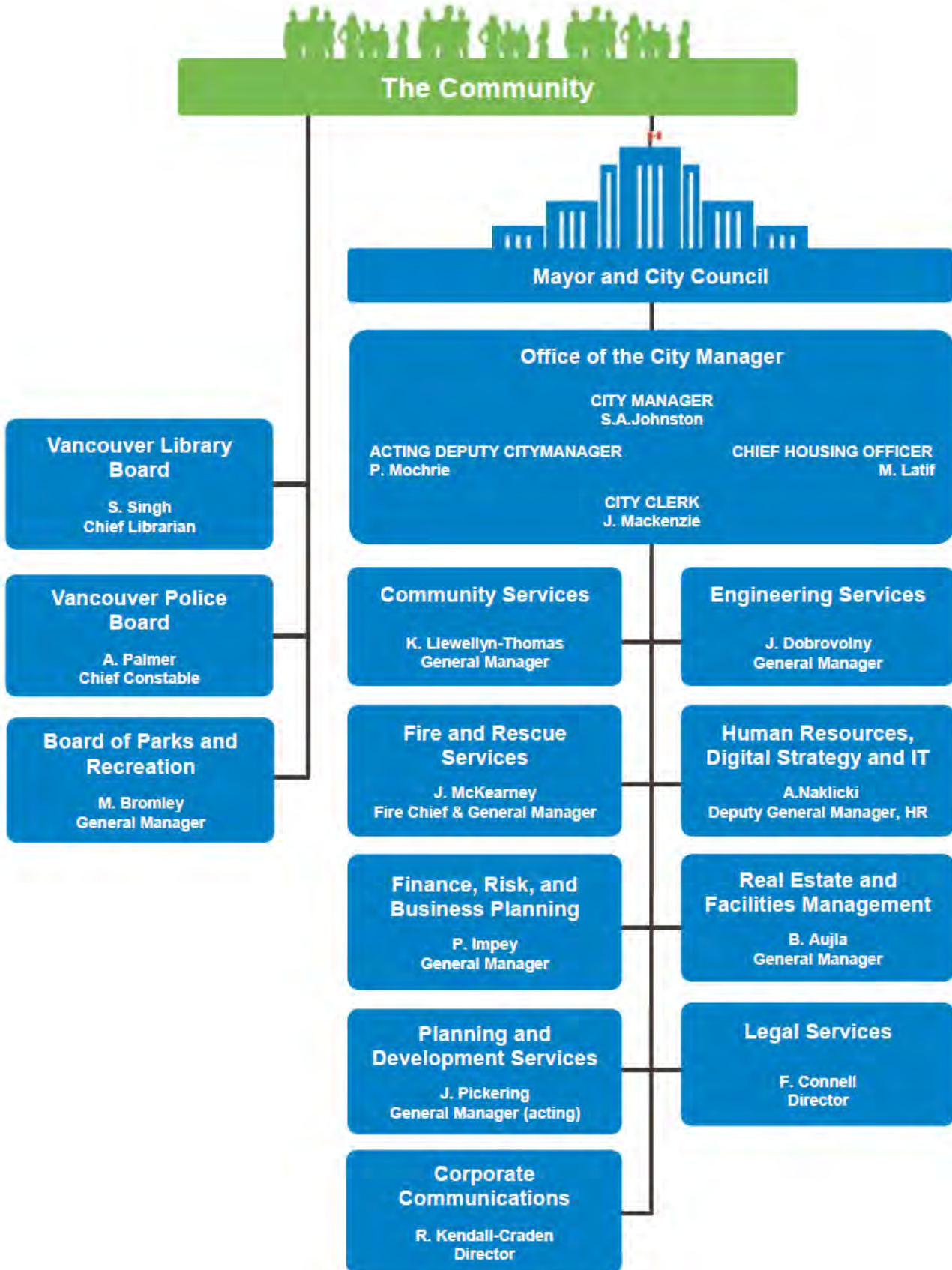
Councillor
Kerry
Jang

Councillor
Adriane
Carr

Councillor
Melissa
De Genova

CITY OF VANCOUVER ORGANIZATIONAL CHART

The City of Vancouver’s organizational structure supports the community.



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, 2015. These financial statements include the financial position and results of operations of the City including its boards and City controlled corporations. The preparation of the Consolidated Financial Statements is the responsibility of management and they have been prepared in accordance with Canadian Generally Accepted Accounting Principles as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded.

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 Financial Assets (Liabilities) – summary of changes in financial assets and liabilities.
- Consolidated Statement of Cash Flow – summary of the sources and uses of cash in the year.

The Consolidated Financial Statements have been audited by the independent firm of KPMG LLP and their report precedes the financial statements.

Consolidated Financial Position

(\$Millions)	2015	2014	Change
Financial assets	\$ 2,000.9	\$ 1,742.2	\$ 258.7
Liabilities	1,927.6	1,806.0	121.6
Net financial assets (liabilities)	73.3	(63.8)	137.1
Non-financial assets	6,475.7	6,393.9	81.8
Accumulated surplus - end of year	\$ 6,549.0	\$ 6,330.1	\$ 218.9
Adjustment for contaminated site liabilities	-	(1.4)	1.4
	<u>\$ 6,549.0</u>	<u>\$ 6,328.7</u>	<u>\$ 220.3</u>

The City's overall financial position improved by \$220.3 million in 2015 with accumulated surplus totaling \$6.549 billion (2014 - \$6.329 billion).

The City's net financial position, calculated as Financial assets less Liabilities can result in either a Net financial asset or a Net financial liability. A Net financial asset position is an indicator of the funds available for future expenditures and a Net financial liability position is an indicator of future revenues required to pay for past transactions and events. The City's net financial position improved by \$137.1 million resulting in a Net financial asset position of \$73.3 million mainly due to the City's annual consolidated surplus (revenues exceeding expenses) of \$220.3 million offset by net capital acquisitions.

The City's non-financial assets increased in 2015 by \$81.8 million, bringing the total to \$6.476 billion. The increase is the net result of capital additions of physical assets in the year offset by disposals and amortization expense.

REPORT OF THE DIRECTOR OF FINANCE

Consolidated Results of Operations

(\$Millions)	2015 Budget	2015	2014
Revenues	\$ 1,426.8	\$ 1,583.5	\$ 1,560.1
Expenses	1,348.8	1,363.2	1,345.2
Annual surplus	\$ 78.0	\$ 220.3	\$ 214.9

Year over Year Change

Consolidated revenues of \$1.584 billion increased by \$23.4 million over 2014 mainly due to:

- an increase of \$28.3 million in property taxes
- an increase in utility fees of \$9.6 million
- a decrease of \$20.3 million from lower cost recoveries
- a decrease of \$13.0 million in developer contributions
- an increase of \$22.0 million in program, license and development fees, parking, rental, lease and other revenues
- an increase in gain on sale of other assets of \$13.4 million
- a decrease in gain on sale of assets of \$16.6 million related to Southeast False Creek development as all properties had been sold at the end of 2014 with the exception of 1 remaining property.

Consolidated expenses of \$1.363 billion increased by \$18.1 million over 2014 mainly due to:

- an increase of \$27.7 million in contractual wage and other fringe adjustments
- an increase of \$6.4 million in non-salary utility expenditures primarily due to higher Metro sewer and water rates and higher consumption volumes
- a decrease of \$11.9 million in expense related to Southeast False Creek development.

The City's consolidated revenues exceeded expenses resulting in an annual surplus of \$220.3 million (2014 - \$214.9 million).

Budget Variance

As disclosed in Note 14 to the consolidated financial statements, funding based budgets were adjusted for capital expenditures and amortization to align to the PSAB standard for financial reporting.

Consolidated revenues of \$1.584 billion were greater than budgeted revenues by \$156.8 million mainly due to:

- items not included in the budget due to uncertainty in timing or specific nature, including:
 - \$41.5 million of developer contributed assets
 - \$25.1 million gain on sale of property located in Southeast False Creek
- \$35.3 million in higher than budgeted cost recoveries primarily for capital projects as well as departmental recoveries including VPD secondments to other organizations
- \$10.2 million higher than budgeted license and development fees from increased trade and permit and development applications
- \$10.1 million in higher than budgeted parking revenue
- \$15.5 million higher than budgeted rental, lease and other income.

Consolidated expenses of \$1.364 billion were higher than budgeted expenses by \$14.5 million. The main variances included:

- \$18.4 million higher than budgeted costs in Engineering and VPD related to recoverable work which are offset by higher than budgeted cost recoveries
- \$8.8 million in higher than budgeted utilities costs partly due to landfill post closure costs not budgeted
- \$8.7 million lower than budgeted general government expenses due to unspent contingency, allowances for reserves and programs such as the Innovation Fund where the remaining budget is transferred to reserves or carried into 2016.

The City's annual consolidated surplus of \$220.3 million exceeded the budgeted annual surplus of \$78.0 million by \$142.2 million prior to transfers to reserves.

REPORT OF THE DIRECTOR OF FINANCE

Revenue Fund

The Revenue Fund accounts for the general operations of the City. Revenues for the year totaled \$1.276 billion and expenditures totaled \$1.079 billion. After debt charges and transfers to reserves and other funds of \$195.1 million, the net change in the Revenue fund balance was \$1.7 million. The total fund balance of the Revenue Fund currently stands at \$26.0 million, compared to \$24.3 million in 2014.

Tangible Capital Assets

The City's consolidated tangible capital assets are held in several funds or entities:

- Capital Fund holds \$5.349 billion of tangible capital assets required for civic use and the related long term debt.
- Property Endowment Fund (PEF) holds \$1.081 billion of 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.
- Other consolidated and controlled entities hold \$24.1 million of assets.

Consolidated capital additions totalled \$267.9 million in 2015 and are comprised of the following:

(\$Millions)	2015
Land and improvements	\$ 77.1
Buildings and leasehold improvements	44.7
Vehicles and other equipment	30.2
Computer systems	11.4
Infrastructure	
Streets and structures	41.5
Water system	24.9
Sewer system	34.9
Assets under construction	3.2
	<u>\$ 267.9</u>

Land additions include developer contributions of \$21.5 million for roads and \$8.5 million for affordable housing. Building additions include \$15.2 million for Taylor Manor and developer contributions of \$9.0 million for a childcare facility.

Long Term Debt

In November 2015, the City issued a 10 year \$90.0 million sinking fund debenture at a rate of 2.90%. During the year, the City made serial debt repayments of \$14.5 million and at yearend the total outstanding debt was \$943.9 million (2014 - \$868.4 million). At the end of 2015, the City has sinking fund debt reserves of \$326.4 million for future repayments.

(\$Millions)	2015	2014	Change
Long term debt	\$ 943.9	\$ 868.4	\$ 75.5
Less: Sinking fund reserves	(326.4)	(246.3)	(80.1)
Net long term debt	<u>\$ 617.5</u>	<u>\$ 622.1</u>	<u>\$ (4.6)</u>

As part of the 2015-2018 Capital Plan, the City had approved borrowing of up to \$382.5 million; \$235.0 million for the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure and \$147.5 million for sewer, water, and neighborhood energy capital expenditures. Through the 2015-2016 capital budget processes, Council has approved borrowing up to \$100.2 million. Along with outstanding authorization of \$21.1 million from the 2010–2014 Capital Plan, the overall outstanding borrowing authority at the end of 2015 was \$121.3 million.

REPORT OF THE DIRECTOR OF FINANCE

Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves in addition to the sinking fund debt repayment reserve. At the end of 2015, these specific purpose reserves totalled \$824.8 million, up \$64.1 million over 2014.

The City reserves are grouped into five main categories reflecting the purpose of the reserve, and highlights of the major changes in the year are as follows:

Financial Stabilization – provides for mitigation of risks to the City's financial stability and a buffer for impacts of unplanned events, unforeseen emergencies and short term relief from revenue fluctuations.

- The Deferred Payroll Obligations Reserve balance is unchanged from 2014 with a balance to \$55.0 million against the actuarial liability of \$87.6 million.
- The General Revenue Stabilization Reserve, (previously the Future Revenue Fund Budget Reserve) provides for operating contingency funds for events such as inclement weather, catastrophic events, environmental hazards, extraordinary public safety situations, economic downturns and unforeseen changes in revenues. The balance of the reserve is \$76.2 million.
- The Solid Waste Capital Reserve is being accumulated to fund closure and post-closure costs at the City's landfill. The present liability is calculated based on the ratio of utilization to the total capacity of the landfill site and the discounted value of future estimated cash flows associated with closure and post-closure activities. At year end, the liability amounted to \$68.8 million, with the remaining capacity of 6.7 million tonnes (26.6% of total capacity) to be utilized by 2036. During the year the reserve increased by \$13.4 million to \$85.3 million as a result of operating surplus, interest and Metro Vancouver contribution of \$14.5 million offset by capital and closure expenditures of \$1.1 million.

Asset Management – provides for renewal, replacement and major maintenance of tangible capital assets.

- The Plant and Equipment Reserves which fund the long term equipment replacement plan decreased by \$8.3 million to \$76.0 million. The reserves are primarily funded by internal equipment charges provided in the Operating and Capital Budgets and proceeds from equipment disposals in 2015 which amounted to \$18.1 million. Equipment acquisition expenditures in 2015 were \$26.4 million.

Future Capital – provides for new capital asset additions to address City growth.

- Community Amenity contributions from developers totaled \$41.9 million of which \$18.6 million were directed by Council to the Affordable Housing Reserve. Expenditures of \$8.4 million for capital projects brought the yearend Community Amenities Reserve balance to \$185.8 million. The Affordable Housing Reserve increased \$10.5 million to \$40.0 million.
- Capital Facilities and Infrastructure Reserve hold funds for future streets and transit infrastructure and building projects. The reserve balance of \$58.8 million increased by \$31.3 million mainly due to \$24.0 million transfer from operating surplus and \$6.4 million from property sales.
- The Parking Sites Reserve holds the net parking revenues from the City's parkades and parking lots, managed and operated by the Parking Corporation of Vancouver (EasyPark). Net parking revenues of \$6.3 million was offset by capital expenditures of \$2.6 million and property acquisition of \$13.5 million resulting in a decrease of \$9.8 million bringing the balance of reserve to \$33.8 million.

Special Revenue and Programs – holds funds received from external sources or designated for specific purposes.

- The Insurance reserve provides for payment of claims against the City. In 2015, payments of \$4.1 million exceeded transfers to the reserve by \$1.1 million leaving a balance of \$30.6 million.
- Social and Cultural contributions increased by \$3.8 million from a \$2.0 million 2015 Council approved transfer for the upcoming Canada 150th anniversary celebration and other festivals and \$1.6 million from the Hastings Park agreement offset by \$0.3 million in expenditures. The balance at the end of the year was \$21.1 million.

Future Debt Repayment – for future debt repayments

- A transfer of \$6.1 million to cover the Sinking Fund deficit left the Future Debt Repayment Reserve with a balance of \$40.3 million.

REPORT OF THE DIRECTOR OF FINANCE

Summary

The City's financial position continued to improve in 2015. After the sale of the remaining interest in the Southeast False Creek development in early 2014 and repayment of the associated borrowing, one remaining property is reflected on the financial statements as \$5.3 million in land held for resale.

The City's 2015 financial position remains strong and is reflected in credit rating agencies' ratings. In March 2015, Moody's Investors Services improved their credit rating outlook to Aaa Stable (from Aaa negative) and in February 2016, Standard and Poor's improved their credit rating outlook to AA+ Positive (from AA+ Stable). Both credit ratings agencies' outlook improvements reflected the agencies' assessments of the City's exceptional liquidity, strong economy, low debt burden and strong budgetary performance. Strong credit ratings provide the City the opportunity to borrow at more favourable interest rates.

Respectfully submitted,



Patrice Impey, B.Sc. MBA
General Manager, Finance, Risk & Business Planning
Chief Financial Officer
Director of Finance



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

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councilors of the City of Vancouver

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the City of Vancouver, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, change in net financial assets (liabilities) and 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Vancouver as at December 31, 2015, and its consolidated results of operations, its consolidated change in net financial assets (liabilities) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other Legal and Regulatory Requirements

As required by the Vancouver Charter, we report that, in our opinion, the accounting policies applied in preparing and presenting the consolidated financial statements in accordance with Canadian public sector accounting standards have been applied, after giving effect to the adoption of new accounting standard as explained in Note 2 to the consolidated financial statements, on a basis consistent with that of the preceding period.



Chartered Professional Accountants

March 31, 2016

Burnaby, Canada

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

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 212,140	\$ 150,671
Temporary investments (Note 3)	1,644,172	1,438,601
Accounts receivables (Note 4)	115,720	119,919
Land held for resale	5,337	5,337
Long term lease agreement receivable (Note 10(a))	23,509	27,679
	2,000,878	1,742,207
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	304,840	313,296
Deferred liabilities (Note 9)	166,933	154,381
Mortgage and loan agreements (Note 10(b))	44,486	47,084
Long term debt (Note 6)	943,905	868,357
Deferred revenue (Note 11)	467,454	422,919
	1,927,618	1,806,037
NET FINANCIAL ASSETS (LIABILITIES)	73,260	(63,830)
NON-FINANCIAL ASSETS		
Inventory and prepaids	21,794	19,983
Tangible capital assets (Note 7)	6,453,934	6,373,932
	6,475,728	6,393,915
ACCUMULATED SURPLUS (Note 2, Note 8)	\$ 6,548,988	\$ 6,330,085

Contingencies and commitments (Note 12)
See accompanying Notes to Consolidated Financial Statements

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

	2015	2015	2014
	Budget		
	(Note 14)		
REVENUES			
Property taxes, penalties and interest (Note 12(b))	\$ 689,894	\$ 699,838	\$ 671,543
Utility fees	228,905	231,211	221,605
Program fees	102,496	107,378	104,342
License and development fees	55,264	65,490	65,090
Parking	73,839	83,981	77,517
Cost recoveries, grants and donations	68,291	103,549	123,831
Revenue sharing	21,652	23,798	17,924
Investment income	26,216	28,795	27,892
Rental, lease and other	57,480	72,945	68,878
Bylaw fines	17,256	17,109	15,832
Developer contributions	85,483	124,331	137,372
Gain on sale of tangible capital assets	-	25,105	11,691
Gain on sale of Southeast False Creek assets	-	-	16,610
	<u>1,426,776</u>	<u>1,583,530</u>	<u>1,560,127</u>
EXPENSES			
Utilities	246,035	254,867	244,853
General government	155,661	146,956	173,732
Police protection	281,509	286,134	263,537
Fire protection	113,761	113,357	108,089
Engineering	172,044	185,863	183,258
Planning and development	34,095	35,151	25,583
Parks and recreation	182,847	185,110	180,246
Community and cultural services	109,433	103,020	103,341
Library	53,365	51,029	48,865
Southeast False Creek Development	-	1,790	13,709
	<u>1,348,750</u>	<u>1,363,277</u>	<u>1,345,213</u>
ANNUAL SURPLUS	<u>78,026</u>	<u>220,253</u>	<u>214,914</u>
ACCUMULATED SURPLUS (Note 8)			
Beginning of year, previously reported	6,330,085	6,330,085	6,115,171
Adjusted for contaminated site liabilities (Note 2)	<u>(1,350)</u>	<u>(1,350)</u>	-
Adjusted beginning of year	<u>6,328,735</u>	<u>6,328,735</u>	<u>6,115,171</u>
End of year	<u>\$ 6,406,761</u>	<u>\$ 6,548,988</u>	<u>\$ 6,330,085</u>

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

	2015 Budget	2015	2014
	(Note 14)		
Annual Surplus	\$ 78,026	\$ 220,253	\$ 214,914
Acquisition of tangible capital assets	(245,969)	(226,450)	(231,431)
Contributed tangible capital assets	-	(41,442)	(44,248)
Amortization of tangible capital assets	169,102	169,103	174,266
Gain on sale of tangible capital assets	-	(25,105)	(11,691)
Proceeds on sale of tangible capital assets	-	43,892	34,974
	<u>(76,867)</u>	<u>(80,002)</u>	<u>(78,130)</u>
Change in inventory and prepaids	-	(1,811)	(1,845)
CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)	1,159	138,440	134,939
NET FINANCIAL ASSETS (LIABILITIES)			
Beginning of year	(63,830)	(63,830)	(198,769)
Adjustment for contaminated site liabilities (Note 2)	(1,350)	(1,350)	-
	<u>(65,180)</u>	<u>(65,180)</u>	<u>(198,769)</u>
End of year	<u>\$ (64,021)</u>	<u>\$ 73,260</u>	<u>\$ (63,830)</u>

See accompanying Notes to Consolidated Financial Statements

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

	2015	2014
CASH PROVIDED BY (USED IN):		
Operating Transactions		
Annual surplus	\$ 220,253	\$ 214,914
Items not involving cash		
Amortization	169,103	174,266
Contributed tangible capital assets	(41,442)	(44,248)
Gain on sale of Southeast False Creek assets	-	(16,610)
Gain on sale of tangible capital assets	(25,105)	(11,691)
Recognition of deferred revenue	(56,778)	(39,425)
Change in non-cash items		
Other financial assets and liabilities	(87)	8,850
Change in obligations to be funded from future revenues	11,202	3,319
Decrease in inventory and prepaids	(1,811)	(1,845)
	275,335	287,530
Financing Transactions		
Debt issued	90,000	105,000
Debt repayments	(17,050)	(27,892)
Deferred revenue receipts	101,313	71,091
Southeast False Creek credit facility program	-	(150,000)
	174,263	(1,801)
Capital Transactions		
Acquisition of tangible capital assets	(226,450)	(231,431)
Proceeds of sale of tangible capital assets	43,892	34,974
	(182,558)	(196,457)
Investing Transactions		
Southeast False Creek proceeds	-	122,117
Net purchase of temporary investments	(205,571)	(139,934)
	(205,571)	(17,817)
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,469	71,455
CASH AND CASH EQUIVALENTS		
Beginning of year	150,671	79,216
End of year	\$ 212,140	\$ 150,671

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards.

(b) Reporting Entity

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

Hastings Institute Inc.	Vancouver Civic Development Corporation
Harbour Park Development Ltd.	City of Vancouver Public Housing Corporation
Parking Corporation of Vancouver	Pacific National Exhibition
Vancouver Economic Commission	Vancouver Affordable Housing Agency

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

- Capital Fund - Accounts for capital expenditures supporting civic infrastructure and holds all properties required for civic use and the related long term debt.
- Revenue Fund - Accounts for revenue and expenditures for the general operations of the City including sewer, solid waste, and water and neighbourhood energy utilities.
- Property Endowment Fund – Accounts for parkades and properties which are leased to third parties, being developed or held for resale or lease.
- Sinking Fund - 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 Fund - Accounts for funds designated for the financing of capital works, for the acquisition of the City's debentures and for funds set aside for the City's solid waste disposal program.

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

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

(c) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(d) Deferred Revenue

Deferred revenue consists of the following:

(i) Development cost levies:

The City collects development cost levies in accordance with Council approved by-laws to finance growth-related projects. These amounts will be recognized as revenues in the year in which the expenditures are incurred.

(ii) Prepaid leases

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

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Cash and Temporary Investments

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

(f) Non-financial Assets

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

(i) Tangible capital assets

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

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

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

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

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

(ii) Inventories and prepaid expenses

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

(g) Pension Plan and Deferred Payroll Liabilities

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(h) Landfill Closure and Post Closure Costs

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

(i) Liabilities for Contaminated Sites

The City recognizes a liability for remediation of a contaminated site when the site is no longer in productive use or an unexpected event resulting in contamination has occurred and the following criteria are satisfied: contamination exceeds an environmental standard, the City is either directly responsible or has accepted responsibility for remediation, it is expected future economic benefits will be given up and a reasonable estimate of the amount can be made. Future economic benefits are expected to be given up if the City has an external obligation to remediate a site or has commenced remediation on its own accord.

(j) Use of Estimates

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

Significant estimates include assumptions used in estimating provisions for accrued liabilities, legal claims, landfill liability and contaminated sites liabilities and in performing actuarial valuations of employee future benefits. The amounts recorded for tangible capital assets are based on management's estimates of historical cost, useful lives and valuation for contributed assets.

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

(k) Comparative Figures

Certain comparative figures for the year ended December 31, 2014 have been reclassified to conform with the presentation adopted in the current year.

2. ADOPTION OF NEW ACCOUNTING STANDARD

The City adopted Public Sector Accounting Standard 3260 Liability for Contaminated Sites for the year ended December 31, 2015. During the year a review of City properties was completed and a liability of \$6.1million was determined of which \$4.6 million existed as of December 31, 2014. The 2015 opening balance of accumulated surplus has decreased by \$1.35 million over the amount previously reported, representing the liability expensed and existing at December 31, 2014.

The effect of the adjustment has been applied retroactively without restatement:

	2015
Accumulated surplus, January 1	
As previously reported	\$ 6,330,085
Adjustment for liability to remediate contaminated sites	(1,350)
Adjusted	<u>\$ 6,328,735</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

3. CASH AND TEMPORARY INVESTMENTS

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 212,140	\$ 150,671
Temporary investments	1,644,172	1,438,601
Total cash and temporary investments	<u>\$ 1,856,312</u>	<u>\$ 1,589,272</u>
Market value of total cash and investments	<u>\$ 2,001,374</u>	<u>\$ 1,686,909</u>

4. ACCOUNTS RECEIVABLES

	<u>2015</u>	<u>2014</u>
Accrued interest	\$ 11,832	\$ 10,251
Employee advances	1,494	1,709
Local improvement receivables	4,959	5,822
Property taxes receivables	23,347	23,878
Rental and lease receivables	1,450	695
Trade and other receivables	45,681	52,549
Utility receivables	26,957	25,015
	<u>\$ 115,720</u>	<u>\$ 119,919</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
Payroll liabilities	\$ 61,951	\$ 82,119
Property tax advance deposits and receipts	98,475	82,753
Other advance deposits and receipts	48,992	42,929
Trade and other liabilities	95,422	105,495
	<u>\$ 304,840</u>	<u>\$ 313,296</u>

6. LONG TERM DEBT

Debenture debt is shown at its face amount.

<u>Maturing In</u>	<u>Total</u>
2016	230
2017	125,234
2018	238
2019	125,243
2020	125,247
Thereafter	567,713
Total	<u>\$ 943,905</u>

Interest rates payable on the principal amount of the debentures range from 1.71% to 6.00% per annum. The weighted average interest rate on total external debt to maturity is 3.92%. Total interest paid in 2015 on externally held debt amounted to \$34.9 million (2014 - \$32.5 million). Reserve for debt retirement at December 31, 2015 amounted to \$326.5 million (2014 - \$246.3 million) resulting in a net external debt of \$617.5 million (2014 - \$622.1 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

7. TANGIBLE CAPITAL ASSETS

	Balance beginning of year	Additions net of transfers	Disposals	Balance end of year
Cost				
Land	\$ 1,871,652	\$ 64,695	\$ (8,839)	\$ 1,927,508
Landfill and land improvements	268,868	12,449	-	281,317
Buildings and building improvements	1,411,368	30,358	(8,375)	1,433,351
Leasehold improvements	27,595	14,335	-	41,930
Vehicles, equipment and furniture	302,520	26,960	(11,780)	317,700
Computer systems	166,030	11,397	(833)	176,594
Library books and materials	40,202	3,195	(5,386)	38,011
Infrastructure				
Streets and structures	3,130,115	41,470	(964)	3,170,621
Water system	723,848	24,957	(4,090)	744,715
Sewer system	1,400,585	34,914	(1,509)	1,433,990
Assets under construction	45,500	3,162	-	48,662
Total Cost	9,388,283	267,892	(41,776)	9,614,399
Accumulated amortization				
Landfill and land improvements	143,412	8,979	-	152,391
Buildings and building improvements	385,801	32,073	(4,422)	413,452
Leasehold improvements	9,406	1,452	-	10,858
Vehicles, equipment and furniture	195,334	18,526	(9,957)	203,903
Computer systems	141,059	10,901	(830)	151,130
Library books and materials	27,065	2,547	(4,198)	25,414
Infrastructure				
Streets and structures	1,557,231	69,959	(733)	1,626,457
Water system	187,439	9,352	(2,150)	194,641
Sewer system	367,604	15,314	(699)	382,219
Accumulated amortization	3,014,351	169,103	(22,989)	3,160,465
Net book value				
Land *	1,871,652	64,695	(8,839)	1,927,508
Landfill and land improvements	125,456	3,470	-	128,926
Buildings and building improvements	1,025,567	(1,715)	(3,953)	1,019,899
Leasehold improvements	18,189	12,883	-	31,072
Vehicles, equipment and furniture	107,186	8,434	(1,823)	113,797
Computer systems	24,971	496	(3)	25,464
Library books and materials	13,137	648	(1,188)	12,597
Infrastructure				
Streets and structures	1,572,884	(28,489)	(231)	1,544,164
Water system	536,409	15,605	(1,940)	550,074
Sewer system	1,032,981	19,600	(810)	1,051,771
Assets under construction	45,500	3,162	-	48,662
Net Book Value	\$ 6,373,932	\$ 98,789	\$ (18,787)	\$ 6,453,934
Net Book Value (2014)	\$ 6,295,802	\$ 101,413	\$ (23,283)	\$ 6,373,932

*The Assessed Value of land is \$15,198,065 (2014 - \$13,718,611)

Additions include contributed tangible capital assets - land \$31.0M, buildings \$9.2M, streets and structures \$0.9M, sewer systems \$0.3M, and water systems \$0.1M.

Additions include transfers from assets under construction of \$22.5m

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

8. ACCUMULATED SURPLUS

	2015	2014
Investment in tangible capital assets	\$ 5,499,510	\$ 5,496,094
Reserve for Sinking Fund debt retirement - statutory	299,265	228,602
Reserve for Sinking Fund debt retirement - non-statutory	27,218	17,699
Reserves	824,841	760,754
Fund balances	65,087	(18,683)
Obligations to be funded from future revenues (Note 9)	(166,933)	(154,381)
	<u>\$ 6,548,988</u>	<u>\$ 6,330,085</u>

The following reserve amounts are set aside for specific purposes:

	2014	Transfer To	Transfer From	Change During Year	2015
Financial Stabilization					
Deferred Payroll Obligation	\$ 54,974	\$ -	\$ -	\$ -	\$ 54,974
General Revenue Stabilization	60,099	23,875	(7,741)	16,134	76,233
Solid Waste Capital	71,910	14,503	(1,134)	13,369	85,279
Utility Rate Stabilization	9,508		(2,907)	(2,907)	6,601
	<u>196,491</u>	<u>38,378</u>	<u>(11,782)</u>	<u>26,596</u>	<u>223,087</u>
Asset Management					
Golf Course and Artificial Turf	5,253	550	-	550	5,803
Plant and Equipment	84,319	18,075	(26,384)	(8,309)	76,010
Streets Capital Maintenance	14,695	2,156	(59)	2,097	16,792
	<u>104,267</u>	<u>20,781</u>	<u>(26,443)</u>	<u>(5,662)</u>	<u>98,605</u>
Future Capital					
Affordable Housing	29,561	22,464	(12,001)	10,463	40,024
Capital Facilities and Infrastructure	27,547	32,450	(1,150)	31,300	58,847
Community Amenities	171,550	22,670	(8,400)	14,270	185,820
Parking Sites	43,672	6,384	(16,259)	(9,875)	33,797
Pedestrian and Cycling	11,629	(56)	(1,064)	(1,120)	10,509
	<u>283,959</u>	<u>83,912</u>	<u>(38,874)</u>	<u>45,038</u>	<u>328,997</u>
Special Revenue and Programs					
Childcare Endowment	18,996	955	(640)	315	19,311
Community Amenity Operations	7,765	258	(398)	(140)	7,625
Donations	11,397	2,889	(2,265)	624	12,021
Emerging Neighbourhood	10,000	-	-	-	10,000
Insurance	31,726	2,937	(4,047)	(1,110)	30,616
Outstanding Commitments	18,864	1,205	(1,016)	189	19,053
Public Art	8,743	1,005	(204)	801	9,544
Social and Cultural	17,589	3,773	(255)	3,518	21,107
Other	4,538	2,086	(2,048)	38	4,576
	<u>129,618</u>	<u>15,108</u>	<u>(10,873)</u>	<u>4,235</u>	<u>133,853</u>
Future Debt Repayment					
	46,419	496	(6,616)	(6,120)	40,299
	<u>\$ 760,754</u>	<u>\$ 158,675</u>	<u>\$ (94,588)</u>	<u>\$ 64,087</u>	<u>\$ 824,841</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

8. ACCUMULATED SURPLUS - Continued

Fund balances are comprised of:

	2014	Change During Year	2015
Revenue Fund	\$ 24,304	\$ 1,679	\$ 25,983
Capital Fund	(145,974)	19,160	(126,814)
Capital Financing Fund	264,590	10,352	274,942
Sinking Fund	-	-	-
Property Endowment Fund	(158,856)	50,808	(108,048)
Harbour Park Development Ltd.	7	(1)	6
Vancouver Civic Development Corp.	11,304	70	11,374
Hastings Institute Inc.	227	5	232
Pacific National Exhibition	(8,863)	577	(8,286)
City of Vancouver Public Housing Corporation	(397)	176	(221)
Vancouver Economic Commission	1,547	(13)	1,534
Parking Corporation of Vancouver	57	(122)	(65)
	<u>(12,054)</u>	<u>82,691</u>	<u>70,637</u>
Elimination for internally-held debt on consolidation	(6,629)	1,079	(5,550)
	<u>\$ (18,683)</u>	<u>\$ 83,770</u>	<u>\$ 65,087</u>

9. DEFERRED LIABILITIES

	2015	2014
Deferred payroll costs (a)	\$ 87,601	\$ 85,064
Landfill closure and post-closure costs (b)	68,771	65,011
Contaminated sites (Note 2)	6,100	-
Accrued interest on long term debt	4,461	4,306
	<u>\$ 166,933</u>	<u>\$ 154,381</u>

(a) Deferred Payroll Costs

The City's employee benefit liabilities as at December 31, 2015 are \$87.6 million (\$2014 - \$85.1 million). The City has provided \$55.0 million (2014 - \$55.0 million) in a reserve for the funding for these liabilities. An actuarial valuation was completed as at December 31, 2015 using the following valuation assumptions:

	2015	2014
Discount rate	3.92%	4.03%
Inflation rate	2.00%	2.00%
Rate of compensation increase	2.75% to 5.25%	2.75% to 5.25%

Employee benefit liabilities are as follows:

	2015	2014
Sick leave gratuity	\$ 32,448	\$ 30,569
Deferred vacation	10,160	10,230
Non-vested accumulating sick leave	5,163	5,128
Long term disability	15,470	15,810
Other post-employment benefits	13,947	14,160
	<u>77,188</u>	<u>75,897</u>
Unamortized actuarial gain	10,413	9,167
	<u>\$ 87,601</u>	<u>\$ 85,064</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

9. DEFERRED LIABILITIES - Continued

(a) Deferred Payroll Costs - Continued

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

	2015	2014
Beginning of the year	\$ 85,064	\$ 81,603
Current service cost	11,017	10,964
Interest cost	3,294	3,554
Amortization of actuarial gain	(1,174)	(657)
Actual benefits paid	(10,600)	(10,400)
End of the year	<u>\$ 87,601</u>	<u>\$ 85,064</u>

(b) Landfill Closure and Post-Closure Costs

The landfill closure and post-closure liability as at December 31, 2015 is \$68.8 million (2014 - \$65.0 million) an increase of \$3.8 million. The City has provided \$85.3 million (2014 - \$71.9 million) in a reserve for the funding of these liabilities.

The landfill liabilities reported are based on the following assumptions:

	2015	2014
Closure date	2036	2036
Years of post-closure maintenance	30	30
Total capacity (million tonnes)	25.4	23.7
Future costs (million)	\$228.7	\$210.7
Present value of future costs (million)	\$129.4	\$114.7
Deposited to date (million tonnes)	18.7	18.2
Utilization of total capacity to date	73.4%	77.5%
City's share of liability	72.4%	73.2%
Discount rate	3.92%	4.03%
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.

10. LONG TERM LEASE, MORTGAGE AND LOAN AGREEMENTS

- (a) 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 balance of the lease receivable is \$23.5 million (2014 - \$27.7 million).
- (b) The loan agreement is the revolving facility for the PNE with a Canadian chartered bank providing for borrowing of up to \$20.4 million. The facility bears interest at the bank prime rate and is due on demand.

Outstanding mortgages include:

- \$26.5 million (2014 - \$30.4 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. The interest paid in 2015 on the Library Square mortgage amounted to \$2.8 million (2014 - \$3.1 million).
- \$6.3 million (2014 - \$6.7 million) in mortgages payable to Canada Mortgage and Housing Corporation for 3 non-market housing projects. Interest rates range from 2.1% to 8.0% with maturity dates from February 1, 2020 to December 1, 2027. The interest paid in 2015 amounted to \$0.3 million (2014 - \$0.3 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

10. LONG TERM LEASE, MORTGAGE AND LOAN AGREEMENTS - Continued

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

	2016	\$	4,784
	2017		5,235
	2018		5,730
	2019		6,275
	2020		6,859
	Thereafter		3,876
			<u>32,759</u>
Loan agreement			11,727
Total		\$	<u>44,486</u>

11. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2014	Contributions and Interest	Recognized as Revenue	2015
Development cost levies				
City-wide	\$ 170,901	\$ 79,072	\$ (31,623)	\$ 218,350
Area-specific	76,960	13,082	(10,954)	79,088
	<u>247,861</u>	<u>92,154</u>	<u>(42,577)</u>	<u>297,438</u>
Prepaid Leases	171,276	130	(4,771)	166,635
Capital contributions	1,389	114	(28)	1,475
Other	2,393	8,915	(9,402)	1,906
	<u>\$ 422,919</u>	<u>\$ 101,313</u>	<u>\$ (56,778)</u>	<u>\$ 467,454</u>

Development cost levies (DCL) are collected from developers to fund growth related capital projects including parks, childcare facilities, replacement housing and engineering infrastructure. DCL's must be spent on projects within defined area boundaries and are recognized as revenue as Council approved expenditures are incurred.

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

12. 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 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 and 1 Class B share (of a total 28 Class A and 23 Class B shares issued and outstanding at December 31, 2015). 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 \$18.9 million during the year (2014 - \$18.6 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

12. CONTINGENCIES AND COMMITMENTS - Continued

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

	2015	2014
Taxes collected by the City:		
Property and business taxes	\$ 1,346,162	\$ 1,277,822
Payment in lieu of taxes	30,436	32,957
Local improvement levies	1,385	1,585
	<u>1,377,983</u>	<u>1,312,364</u>
Less taxes remitted to:		
Province of British Columbia - School Taxes	519,772	489,743
Greater Vancouver Transportation Authority	122,484	116,946
B.C. Assessment Authority	19,277	18,233
Greater Vancouver Regional District	16,550	15,843
Municipal Finance Authority	62	56
	<u>678,145</u>	<u>640,821</u>
Net Taxes for Municipal Purposes	<u>\$ 699,838</u>	<u>\$ 671,543</u>

(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 administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1.37 billion funding deficit for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2015, with results available in 2016.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The City of Vancouver paid \$70.8 million (2014 - \$62.2 million) for employer contributions while employees contributed \$56.8 million (2014 - \$50.0 million) to the plan in fiscal 2015.

(d) Contingent Legal Liabilities

As at December 31, 2015, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has recorded a liability for certain uninsured claims, but has made no specific provision for those where the outcome is presently indeterminable. The City also has a reserve of \$30.6 million (2014 - \$31.7 million) for potential claims.

12. CONTINGENCIES AND COMMITMENTS - Continued

(c) Property Assessment Appeals

As at December 31, 2015, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City has recorded a liability for certain appeals and makes an annual provision against property taxes receivable for the impact of appeals.

(d) Loan Guarantees

The City has entered into 60 year pre-paid leases and operating agreements to operate 2 affordable rental housing complexes in Southeast False Creek. Under the agreement the City has guaranteed the operators' loan obligations with respect to their mortgages to finance the pre-paid rent. The outstanding balances of the mortgages are:

First Avenue Athletes Village Housing Co-operative	\$19,746
S.U.C.C.E.S.S. Affordable Housing Society	\$22,099

(e) 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, 2017.

13. 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 consolidated statements:

	2015	2014
	<u> </u>	<u> </u>
Vancouver Agreement	\$ 5,287	\$ 5,535
Cemetery Perpetual Care	5,205	4,549
General	468	540
	<u>\$ 10,960</u>	<u>\$ 10,624</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2015

14. BUDGET

The Budget information presented in these consolidated financial statements is based upon the 2015 operating, capital and property endowment budgets as approved by Council. Adjustments to the budgeted amounts are required to comply with Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations and Consolidated Statement of Change in Net Financial Assets (Liabilities).

	<u>2015</u>
Revenues	
Approved Budgeted Revenues	
Operating Budget - as approved by Council	\$ 1,223,835
Capital Budget - as approved by Council	104,251
Property Endowment Operating Budget - as approved by Council	46,289
Other City of Vancouver funds	8,235
Vancouver Public Housing Corporation	3,139
Pacific National Exhibition	45,753
Other City of Vancouver Reporting Entities	3,868
	<u>1,435,370</u>
PSAB Revenue Adjustments	
Interfund revenue eliminated	(8,594)
Budgeted Revenues as presented in financial statements	<u>\$ 1,426,776</u>
Expenses	
Approved Budgeted Expenditures	
Operating Budget - as approved by Council	\$ 1,223,835
Capital Budget - as approved by Council	104,251
Property Endowment Operating Budget - as approved by Council	46,289
Other City of Vancouver funds	8,235
Vancouver Public Housing Corporation	3,139
Pacific National Exhibition	45,523
Other City of Vancouver Reporting Entities	3,868
	<u>1,435,140</u>
PSAB Revenue Adjustments	
PSAB Budget expense adjustments (1)	(929)
PSAB Budget expenditure adjustments (2)	(245,969)
Amortization of tangible capital assets	169,102
Interfund expense eliminated	(8,594)
	<u>(86,390)</u>
Budgeted Expenses as presented in financial statements	<u>\$ 1,348,750</u>

Note:

- (1) Debt issue receipts, debt principal payments and transfers
- (2) Deduct tangible capital asset expenditures

15. SEGMENTED INFORMATION

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

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

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

The segments include:

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

SCHEDULE I – SEGMENTED INFORMATION (\$000s)
Year Ended December 31, 2015

	Revenue & Capital Fund											2015 Consolidated	2014 Consolidated	
	General	Police	Fire	Engineering	Utilities	Planning &	Parks	Community	Other Funds	Eliminations				
	Government	Protection	Protection					& Cultural						Library
Revenues														
Property taxes, penalties and interest	\$ 699,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 699,838	\$ 671,543
Utility fees	13	-	-	295	230,794	-	106	3	-	-	-	-	231,211	221,605
Program fees	418	2,165	478	205	393	(4)	43,316	13,612	1,255	47,510	(1,970)	107,378	104,342	
License and development fees	64,943	-	-	547	-	-	-	-	-	-	-	65,490	65,090	
Parking	50,371	228	-	1,114	-	-	6,689	599	-	24,840	140	83,981	77,517	
Cost recoveries, grants and donations	15,995	23,145	9,701	16,932	30,291	1,023	6,841	(4,206)	2,773	6,229	(5,175)	103,549	123,831	
Revenue sharing	23,798	-	-	-	-	-	-	-	-	-	-	23,798	17,924	
Investment income	19,155	-	1	-	-	-	-	-	-	10,098	(459)	28,795	27,892	
Rental, lease and other	26,971	139	118	15,094	2,349	1	115	4,984	1,249	27,843	(5,918)	72,945	68,878	
Bylaw fines	16,426	(13)	-	-	-	-	(156)	34	-	-	818	17,109	15,832	
Developer contributions	40,425	-	-	29,528	415	-	9,733	44,109	-	121	-	124,331	137,372	
Gain (loss) on disposal of tangible capital assets	(1,760)	5,355	-	(514)	(2,750)	-	-	-	(1,254)	26,028	-	25,105	11,691	
Gain on sale of SEFC assets	-	-	-	-	-	-	-	-	-	-	-	-	16,610	
	956,593	31,019	10,298	63,201	261,492	1,020	66,644	59,135	4,023	142,669	(12,564)	1,583,530	1,560,127	
Operating Expenses														
Wages, salaries and benefits	75,843	235,138	99,783	96,110	44,634	30,856	78,911	37,042	37,125	28,364	(277)	763,529	733,227	
Contract services	13,501	20,538	4,582	9,937	10,063	1,170	7,256	3,368	1,448	10,007	427	82,297	77,570	
Supplies, material and equipment	28,109	20,101	5,730	(23,132)	156,868	3,124	26,280	51,713	6,787	45,701	(11,291)	309,990	321,283	
Debt charges	2,798	2,276	448	8,398	14,442	-	6,489	3,014	299	653	(459)	38,358	38,867	
	120,251	278,053	110,543	91,313	226,007	35,150	118,936	95,137	45,659	84,725	(11,600)	1,194,174	1,170,947	
Amortization	10,591	8,271	3,045	75,331	28,867	1	19,755	6,007	5,369	11,866	-	169,103	174,266	
	130,842	286,324	113,588	166,644	254,874	35,151	138,691	101,144	51,028	96,591	(11,600)	1,363,277	1,345,213	
Annual Surplus	\$ 825,751	\$ (255,305)	\$ (103,290)	\$ (103,443)	\$ 6,618	\$ (34,131)	\$ (72,047)	\$ (42,009)	\$ (47,005)	\$ 46,078	\$ (964)	\$ 220,253	\$ 214,914	

**SUPPLEMENTARY
FINANCIAL
INFORMATION
UNAUDITED**

FIVE YEAR - CONSOLIDATED STATEMENT OF FINANCIAL POSITION (\$000s)
Years Ended December 31

	2015	2014	2013	2012	2011
FINANCIAL ASSETS					
Cash	\$ 212,140	\$ 150,671	\$ 79,216	\$ 109,164	\$ 59,014
Temporary investments	1,644,172	1,438,601	1,298,667	1,005,948	729,001
Receivables	115,720	119,919	125,916	102,867	131,230
South East False Creek development receivable	5,337	5,337	110,844	310,153	462,180
Long term lease agreement receivable	23,509	27,679	31,466	34,905	38,027
	<u>2,000,878</u>	<u>1,742,207</u>	<u>1,646,109</u>	<u>1,563,037</u>	<u>1,419,452</u>
LIABILITIES					
Accounts payable and accrued liabilities	304,840	313,296	314,230	288,465	267,033
Deferred liabilities	166,933	154,381	151,062	153,320	159,012
Mortgage and loan agreements	44,486	47,084	49,248	45,021	51,044
South East False Creek Financing	-	-	150,000	311,875	460,381
Long term debt	943,905	868,357	789,085	703,771	620,146
Deferred income	467,454	422,919	391,253	330,119	281,134
	<u>1,927,618</u>	<u>1,806,037</u>	<u>1,844,878</u>	<u>1,832,571</u>	<u>1,838,750</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>73,260</u>	<u>(63,830)</u>	<u>(198,769)</u>	<u>(269,534)</u>	<u>(419,298)</u>
NON-FINANCIAL ASSETS					
Inventory and prepaids	21,794	19,983	18,138	17,586	18,218
Tangible capital assets	6,453,934	6,373,932	6,295,802	6,204,594	6,185,127
	<u>6,475,728</u>	<u>6,393,915</u>	<u>6,313,940</u>	<u>6,222,180</u>	<u>6,203,345</u>
ACCUMULATED SURPLUS	<u>\$ 6,548,988</u>	<u>\$ 6,330,085</u>	<u>\$ 6,115,171</u>	<u>\$ 5,952,646</u>	<u>\$ 5,784,047</u>

FIVE YEAR - CONSOLIDATED STATEMENT OF OPERATIONS (\$000s)
Years Ended December 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES					
Property taxes, penalties and interest	\$ 699,838	\$ 671,543	\$ 655,977	\$ 642,281	\$ 619,885
Utility fees	231,211	221,605	217,434	211,232	195,627
Program fees	107,378	104,342	100,225	100,538	102,252
License and development fees	65,490	65,090	59,899	58,884	54,000
Parking	83,981	77,517	72,578	67,119	68,171
Cost recoveries, grants and donations	103,549	123,831	109,054	77,798	146,572
Revenue sharing	23,798	17,924	17,831	26,784	25,916
Investment income	28,795	27,892	23,199	21,850	15,803
Rental, lease and other	72,945	68,878	76,140	83,132	77,218
Bylaw fines	17,109	15,832	16,389	18,771	18,697
Developer contributions	124,331	137,372	95,350	110,412	57,155
Gain (loss) on sale of assets	25,105	11,691	(8,143)	9,798	(925)
Gain on sale of SEFC Investments	-	16,610	49,168	20,832	19,572
	<u>1,583,530</u>	<u>1,560,127</u>	<u>1,485,101</u>	<u>1,449,431</u>	<u>1,399,943</u>
EXPENSES					
Utilities	254,867	244,853	241,232	230,146	229,515
General Government	148,306	173,732	158,276	158,558	160,996
Police Protection	286,134	263,537	254,130	246,017	233,936
Fire Protection	113,357	108,089	102,833	97,788	97,284
Engineering	185,863	183,258	175,427	175,061	174,100
Planning and development	35,151	25,583	19,672	18,480	18,090
Recreation and parks	185,110	180,246	178,373	177,476	176,075
Community and cultural services	103,020	103,341	98,110	97,837	98,464
Library	51,029	48,865	47,884	48,904	51,589
SEFC Development	1,790	13,709	27,279	42,655	52,499
	<u>1,364,627</u>	<u>1,345,213</u>	<u>1,303,216</u>	<u>1,292,922</u>	<u>1,292,548</u>
ANNUAL SURPLUS	<u>\$ 218,903</u>	<u>\$ 214,914</u>	<u>\$ 181,885</u>	<u>\$ 156,509</u>	<u>\$ 107,395</u>

FIVE YEAR – RESERVES (\$000s)
Years Ended December 31

	2015	2014	2013	2012	2011
Financial Stabilization					
Deferred Payroll Obligation	\$ 54,974	\$ 54,974	\$ 50,074	\$ 45,074	\$ 43,574
General Revenue Stabilization	76,233	60,099	58,953	50,512	34,532
Solid Waste Capital	85,279	71,910	68,806	75,842	77,471
Utility Rate Stabilization	6,601	9,508	15,118	16,886	20,414
	<u>223,087</u>	<u>196,491</u>	<u>192,951</u>	<u>188,314</u>	<u>175,991</u>
Asset Management					
Park Board	5,803	5,253	4,752	4,202	4,044
Plant and Equipment	76,010	84,319	80,298	81,032	74,838
Streets Capital Maintenance	16,792	14,695	7,236	2,787	2,137
	<u>98,605</u>	<u>104,267</u>	<u>92,286</u>	<u>88,021</u>	<u>81,019</u>
Future Capital					
Affordable Housing	40,226	29,763	18,140	6,999	7,181
Capital Facilities and Infrastructure	58,847	27,547	11,901	4,694	2,487
Community Amenities	185,820	171,550	128,275	133,220	70,283
Parking Sites	33,797	43,672	45,384	45,342	28,914
Pedestrian and Cycling	10,307	11,427	11,491	7,704	3,459
	<u>328,997</u>	<u>283,959</u>	<u>215,191</u>	<u>197,959</u>	<u>112,324</u>
Special Revenue and Programs					
Childcare Endowment	19,311	18,996	16,571	14,833	9,089
Community Amenity Operations	7,625	7,765	8,898	5,716	5,461
Donations	12,021	11,397	10,394	9,978	9,563
Emerging Neighbourhood	10,000	10,000	12,684	6,807	6,717
Insurance	30,616	31,726	32,537	32,120	23,534
Outstanding Commitments	19,053	18,864	16,036	14,215	10,165
Public Art	9,544	8,743	7,855	7,553	7,219
Social and Cultural	21,107	17,589	16,308	19,122	18,331
Other	4,576	4,538	4,733	5,663	5,944
	<u>133,853</u>	<u>129,618</u>	<u>126,016</u>	<u>116,007</u>	<u>96,023</u>
Future Debt Repayment	40,299	46,419	53,614	47,066	43,818
	<u>\$ 824,841</u>	<u>\$ 760,754</u>	<u>\$ 680,058</u>	<u>\$ 637,367</u>	<u>\$ 509,175</u>

REVENUE FUND – SCHEDULE OF FINANCIAL ACTIVITIES (\$000s)
Years Ended December 31

	2015 Budget	2015	2014
REVENUES			
Property taxes, penalties and interest	\$ 689,894	\$ 699,838	\$ 671,543
Utility fees	228,905	231,211	221,605
Programs fees	57,178	61,838	60,115
License and development fees	55,264	65,490	65,196
Parking	53,240	59,000	55,090
Cost recoveries, grants and donations	48,521	61,431	59,947
Revenue sharing	21,652	23,798	17,924
Investment income	17,629	15,343	19,162
Rental, lease and other	35,250	41,373	41,677
Bylaw fines	16,302	16,291	14,880
	<u>1,223,835</u>	<u>1,275,613</u>	<u>1,227,139</u>
EXPENDITURES			
Utilities	215,604	219,554	207,317
General government	121,098	107,004	131,550
Police protection	273,276	277,785	255,509
Fire protection	110,752	110,387	104,573
Engineering	76,066	84,759	81,682
Planning and development	30,885	33,624	20,633
Parks and recreation	108,214	114,248	108,356
Community and cultural services	82,331	86,143	88,904
Library	47,996	45,319	43,181
	<u>1,066,222</u>	<u>1,078,823</u>	<u>1,041,705</u>
ANNUAL SURPLUS	<u>157,613</u>	<u>196,790</u>	<u>185,434</u>
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(15,531)	(15,531)	(26,973)
Transfers			
Net transfers to other funds	(140,537)	(182,405)	(145,691)
Net transfers to reserves	(1,545)	(3,627)	(14,438)
Change in obligations to be funded from			
Future revenue	-	6,452	3,319
	<u>(157,613)</u>	<u>(195,111)</u>	<u>(183,783)</u>
CHANGE IN FUND BALANCE	-	1,679	1,651
FUND BALANCE			
Beginning of year	24,304	24,304	22,653
End of year	<u>\$ 24,304</u>	<u>\$ 25,983</u>	<u>\$ 24,304</u>

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

	2015 Budget	2015 Actual	2014 Actual
Program fees			
Parks and recreation	\$ 41,615	\$ 43,316	\$ 42,606
Community and cultural services	12,209	13,612	12,402
Library	1,298	1,255	1,651
Police	1,353	2,165	1,986
Fire	380	478	429
Other	323	1,012	1,041
	<u>\$ 57,178</u>	<u>\$ 61,838</u>	<u>\$ 60,115</u>
License and development fees			
Licenses			
Business	\$ 15,806	\$ 15,672	\$ 15,965
Inspection fees	8,290	12,883	10,859
Dog	952	952	936
Other	7,278	13,856	11,944
Trade permits	14,340	10,496	14,678
Development permits	8,598	11,631	10,814
	<u>\$ 55,264</u>	<u>\$ 65,490</u>	<u>\$ 65,196</u>
Parking			
On street parking	\$ 45,000	\$ 49,503	\$ 46,192
Parks	6,143	6,689	6,015
Civic Theatre	360	594	371
Other	1,737	2,214	2,512
	<u>\$ 53,240</u>	<u>\$ 59,000</u>	<u>\$ 55,090</u>
Cost recoveries, grants & donations			
Police	\$ 14,285	\$ 23,145	\$ 20,095
Fire	7,065	9,720	7,693
General government	3,210	3,788	2,137
Parks and recreation	4,383	4,566	4,622
Community and cultural services	3,787	4,513	4,660
Engineering services	4,891	3,328	12,357
Library	2,449	2,817	2,329
Planning and development	163	1,024	846
Utilities	8,288	8,530	5,208
	<u>\$ 48,521</u>	<u>\$ 61,431</u>	<u>\$ 59,947</u>
Rental, lease and other			
Property rentals and leases	23,069	22,188	26,651
Street use	653	716	581
False alarm reduction program	1,000	1,084	1,183
Other	10,528	17,385	13,262
	<u>\$ 35,250</u>	<u>\$ 41,373</u>	<u>\$ 41,677</u>

UTILITIES – SCHEDULE OF FINANCIAL ACTIVITIES (\$000s)
Years ended December 31

	WATER UTILITY	SEWER UTILITY	SOLID WASTE UTILITY	NEU**	2015 TOTAL	2014 TOTAL
REVENUES						
Utility Fees*	\$ 110,071	\$ 61,126	\$ 56,121	\$ 3,476	\$ 230,794	\$ 221,112
Fees and service charges	272	409	9,333	-	10,014	6,396
Contribution from property taxes	-	34,665	-	-	34,665	33,695
	<u>110,343</u>	<u>96,200</u>	<u>65,454</u>	<u>3,476</u>	<u>275,473</u>	<u>261,203</u>
EXPENSES						
Purchase of water	72,541	-	-	-	72,541	70,973
Debt charges	4,708	8,988	-	746	14,442	13,342
Operations	12,400	8,798	-	1,723	22,921	22,305
Contribution to Joint Sewerage Board	-	53,682	-	-	53,682	51,914
Garbage collection and disposal	-	-	8,279	-	8,279	7,683
Recycling	-	-	10,849	-	10,849	10,373
Composting	-	-	12,568	-	12,568	10,989
Commercial	-	-	20,512	-	20,512	20,256
Post closure costs adjustment	-	-	3,760	-	3,760	(518)
	<u>89,649</u>	<u>71,468</u>	<u>55,968</u>	<u>2,469</u>	<u>219,554</u>	<u>207,317</u>
ANNUAL SURPLUS	<u>20,694</u>	<u>24,732</u>	<u>9,486</u>	<u>1,007</u>	<u>55,919</u>	<u>53,886</u>
DEBT AND TRANSFERS						
Debt principal repayments	(2,336)	(3,642)	-	(227)	(6,205)	(13,351)
Transfer to Sinking Fund	(10,035)	(19,348)	-	(1,613)	(30,996)	(26,605)
Transfer (to) from other funds	(10,000)	(1,200)	(10,128)	837	(20,491)	(15,392)
Transfer (to) from reserves	1,677	(542)	642	(4)	1,773	1,462
	<u>(20,694)</u>	<u>(24,732)</u>	<u>(9,486)</u>	<u>(1,007)</u>	<u>(55,919)</u>	<u>(53,886)</u>
ANNUAL SURPLUS AFTER DEBT AND TRANSFERS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* These amounts are included in Revenue Fund Schedule of Financial Activities which also includes \$417K (2014 - \$493K) of utilities recoveries from other departments.

** Southeast False Creek Neighbourhood Energy Utility

PROPERTY ENDOWMENT FUND - STATEMENT OF OPERATIONS (\$000s)
Years Ended December 31

	2015	2014
OPERATIONS		
Rental and leases		
Revenue	\$ 25,603	\$ 24,932
Expenses	12,540	12,338
	<u>13,063</u>	<u>12,594</u>
Parking		
Revenue	23,092	20,787
Expenses	18,855	18,442
	<u>4,237</u>	<u>2,345</u>
Water moorage		
Revenue	1,253	1,289
Expenses	670	800
	<u>583</u>	<u>489</u>
NET REVENUES FROM OPERATIONS	17,883	15,428
Other Revenue		
Other income	1,107	98
Investment Income	1,331	971
Gain in sale of tangible capital assets	27,528	29,007
	<u>29,966</u>	<u>30,076</u>
Administration and operating	<u>7,393</u>	<u>5,577</u>
NET REVENUES	<u>\$ 40,456</u>	<u>\$ 39,927</u>

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2015	2014	2013	2012	2011
Property Assessment (\$000s)					
Rateable property general purposes	\$ 278,828,308	\$ 254,102,538	\$ 248,337,102	\$ 241,777,267	\$ 211,419,049
Tax Rates – Rate per \$1,000 of Assessment					
Residential - Class 1					
Municipal purposes	1.77001	1.84728	1.89502	2.02002	2.12815
Education	1.33008	1.37943	1.43366	1.53487	1.54202
Other taxing authorities	0.43526	0.45123	0.46479	0.49588	0.50981
Total Residential	3.53535	3.67794	3.79347	4.05077	4.17998
Business/Other - Class 6					
Municipal purposes	7.34590	7.88427	8.20424	8.78096	9.19882
Education	5.98206	6.20492	6.40458	6.75274	6.86945
Other taxing authorities	1.71739	1.82263	1.87660	1.98450	2.04321
Total Business/Other	15.04535	15.91182	16.48542	17.51820	18.11148
Major Industrial - Class 4					
Municipal purposes	33.68465	33.77460	32.98091	31.98356	31.46583
Education	5.80000	6.00000	6.20000	6.40000	6.60000
Other taxing authorities	2.69096	2.81984	2.98567	2.97948	3.01831
Total Major Industrial	42.17561	42.59444	42.16658	41.36304	41.08414
Light Industrial - Class 5					
Municipal purposes	7.34590	7.88427	8.20424	8.78096	9.19882
Education	6.22412	6.70388	11.20629	6.57739	6.95857
Other taxing authorities	2.10140	2.29172	2.28098	2.37194	2.50688
Total Light Industrial	15.67142	16.87987	21.69151	17.73029	18.66427
Total Utilities - Class 2	50.51010	52.26809	53.81857	55.97006	55.64063
Total Supportive Housing - Class 3	0.15480	1.68065	1.65585	1.64981	1.68471
Total Recreational/Non-Profit - Class 8	5.45629	5.68183	5.64914	5.63732	5.83157
Total Farm – All Purposes - Class 9	9.13079	9.23133	9.20054	9.17932	9.27997
Property Tax Revenue by Property Class (%)					
Residential - Class 1	54.0	53.6	53.3	53.3	52.3
Business - Class 6	42.9	43.1	43.3	43.4	44.5
Major industrial - Class 4	1.0	0.6	0.7	0.7	0.7
Light industrial - Class 5	1.0	1.1	1.2	1.0	0.9
Other Utilities, Rec/Non-profit and Farm	1.1	1.6	1.5	1.6	1.6
Total	100.0	100.0	100.0	100.0	100.0

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

	2015	2014	2013	2012	2011
Property Taxation - Levy and Collections					
Total tax levy (all purposes) (\$000s)	\$ 1,439,643	\$ 1,372,975	\$ 1,339,511	\$ 1,302,764	\$ 1,237,268
Total tax arrears outstanding (\$000s)	23,347	23,878	23,854	23,013	24,018
% of current collections to current levy	99.00	98.98	98.97	98.96	98.88
% of total collections to current levy	100.13	100.16	100.09	100.20	100.22

	2015	2014
Property Taxes Receivable		
Balance, beginning of year	\$ 23,878	\$ 23,854
Add: Interest and adjustments	155	612
	24,033	24,466
Less: Receipts	(16,827)	(16,333)
Outstanding - prior years	7,206	8,133
Current tax levy including utility and other charges	1,439,643	1,372,975
Less : Receipts	(1,424,790)	(1,358,865)
Current arrears	14,853	14,110
Add: Penalties on current arrears	1,288	1,635
Outstanding - current year	16,141	15,745
Balance, end of year	<u>\$ 23,347</u>	<u>\$ 23,878</u>

Analysis of Property Taxes Receivable by Year		
Current year	\$ 16,141	\$ 15,745
Prior year	5,038	5,473
Prior 2 year	2,168	2,660
Balance, end of year	<u>\$ 23,347</u>	<u>\$ 23,878</u>

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

	2015	2014	2013	2012	2011
Population *	648,608	643,473	636,972	629,394	619,366
Long Term Debt (\$000s)					
Debenture debt outstanding	\$ 949,455	\$ 874,986	\$ 796,868	\$ 712,927	\$ 630,343
Less: Internally held debt	(5,550)	(6,629)	(7,783)	(9,156)	(10,197)
Externally held debt	943,905	868,357	789,085	703,771	620,146
Less: Sinking Fund reserves	326,427	246,301	177,956	121,459	76,731
Net externally held debt	<u>\$ 617,478</u>	<u>\$ 622,056</u>	<u>\$ 611,129</u>	<u>\$ 582,312</u>	<u>\$ 543,415</u>
Gross Debt per capita (externally held)	\$ 1,455	\$ 1,356	\$ 1,241	\$ 1,119	\$ 1,001
Net Debt per capita (externally held)	\$ 952	\$ 971	\$ 961	\$ 926	\$ 877

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

Long Term Debt Continuity

	Externally Held	Internally Held	Total
Balance, beginning of year	\$ 868,357	\$ 6,629	\$ 874,986
Add: Debentures issued	90,000	-	90,000
	<u>958,357</u>	<u>6,629</u>	<u>964,986</u>
Less: Maturities			
General and water	14,452	-	14,452
Local improvements	-	1,079	1,079
	<u>14,452</u>	<u>1,079</u>	<u>15,531</u>
Balance, end of year	<u>\$ 943,905</u>	<u>\$ 5,550</u>	<u>\$ 949,455</u>

OUTSTANDING BORROWING AUTHORITY AND SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2015

	<u>Capital Plan Borrowing Authority*</u>	<u>Council-approved Debenture Funding**</u>	<u>Debentures Issued to end of 2015</u>	<u>Outstanding Borrowing Authority</u>
General				
2012 - 2014	\$ 179,800	\$ 166,392	\$ 152,424	\$ 13,968
2015 - 2018	235,000	66,589	-	66,589
	<u>414,800</u>	<u>232,981</u>	<u>152,424</u>	<u>80,557</u>
Sewer, Water and NEU				
2012 - 2014	142,875	124,772	117,620	7,152
2015 - 2018	147,500	33,943	370	33,573
	<u>290,375</u>	<u>158,715</u>	<u>117,990</u>	<u>40,725</u>
Total General, Sewer, Water and NEU				
2012 - 2014	322,675	291,165	270,044	21,120
2015 - 2018	382,500	100,532	370	100,162
	<u>\$ 705,175</u>	<u>\$ 391,697</u>	<u>\$ 270,414</u>	<u>\$ 121,282</u>

* Borrowing authorities are established as part of the Capital Plan. General borrowing authorities for each Capital Plan are approved by the electors. Sewer, Water and NEU borrowing authorities are approved by Council.

** Debenture funding is approved by Council as part of Annual Budget

SCHEDULE OF GENERAL DEBT

<u>Bylaw</u>	<u>Maturity Date & Purpose</u>	<u>Rate %</u>	<u>Term (Years)</u>	<u>Debenture Outstanding</u>	<u>Sinking Fund Reserve Balance</u>
9532	December 01, 2017	4.70%	10	\$ 125,000	\$ 95,290
9897	December 02, 2019	4.90%	10	125,000	67,866
10015	June 01, 2020	4.50%	10	125,000	55,140
10017	September 30, 2030	1.71%	20	3,905	-
10393	December 02, 2021	3.45%	10	140,000	48,165
10565	October 18, 2052	3.70%	40	120,000	3,163
10797	October 24, 2023	3.75%	10	110,000	18,096
11080	October 24, 2023	3.05%	10	105,000	8,435
11362	November 20, 2025	2.90%	10	90,000	-
			Total	<u>\$ 943,905</u>	<u>\$ 296,155</u>

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2015

ANNUAL FINANCIAL REPORT 2015

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
2016	\$ 230	\$ 32,110	\$ 32,340	\$ -	\$ 4,789	\$ 4,789	\$ 956	\$ 330	\$ 1,286	\$ 1,186	\$ 37,229	\$ 38,415
2017	105,234	32,106	137,340	20,000	4,789	24,789	1,005	273	1,278	126,239	37,168	163,407
2018	238	27,167	27,405	-	3,849	3,849	817	214	1,031	1,055	31,230	32,285
2019	113,343	27,163	140,506	11,900	3,849	15,749	651	165	816	125,894	31,177	157,071
2020	103,647	19,290	122,937	21,600	2,780	24,380	550	127	677	125,797	22,197	147,994
2021 - 2025	397,299	58,235	455,534	49,000	7,213	56,213	1,490	249	1,739	447,789	65,697	513,486
Thereafter	104,414	102,963	207,377	17,000	16,980	33,980	81	7	88	121,495	119,950	241,445
	<u>\$ 824,405</u>	<u>\$ 299,034</u>	<u>\$ 1,123,439</u>	<u>\$ 119,500</u>	<u>\$ 44,249</u>	<u>\$ 163,749</u>	<u>\$ 5,550</u>	<u>\$ 1,365</u>	<u>\$ 6,915</u>	<u>\$ 949,455</u>	<u>\$ 344,648</u>	<u>\$ 1,294,103</u>

External Debt Only

	General			Waterworks			Total General & Waterworks and Local Improvements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 230	\$ 32,110	\$ 32,340	\$ -	\$ 4,789	\$ 4,789	\$ 230	\$ 36,899	\$ 37,129
2017	105,234	32,106	137,340	20,000	4,789	24,789	125,234	36,895	162,129
2018	238	27,167	27,405	-	3,849	3,849	238	31,016	31,254
2019	113,343	27,163	140,506	11,900	3,849	15,749	125,243	31,012	156,255
2020	103,647	19,290	122,937	21,600	2,780	24,380	125,247	22,070	147,317
2021 - 2025	397,299	58,235	455,534	49,000	7,213	56,213	446,299	65,448	511,747
Thereafter	104,414	102,963	207,377	17,000	16,980	33,980	121,414	119,943	241,357
	<u>\$ 824,405</u>	<u>\$ 299,034</u>	<u>\$ 1,123,439</u>	<u>\$ 119,500</u>	<u>\$ 44,249</u>	<u>\$ 163,749</u>	<u>\$ 943,905</u>	<u>\$ 343,283</u>	<u>\$ 1,287,188</u>

REPORTING ENTITY

The reporting entity is comprised of all the organizations controlled by the City.
The entities included are as follows:

City of Vancouver Public Housing Corporation
Vancouver Civic Development Corporation
Harbour Park Development Ltd.
Hastings Institute Inc.
Vancouver Affordable Housing Agency
453 12th Avenue West
Vancouver, BC V5Y 1V4

Parking Corporation of Vancouver
700 Pender Street West Suite 209
Vancouver, BC V6C 1G8
Phone: 604.682.6744
Web: www.easypark.ca

Vancouver Economic Commission
1055 West Georgia – Suite 2480
Vancouver, BC V6E 3P3
Phone: 604.632.9668
Web: www.vancouvereconomic.com

Pacific National Exhibition
2901 East Hastings Street
Vancouver BC V5K 4J1
Phone: 604.253.2311
Fax: 604.251.7753
E-mail: info@pne.ca
Web: www.pne.ca