

CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

2017

TABLE OF CONTENTS

Mayor and Council	1
City of Vancouver Organizational Chart	2
Financial Statements	
Report of the Director of Finance	3
Auditors' Report	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Operations	10
Consolidated Statement of Change in Net Financial Assets (Liabilities)	11
Consolidated Statement of Cash Flows	12
Notes to Consolidated Financial Statements	13
Supplementary Financial Information	
Five Year – Consolidated Statement of Financial Position	28
Five Year – Consolidated Statement of Operations	29
Five Year – Reserves	30
Revenue Fund – Schedule of Financial Activities	31
Revenue Fund – Fees and Recoveries	32
Property Endowment Fund – Statement of Operations	33
Five Year Statistical Review - Taxation	34
Five Year Statistical Review - Debt	35
Outstanding Borrowing Authority and Schedule of General Debt	36
Future Principal and Interest Payments on Debt	37

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
Melissa
De Genova

Councillor
Adriane
Carr

Councillor
Andrea
Reimer

Councillor
Heather
Deal

Councillor
Raymond
Louie

Mayor
Gregor
Robertson

Councillor
Tim
Stevenson

Councillor
Kerry
Jang

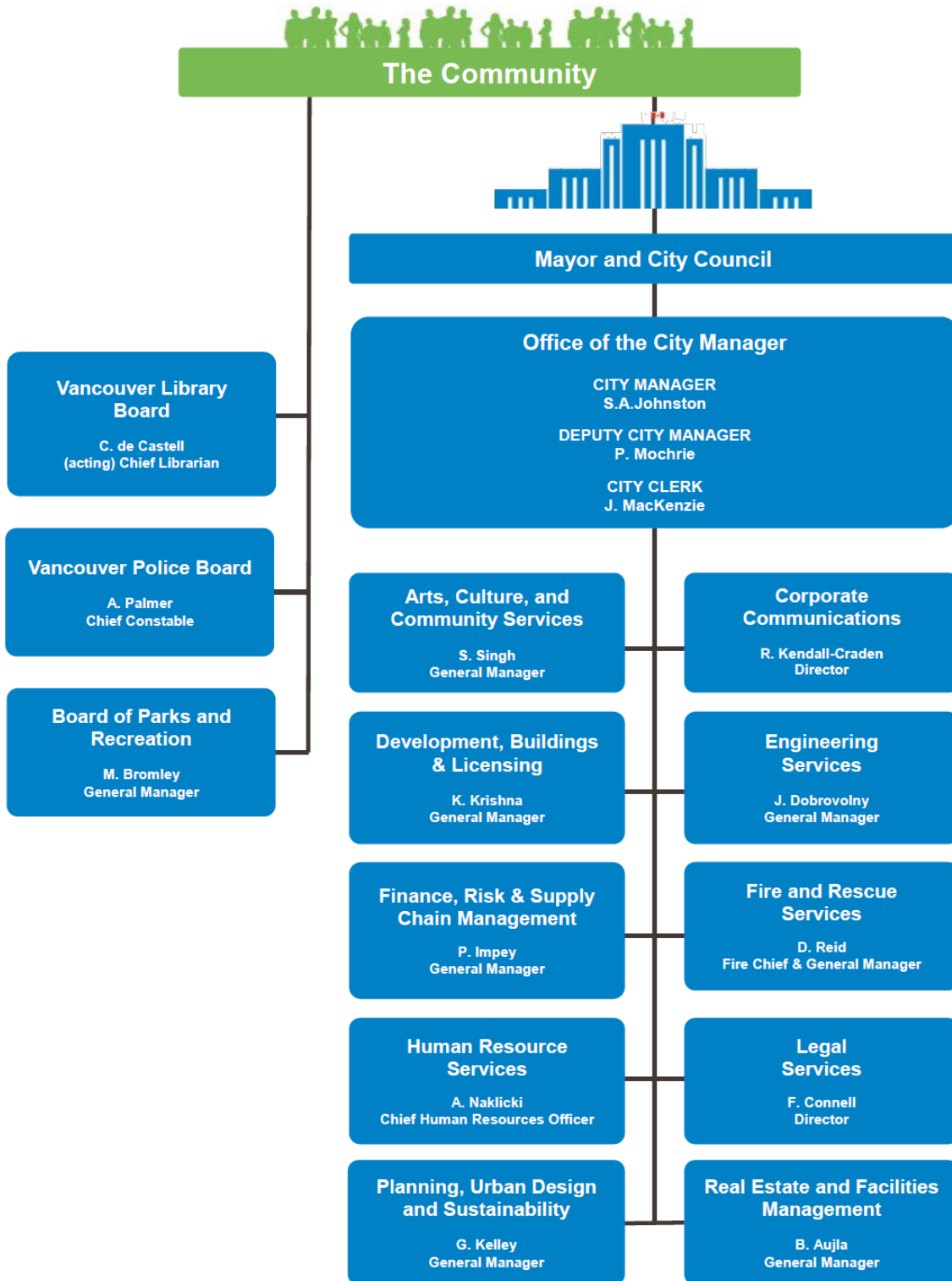
Councillor
Elizabeth
Ball

Councillor
George
Affleck

Councillor
Hector
Bremner

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, 2017. 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 Flows – 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)	2017	2016	Change
Financial assets	\$ 2,309.3	\$ 2,156.6	\$ 152.7
Liabilities	2,057.4	2,077.6	(20.2)
Net financial assets (liabilities)	251.9	79.0	172.9
Non-financial assets	6,964.5	6,785.4	179.1
Accumulated Surplus	\$ 7,216.4	\$ 6,864.4	\$ 352.0

The City's overall financial position improved by \$352.0 million in 2017 with accumulated surplus totaling \$7.2 billion (2016 - \$6.9 billion). Accumulated surplus is comprised of investment in tangible capital assets \$5.9 billion (2016 - \$5.7 billion), reserve balances set aside for specific purposes less obligations to be funded from future revenues of \$1.2 billion (2016 - \$1.1 billion) and fund balance of \$63.6 million (2016 - \$61.9 million).

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 \$172.9 million resulting in a Net financial asset position of \$251.9 million due to the City's annual consolidated surplus (revenues exceeding expenses) of \$352.0 million less non-financial assets of \$179.1 million.

The City's non-financial assets increased in 2017 by \$179.1 million, bringing the total to \$7.0 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)	2017 Budget	2017	2016
Revenues	\$ 1,652.4	\$ 1,886.6	\$ 1,755.0
Expenses	1,477.5	1,534.6	1,439.6
Annual surplus	\$ 174.9	\$ 352.0	\$ 315.4

Year over Year Change

Consolidated revenues of \$1.9 billion increased by \$131.6 million over 2016 mainly due to:

- an increase of \$32.3 million in property taxes
- an increase of \$19.0 million in utility fees, including water and sewer rate and volume increases
- an increase of \$23.8 million in cost recoveries, grants, and donations
- an increase of \$11.1 million in rental, lease and other
- an increase of \$100.5 million in developer contributions
- a decrease in gain on sale of assets of \$61.1 million
- and a remaining net increase of \$6.0 million in parking, program fees and other revenues.

Consolidated expenses of \$1.5 billion increased by \$95.0 million over 2016 mainly due to:

- an increase of \$33.5 million in contractual wage and other fringe costs
- an increase of \$24.8 million due to major engineering projects such as the Georgia Viaduct and Arbutus Corridor projects and higher street maintenance and street use activities
- an increase of \$18.9 million of tangible capital asset amortization primarily in engineering assets and vehicles
- an increase of \$13.7 million in utility services due to landfill closure activity and higher Metro sewer and water rates and higher consumption volumes
- and a remaining increase of \$4.1 million in other expenses.

The City's consolidated revenues exceeded expenses resulting in an annual surplus of \$352.0 million (2016 - \$315.4 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. The results relative to the adjusted PSAB budget are:

Consolidated revenues of \$1.9 billion were greater than budgeted revenues by \$234.2 million mainly due to:

- \$163.6 million higher than budgeted in the developer contributions
- \$20.2 million higher than budget rental, lease & other revenues
- \$16.4 million higher than budgeted cost recoveries, grants and donations
- \$14.0 million higher than budgeted license and development fees due to greater fees and permits related to construction activity
- and \$20.0 million higher than budgeted for programs fees, parking, utility and other revenues.

Consolidated expenses of \$1.5 billion were higher than budgeted expenses by \$57.0 million. The main variances included:

- \$20.4 million higher than budgeted costs in utilities for landfill closure activity and sewer and water consumption volumes
- \$20.1 million higher than budgeted costs in tangible capital asset amortization
- \$20.3 million higher than budgeted costs in police and fire services related to recoverable work which are offset by higher than budgeted cost recoveries
- \$11.4 million lower than budgeted costs in community and cultural services due to capital grants deferred to 2018
- \$7.6 million higher than budgeted costs in other services.

REPORT OF THE DIRECTOR OF FINANCE

The City's annual consolidated surplus of \$352.0 million exceeded the budgeted annual surplus of \$174.9 million by \$177.1 million prior to transfers to reserves. The surplus exceeded budget primarily due to developer contributions for cash and in-kind community amenities of \$163.6 million, which are budgeted conservatively.

Tangible Capital Assets

Consolidated capital additions totalled \$378.2 million in 2017 and are comprised of the following:

(\$Millions)	2017
Land and improvements	\$88.8
Buildings and leasehold improvements	75.5
Vehicles and other equipment	35.4
Computer systems	14.8
Infrastructure	
Streets and structures	76.2
Water system	24.3
Sewer system	50.1
Assets under construction	13.1
	<u>\$378.2</u>

Land additions include purchase of a commercial investment property of \$11.0 million, land for transit use of \$10.0 million, developer contributions of \$25.9 million for affordable housing and \$27.0 million for roads. Vehicle and other equipment purchases were primarily for fire and engineering heavy equipment. Building additions include \$29.3 million for affordable housing, library square renovations of \$8.4 million and Art Gallery improvements of \$5.2 million.

Debt

In November 2017, the City issued a 10 year \$85.0 million sinking fund debenture at a rate of 2.85% and in December 2017 had a maturity of a \$125.0 million debenture at a rate of 4.70%. During the year, the City made serial net debt repayments of \$40.3 million and at yearend the total outstanding debt was \$993.4 million (2016 - \$1,033.7 million). At the end of 2017, the City has sinking fund debt reserves of \$395.4 million for future repayments.

(\$Millions)	2017	2016	Change
Long term debt	\$ 993.4	\$ 1,033.7	\$ (40.3)
Less: Sinking fund reserves	(395.4)	(417.9)	22.5
Net long term debt	<u>\$ 598.0</u>	<u>\$ 615.8</u>	<u>\$ (17.8)</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. The overall outstanding borrowing authority at the end of 2017 was \$111.9 million.

Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves in addition to the sinking fund debt repayment reserve. At the end of 2017, these specific purpose reserves totalled \$995.3 million, up by a net amount \$150.9 million over 2016.

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 2016 with a balance to \$55.0 million against the actuarial liability of \$93.1 million.
- The General Revenue Stabilization 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 \$84.4 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 \$67.7 million, with the remaining capacity of 6.2 million tonnes (23.7% of total capacity) to be utilized by 2036. During the year the reserve decreased by \$12.7 million to \$76.6 million as a result of operating surplus, and interest revenue of \$7.0 million offset by expenditures of \$13.5 million and transfer of \$6.2 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 increased by \$3.9 million to \$50.5 million. The reserves are primarily funded by internal equipment charges provided in the Operating and Capital Budgets and proceeds from equipment disposals in 2017 which amounted to \$25.0 million. Equipment acquisition expenditures in 2017 were \$21.1 million of which \$18.3 million related to purchase of fleet and equipment purchases.

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

- Community Amenity contributions from developers and interest totaled \$159.4 million of which \$14.5 million was directed by Council to the Affordable Housing Reserve. Transfers and expenditures of \$27.7 million for capital projects brought the yearend Community Amenities Reserve balance to \$342.4 million. The Affordable Housing Reserve increased by a net amount of \$13.2 million to \$73.1 million.
- Capital Facilities and Infrastructure Reserve hold funds for future streets and transit infrastructure and building projects. The reserve balance of \$54.1 million increased by \$12.4 million mainly due to total receipts of \$16.8 million, comprised of planned Revenue fund transfers of \$10.4 million and Gas Tax receipts of \$1.9 million less expenditures comprised mainly of a \$4.4 million transfer out for funding 2017 the Capital Budget.
- The Parking Sites Reserve holds the net parking revenues from the City's parkades and parking lots, managed and operated by EasyPark. Net parking revenues of \$10.5 million were offset by capital expenditures of \$12.9 million, which included parking sites expenditures of \$2.4 million, funding for public bike share program of \$0.5 million, and property acquisition of \$10.0 million resulting in a decrease of \$2.4 million bringing the balance of reserve to \$36.8 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 2017, payments of \$4.0 million exceeded transfers to the reserve by \$1.0 million leaving a balance of \$28.1 million.

Future Debt Repayment – for future debt repayments

- A transfer of \$9.9 million to cover the Sinking Fund deficit left the Future Debt Repayment Reserve with a balance of \$29.5 million.

REPORT OF THE DIRECTOR OF FINANCE

Summary

The City's financial position continued to improve in 2017.

The City's 2017 financial position remains strong and is reflected in the credit ratings. In February 2018, S&P Global Inc. affirmed the City's credit rating to AAA with a stable outlook and Moody's Investors Service reiterated our credit rating of Aaa with a stable outlook. Both AAA and Aaa credit ratings reflects the agencies' assessments of the City's solid governance and strong financial management, consistent positive fiscal outcomes, high levels of liquidity, strong economy and budgetary performance, and affordable debt burden and low levels of contingent liabilities. Strong credit ratings provide the City with the opportunity to borrow at more favourable interest rates.

Respectfully submitted,



Patrice Impey, B.Sc. MBA
General Manager, Finance, Risk & Supply Chain Management
Chief Financial Officer
Director of Finance



Melanie Kerr, CPA, CA
Director of Financial Services
Deputy Director of Finance

INDEPENDENT AUDITORS' REPORT

To the Mayor and Councillors 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, 2017, the consolidated statements of operations, change in net financial assets 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 our 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, we consider 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, 2017, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other Legal and Regulatory Requirements

As required by the Vancouver Charter, we report that, in our opinion, the accounting policies applied in preparing and presenting the consolidated financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding period.



Chartered Professional Accountants

March 28, 2018
Burnaby, Canada

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

FINANCIAL ASSETS	2017	2016
Cash and cash equivalents	\$ 373,163	\$ 394,270
Temporary investments (Note 2)	1,712,337	1,630,409
Accounts receivables (Note 3)	209,907	113,053
Lease agreement receivable (Note 4)	13,861	18,917
	2,309,268	2,156,649
 LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	388,638	355,310
Deferred liabilities (Note 6)	168,824	173,334
Mortgages and loan agreement (Note 7)	30,408	39,599
Debt (Note 8)	993,440	1,033,674
Deferred revenue (Note 9)	476,049	475,728
	2,057,359	2,077,645
 NET FINANCIAL ASSETS	 251,909	 79,004
 NON-FINANCIAL ASSETS		
Inventory and prepaids	28,713	26,549
Tangible capital assets (Note 10)	6,935,837	6,758,888
	6,964,550	6,785,437
 ACCUMULATED SURPLUS (Note 11)	 \$ 7,216,459	 \$ 6,864,441

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

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

	2017	2017	2016
	Budget		
	(Note 14)		
REVENUES			
Property taxes, penalties and interest (Note 12 (b))	\$ 752,548	\$ 753,152	\$ 720,850
Utility fees	256,115	261,752	242,778
Program fees	106,862	116,664	111,256
License and development fees	60,499	74,458	73,710
Parking	86,812	93,010	86,802
Cost recoveries, grants and donations	101,684	118,099	94,324
Revenue sharing	21,652	21,918	22,873
Investment income	23,975	28,497	28,422
Rental, lease and other	53,709	73,943	62,853
Bylaw fines	20,517	20,490	20,374
Developer contributions	167,983	331,587	231,043
Gain (loss) on sale of tangible capital assets	-	(6,973)	54,119
Gain on sale of Southeast False Creek assets	-	-	5,610
	<u>1,652,356</u>	<u>1,886,597</u>	<u>1,755,014</u>
EXPENSES			
Utilities	257,365	277,744	264,002
General government	175,398	173,974	172,881
Police protection	299,632	314,348	297,778
Fire protection	120,929	132,277	119,530
Engineering	202,131	222,278	197,484
Planning and development	52,550	55,089	47,521
Parks and recreation	196,192	198,810	187,424
Community and cultural services	117,737	106,296	101,539
Library	55,596	53,763	51,402
	<u>1,477,530</u>	<u>1,534,579</u>	<u>1,439,561</u>
ANNUAL SURPLUS	<u>174,826</u>	<u>352,018</u>	<u>315,453</u>
ACCUMULATED SURPLUS (Note 11)			
Beginning of year	6,864,441	6,864,441	6,548,988
End of year	<u>\$ 7,039,267</u>	<u>\$ 7,216,459</u>	<u>\$ 6,864,441</u>

See accompanying Notes to Consolidated Financial Statements

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

	2017 Budget	2017	2016
	(Note 14)		
Annual Surplus	\$ 174,826	\$ 352,018	\$ 315,453
Acquisition of tangible capital assets	(412,398)	(309,787)	(375,866)
Contributed tangible capital assets	-	(68,469)	(89,779)
Amortization of tangible capital assets	169,103	191,723	172,790
Loss (gain) on sale of tangible capital assets	-	6,973	(54,119)
Proceeds on sale of tangible capital assets	-	2,611	42,020
	<u>(243,295)</u>	<u>(176,949)</u>	<u>(304,954)</u>
Change in inventory and prepaids	<u>-</u>	<u>(2,164)</u>	<u>(4,755)</u>
CHANGE IN NET FINANCIAL ASSETS	(68,469)	172,905	5,744
NET FINANCIAL ASSETS			
Beginning of year	79,004	79,004	73,260
End of year	<u>\$ 10,535</u>	<u>\$ 251,909</u>	<u>\$ 79,004</u>

See accompanying Notes to Consolidated Financial Statements

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

	2017	2016
CASH PROVIDED BY (USED IN):		
Operating Transactions		
Annual surplus	\$ 352,018	\$ 315,453
Items not involving cash		
Amortization	191,723	172,790
Contributed tangible capital assets	(68,469)	(89,779)
(Gain) on sale of Southeast False Creek assets	-	(5,610)
Loss (gain) on sale of tangible capital assets	6,973	(54,119)
Recognition of deferred revenue	(113,610)	(91,879)
Change in non-cash items		
Other financial assets and liabilities	(58,470)	57,729
Change in deferred liabilities	(4,510)	6,401
Increase in inventory and prepaids	(2,164)	(4,755)
	<u>303,491</u>	<u>306,231</u>
Financing Transactions		
Debt issued	85,000	90,000
Debt, mortgages and loan agreement repayments	(134,425)	(5,118)
Deferred revenue receipts	113,931	100,153
	<u>64,506</u>	<u>185,035</u>
Capital Transactions		
Acquisition of tangible capital assets	(309,787)	(375,866)
Proceeds of sale of tangible capital assets	2,611	42,020
	<u>(307,176)</u>	<u>(333,846)</u>
Investing Transactions		
Southeast False Creek proceeds	-	10,947
Net sale (purchase) of temporary investments	(81,928)	13,763
	<u>(81,928)</u>	<u>24,710</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,107)	182,130
CASH AND CASH EQUIVALENTS		
Beginning of year	394,270	212,140
End of year	<u>\$ 373,163</u>	<u>\$ 394,270</u>

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2017

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 (EasyPark)	Pacific National Exhibition (PNE)
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 consolidated financial 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) Revenue

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

Vacancy Tax

During the year, the City implemented a Vacancy Tax of 1% of the assessed value on property that is unoccupied for more than 180 days during the calendar year as self-declared by the property owner or deemed to be vacant in accordance with the by-law. Properties otherwise determined to be vacant in accordance with the bylaw may be exempted from the tax under certain circumstances.

As there is no prior history of the total assessed value of vacant residential property qualifying for the tax, the City is unable to determine the amount of tax revenue that will be generated from the Vacancy Tax.

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(d) Deferred Revenue

(i) Development cost levies:

The City collects development cost levies in accordance with Council approved by-laws to finance growth-related 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.

(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.

(iii) Capital Contributions and other

Contributions for capital and other are recognized as the expenditures are incurred

(e) Cash, Cash Equivalents and Temporary Investments

Cash and cash equivalents 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 corporate, federal and provincial bonds with maturity dates greater than 90 days after acquisition. Temporary 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 may 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 100
Leasehold improvements	5 to 20
Vehicles, equipment and furniture	3 to 25
Computer systems	5-10
Library books and material	10
Infrastructure	
Streets and structures	25 to 80
Water system	20 to 100
Sewer system	40 to 100

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

(ii) Inventory and prepaids

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

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(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.

(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 consolidated 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, assessment appeals, 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.

2. TEMPORARY INVESTMENTS

The market value of temporary investments as at December 31, 2017 is \$1,743,144 (2016 - \$1,639,640).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2017

3. ACCOUNTS RECEIVABLES

	2017	2016
Accrued interest	\$ 14,499	\$ 13,176
Employee advances	1,197	1,378
Local improvement receivables	3,158	3,954
Property taxes receivables	23,090	22,020
Rental and lease receivables	1,834	1,586
Trade and other receivables	137,037	43,371
Utility receivables	29,092	27,568
	<u>\$ 209,907</u>	<u>\$ 113,053</u>

4. LEASE AGREEMENT RECEIVABLE

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 receipts of \$6.7 million will offset mortgage principal and interest payments as described in note 7 (a).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Payroll liabilities	\$ 59,564	\$ 60,867
Property tax advance deposits and receipts	112,628	99,383
Other advance deposits and receipts	54,257	54,332
Trade and other liabilities	162,189	140,728
	<u>\$ 388,638</u>	<u>\$ 355,310</u>

6. DEFERRED LIABILITIES

	2017	2016
Deferred payroll costs (a)	\$ 93,060	\$ 91,235
Landfill closure and post-closure costs (b)	67,717	73,415
Contaminated sites	3,579	4,130
Accrued interest on long term debt	4,468	4,554
	<u>\$ 168,824</u>	<u>\$ 173,334</u>

(a) Deferred Payroll Costs

The City has accumulated \$55.0 million (2016 - \$55.0 million) in a reserve for the funding of deferred payroll liabilities. An actuarial valuation was completed as at December 31, 2017 using the following valuation assumptions:

	2017	2016
Discount rate	3.62%	3.81%
Inflation rate	2.00%	2.00%
Rate of compensation increase	2.50% to 4.63%	2.50% to 4.50%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2017

6. DEFERRED LIABILITIES - Continued

(a) Deferred Payroll Costs - Continued

	2017	2016
Sick leave gratuity	\$ 26,801	\$ 26,445
Deferred vacation	10,175	10,708
Non-vested accumulating sick leave	17,868	17,542
Long term disability	18,598	16,823
Other post-employment benefits	19,879	19,580
	<u>93,321</u>	<u>91,098</u>
Unamortized actuarial gain	(261)	137
	<u>\$ 93,060</u>	<u>\$ 91,235</u>

The continuity of the City's deferred payroll costs is as follows:

	2017	2016
Beginning of the year	\$ 91,235	\$ 87,601
Current service cost	8,428	12,135
Interest cost	3,579	3,265
Amortization of actuarial gain	(601)	(1,395)
Actual benefits paid	(9,581)	(10,371)
End of the year	<u>\$ 93,060</u>	<u>\$ 91,235</u>

(b) Landfill Closure and Post-Closure Costs

The City has accumulated \$76.6 million (2016 - \$89.3 million) in a Solid Waste Capital reserve for the funding of landfill liabilities.

The landfill liabilities reported are based on the following assumptions:

	2017	2016
Closure date	2036	2036
Years of post-closure maintenance	30	30
Total capacity (million tonnes)	26.0	25.5
Future costs (million)	\$213.7	\$228.9
Present value of future costs (million)	\$127.1	\$136.8
Deposited to date (million tonnes)	19.8	19.2
Utilization of total capacity to date	76.3%	75.4%
City's share of liability	69.8%	71.2%
Discount rate	3.62%	3.81%
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.

7. MORTGAGES AND LOAN AGREEMENT

(a) Outstanding mortgages include:

- \$17.5 million (2016 - \$22.2 million) on the Library Square Project due on January 14, 2021. Interest at 9.677% 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 2017 on the Library Square mortgage amounted to \$2.0 million (2016 - \$2.4 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2017

7. MORTGAGES AND LOAN AGREEMENT - Continued

- \$5.2 million (2016 - \$5.8 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 October 1, 2020 to December 1, 2027. The interest paid in 2017 was \$0.2 million (2016 - \$0.2 million).

(b) The loan agreement is the revolving facility for the PNE with a Canadian chartered bank providing for borrowing of up to \$24.9 million. The facility bears interest at the bank prime rate minus .25% and is due on demand. As at December 31, 2017, \$7.7 million (2016 - \$11.6 million) has been drawn on this facility.

Principal payments on mortgages and loan agreement over the next 5 years and thereafter, assuming the loan agreement is not called, are as follows:

2018	\$	5,730
2019		6,275
2020		6,859
2021		745
2022		515
Thereafter		2,618
		<u>22,742</u>
Loan agreement		7,666
Total	\$	<u>30,408</u>

8. DEBT

Debenture debt is shown at its face amount.

Maturing in	Total
2018	\$ 238
2019	125,243
2020	125,247
2021	140,251
2022	255
Thereafter	602,206
Total	<u>\$ 993,440</u>

Interest rates payable on the principal amount of the debentures range from 1.71% to 4.90% per annum. The weighted average interest rate on total external debt to maturity is 3.62%. Total interest paid in 2017 on externally held debt amounted to \$39.3 million (2016 - \$36.9 million). Reserve for debt retirement at December 31, 2017 amounted to \$395.4 million (2016 - \$417.9 million) resulting in a net external debt of \$598.0 million (2016 - \$615.8 million).

9. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2016	Contributions and Interest	Recognized as Revenue	2017
Development cost levies				
City-wide	\$ 203,698	\$ 66,811	\$ (77,241)	\$ 193,268
Area-specific	97,720	25,533	(11,865)	111,388
	<u>301,418</u>	<u>92,344</u>	<u>(89,106)</u>	<u>304,656</u>
Prepaid Leases	171,053	3,013	(5,492)	168,574
Capital contributions	1,484	15	(224)	1,275
Other	1,773	18,559	(18,788)	1,544
	<u>\$ 475,728</u>	<u>\$ 113,931</u>	<u>\$ (113,610)</u>	<u>\$ 476,049</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2017

10. TANGIBLE CAPITAL ASSETS

	Balance beginning of year	Additions net of transfers	Disposals	Balance end of year
Cost				
Land	\$ 2,117,856	\$ 81,629	\$ (663)	\$ 2,198,822
Landfill and land improvements	293,745	7,119	-	300,864
Buildings and building improvements	1,494,261	68,319	(4,932)	1,557,648
Leasehold improvements	45,830	7,225	-	53,055
Vehicles, equipment and furniture	344,990	31,886	(18,347)	358,529
Computer systems	202,196	14,840	(445)	216,591
Library books and materials	37,278	3,463	(2,730)	38,011
Infrastructure				
Streets and structures	3,205,655	76,226	(887)	3,280,994
Water system	760,293	24,333	(3,109)	781,517
Sewer system	1,480,401	50,078	(3,336)	1,527,143
Assets under construction	85,726	13,138	-	98,864
Total Cost	10,068,231	378,256	(34,449)	10,412,038
Accumulated amortization				
Landfill and land improvements	161,127	8,887	-	170,014
Buildings and building improvements	448,010	34,842	(1,884)	480,968
Leasehold improvements	12,983	3,679	-	16,662
Vehicles, equipment and furniture	208,719	22,168	(16,949)	213,938
Computer systems	161,031	12,712	(445)	173,298
Library books and materials	25,085	2,195	(1,643)	25,637
Infrastructure				
Streets and structures	1,696,403	79,444	(562)	1,775,285
Water system	201,193	10,232	(1,517)	209,908
Sewer system	394,792	17,564	(1,865)	410,491
Accumulated amortization	3,309,343	191,723	(24,865)	3,476,201
Net book value				
Land *	2,117,856	81,629	(663)	2,198,822
Landfill and land improvements	132,618	(1,768)	-	130,850
Buildings and building improvements	1,046,251	33,477	(3,048)	1,076,680
Leasehold improvements	32,847	3,546	-	36,393
Vehicles, equipment and furniture	136,271	9,718	(1,398)	144,591
Computer systems	41,165	2,128	-	43,293
Library books and materials	12,193	1,268	(1,087)	12,374
Infrastructure				
Streets and structures	1,509,252	(3,218)	(325)	1,505,709
Water system	559,100	14,101	(1,592)	571,609
Sewer system	1,085,609	32,514	(1,471)	1,116,652
Assets under construction	85,726	13,138	-	98,864
Net Book Value	\$ 6,758,888	\$ 186,533	\$ (9,584)	\$ 6,935,837
Net Book Value (2016)	\$ 6,453,934	\$ 318,956	\$ (14,002)	\$ 6,758,888

*The Assessed Value of land is \$24,424,775 (2016 - \$18,445,349)

Additions include contributed tangible capital assets - land \$ 28.4M, buildings \$25.2M, streets and structures \$1.8M, sewer systems \$11.7 M and water systems \$1.4M

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2017

11. ACCUMULATED SURPLUS

	2017	2016
Investment in tangible capital assets	\$ 5,930,968	\$ 5,713,614
Reserve for Sinking Fund debt retirement - statutory	347,700	380,666
Reserve for Sinking Fund debt retirement - non-statutory	47,707	37,212
Reserves	995,261	844,381
Fund balances	63,647	61,902
Obligations to be funded from future revenues (Note 6)	(168,824)	(173,334)
	<u>\$ 7,216,459</u>	<u>\$ 6,864,441</u>

The following reserve amounts are set aside for specific purposes:

	2016	Transfer To	Transfer From	Change During Year	2017
Financial Stabilization					
Deferred Payroll Obligation	\$ 54,974	\$ -	\$ -	-	\$ 54,974
General Revenue Stabilization	79,593	41,529	(36,679)	4,850	84,443
Solid Waste Capital	89,261	7,057	(19,742)	(12,685)	76,576
Utility Rate Stabilization	8,306	8,964	-	8,964	17,270
	<u>232,134</u>	<u>57,550</u>	<u>(56,421)</u>	<u>1,129</u>	<u>233,263</u>
Asset Management					
Golf Course and Artificial Turf	4,914	300	(169)	131	5,045
Plant and Equipment	46,644	25,051	(21,153)	3,898	50,542
Streets Capital Maintenance	17,778	3,425	(5,348)	(1,923)	15,855
	<u>69,336</u>	<u>28,776</u>	<u>(26,670)</u>	<u>2,106</u>	<u>71,442</u>
Future Capital					
Affordable Housing	59,916	17,203	(4,010)	13,193	73,109
Capital Facilities and Infrastructure	41,761	16,788	(4,402)	12,386	54,147
Community Amenities	210,650	159,463	(27,723)	131,740	342,390
Parking Sites	39,196	10,504	(12,852)	(2,348)	36,848
Pedestrian and Cycling	9,202	478	(3,136)	(2,658)	6,544
	<u>360,725</u>	<u>204,436</u>	<u>(52,123)</u>	<u>152,313</u>	<u>513,038</u>
Special Revenue and Programs					
Childcare Endowment	19,787	311	(622)	(311)	19,476
Community Amenity Operations	7,658	257	(313)	(56)	7,602
Donations	12,719	1,495	(941)	554	13,273
Emerging Neighbourhood	10,000	-	-	-	10,000
Insurance	29,072	2,959	(3,962)	(1,003)	28,069
Outstanding Commitments	26,713	8,300	(11,666)	(3,366)	23,347
Public Art	10,588	2,962	(221)	2,741	13,329
Social and Cultural	21,621	2,196	(1,400)	796	22,417
Other	4,579	11,025	(5,129)	5,896	10,475
	<u>142,737</u>	<u>29,505</u>	<u>(24,254)</u>	<u>5,251</u>	<u>147,988</u>
Future Debt Repayment	39,449	(57)	(9,862)	(9,919)	29,530
	<u>\$ 844,381</u>	<u>\$ 320,210</u>	<u>\$ (169,330)</u>	<u>\$ 150,880</u>	<u>\$ 995,261</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (\$000s)
Year Ended December 31, 2017

11. ACCUMULATED SURPLUS - Continued

Fund balances are comprised of:

	2016	Change During Year	2017
Revenue Fund	\$ 26,239	\$ -	\$ 26,239
Capital Fund	(154,532)	(9,360)	(163,892)
Capital Financing Fund	284,933	5,215	290,148
Sinking Fund	-	-	-
Property Endowment Fund	(97,132)	2,657	(94,475)
Harbour Park Development Ltd.	5	(3)	2
Vancouver Civic Development Corp.	11,466	48	11,514
Hastings Institute Inc.	237	5	242
Pacific National Exhibition	(6,040)	2,359	(3,681)
City of Vancouver Public Housing Corporation	246	(58)	188
Vancouver Economic Commission	1,194	(395)	799
Parking Corporation of Vancouver	(85)	317	232
	66,531	785	67,316
Elimination for internally-held debt on consolidation	(4,629)	960	(3,669)
	<u>\$ 61,902</u>	<u>\$ 1,745</u>	<u>\$ 63,647</u>

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 E-Comm Emergency Communications for British Columbia Incorporated (E-Comm), whose services include: regional 911 call centre for the Greater Vancouver Regional District, Area Wide 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, 2017). 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 \$19.9 million during the year (2016 - \$19.2 million).

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

	2017	2016
Taxes collected by the City:		
Property and business taxes	\$ 1,506,035	\$ 1,419,396
Payment in lieu of taxes	25,022	31,661
Local improvement levies	1,165	1,267
	<u>1,532,222</u>	<u>1,452,324</u>
Less taxes remitted to:		
Province of British Columbia - School Taxes	602,147	561,949
Greater Vancouver Transportation Authority	135,567	130,376
B.C. Assessment Authority	22,330	20,982
Greater Vancouver Regional District	18,931	18,096
Municipal Finance Authority	95	71
	<u>779,070</u>	<u>731,474</u>
Net Taxes for Municipal Purposes	<u>\$ 753,152</u>	<u>\$ 720,850</u>

12. CONTINGENCIES AND COMMITMENTS - Continued

(c) Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee 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 are based on a formula. As at December 31, 2017, the plan had about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018, with results available in 2019.

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 \$73.0 million (2016 - \$68.2 million) for employer contributions while employers contributed \$57.5 million (2016 - \$54.2 million) to the plan in fiscal 2017.

(d) Contingent Legal Liabilities

As at December 31, 2017, 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 \$28.1 million (2016 - \$29.1 million) for potential claims.

(e) Property Assessment Appeals

As at December 31, 2017, 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 estimated a liability for certain appeals and makes an annual provision against property taxes receivable for the impact of appeals.

(f) Loan Guarantees

The City has entered into 60 year prepaid leases and operating agreements with respect to two affordable rental housing complexes in Southeast False Creek. Under the agreements, 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	\$18,516
S.U.C.C.E.S.S. Affordable Housing Society	\$21,290

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

	2017	2016
Vancouver Agreement	\$ 3,492	\$ 4,734
Cemetery Perpetual Care	6,454	5,781
General	455	449
	<u>\$ 10,401</u>	<u>\$ 10,964</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, 2017

14. BUDGET

The Budget information presented in these consolidated financial statements is based upon the 2017 operating, capital and property endowment budgets as approved by Council and adjusted 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>2017</u>
Revenues	
Approved Budgeted Revenues	
Operating Budget	\$ 1,322,172
Capital Budget	223,387
Property Endowment Operating Budget	50,287
Other City of Vancouver funds	11,318
Vancouver Public Housing Corporation	3,270
Pacific National Exhibition	48,861
Other City of Vancouver Reporting Entities	5,307
	<u>1,664,602</u>
PSAB Revenue Adjustments	
Interfund revenue eliminated	(12,819)
PSAB transfers included in revenues	573
Budgeted Revenues as presented in financial statements	<u>\$ 1,652,356</u>
Expenses	
Approved Budgeted Expenditures	
Operating Budget	\$ 1,322,172
Capital Budget	223,387
Property Endowment Operating Budget	50,287
Other City of Vancouver funds	11,318
Vancouver Public Housing Corporation	3,270
Pacific National Exhibition	48,111
Other City of Vancouver Reporting Entities	5,307
	<u>1,663,852</u>
PSAB Expenses Adjustments	
Operating Budget PSAB expense adjustments (1)	69,792
Capital Budget PSAB expense adjustments (2)	(412,398)
Amortization of tangible capital assets	169,103
Interfund expense eliminated	(12,819)
	<u>(186,322)</u>
Budgeted Expenses as presented in financial statements	<u>\$ 1,477,530</u>
Annual Surplus	<u>\$ 174,826</u>

Note:

- (1) Deduct debt principal payments and transfers
- (2) Deduct tangible capital asset expenditures

15. SEGMENTED INFORMATION AND EXPENSES BY OBJECT

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 AND EXPENSES BY OBJECT (\$000s)
Year Ended December 31, 2017

	General	Police	Fire			Planning &	Parks	Community		2017	2016
	Government	Protection	Protection	Engineering	Utilities	Development	& Recreation	& Cultural	Library	Consolidated	Consolidated
Revenues											
Property taxes, penalties and interest	\$ 753,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 753,152	\$ 720,850
Utility fees	12	-	-	306	261,614	-	(184)	4	-	261,752	242,778
Program fees	577	2,463	648	394	203	-	94,245	16,833	1,301	116,664	111,256
License and development fees	74,460	-	-	-	-	-	-	(2)	-	74,458	73,710
Parking	54,222	246	-	26,667	-	-	11,052	823	-	93,010	86,802
Cost recoveries, grants and donations	12,833	26,135	12,537	15,952	27,916	3,602	5,170	8,370	5,584	118,099	94,324
Revenue sharing	21,918	-	-	-	-	-	-	-	-	21,918	22,873
Investment income	28,569	-	-	-	-	-	-	(72)	-	28,497	28,422
Rental, lease and other	50,383	522	90	9,439	979	2	4,429	7,011	1,088	73,943	62,853
Bylaw fines	20,286	(30)	-	-	-	-	261	(27)	-	20,490	20,374
Developer contributions	163,503	-	1,363	69,640	13,052	373	10,801	72,855	-	331,587	231,043
Gain (loss) on disposal of tangible capital assets	(2,494)	-	-	(325)	(3,064)	-	-	-	(1,090)	(6,973)	54,119
Gain on sale of SEFC assets	-	-	-	-	-	-	-	-	-	-	5,610
	<u>1,177,421</u>	<u>29,336</u>	<u>14,638</u>	<u>122,073</u>	<u>300,700</u>	<u>3,977</u>	<u>125,774</u>	<u>105,795</u>	<u>6,883</u>	<u>1,886,597</u>	<u>1,755,014</u>
Operating Expenses											
Wages, salaries and benefits	93,154	260,157	113,232	84,455	47,971	45,398	108,231	35,502	39,485	827,585	780,519
Contract services	27,839	21,800	5,700	21,525	18,482	2,752	10,105	5,703	1,990	115,896	99,017
Supplies, material and equipment	28,499	20,740	6,957	19,905	162,355	6,937	51,781	53,972	6,459	357,605	347,311
Debt charges	2,095	2,271	605	9,159	16,690	-	7,076	3,480	394	41,770	39,924
	<u>151,587</u>	<u>304,968</u>	<u>126,494</u>	<u>135,044</u>	<u>245,498</u>	<u>55,087</u>	<u>177,193</u>	<u>98,657</u>	<u>48,328</u>	<u>1,342,856</u>	<u>1,266,771</u>
Amortization	<u>22,387</u>	<u>9,380</u>	<u>5,783</u>	<u>87,234</u>	<u>32,246</u>	<u>2</u>	<u>21,617</u>	<u>7,639</u>	<u>5,435</u>	<u>191,723</u>	<u>172,790</u>
	<u>173,974</u>	<u>314,348</u>	<u>132,277</u>	<u>222,278</u>	<u>277,744</u>	<u>55,089</u>	<u>198,810</u>	<u>106,296</u>	<u>53,763</u>	<u>1,534,579</u>	<u>1,439,561</u>
Annual Surplus (Deficit)	<u>\$ 1,003,447</u>	<u>\$ (285,012)</u>	<u>\$ (117,639)</u>	<u>\$ (100,205)</u>	<u>\$ 22,956</u>	<u>\$ (51,112)</u>	<u>\$ (73,036)</u>	<u>\$ (501)</u>	<u>\$ (46,880)</u>	<u>\$ 352,018</u>	<u>\$ 315,453</u>

**SUPPLEMENTARY
FINANCIAL
INFORMATION
UNAUDITED**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 373,163	\$ 394,270	\$ 212,140	\$ 150,671	\$ 79,216
Temporary investments	1,712,337	1,630,409	1,644,172	1,438,601	1,298,667
Accounts receivables	209,907	113,053	115,720	119,919	125,916
South East False Creek development receivable	-	-	5,337	5,337	110,844
Lease agreement receivable	13,861	18,917	23,509	27,679	31,466
	<u>2,309,268</u>	<u>2,156,649</u>	<u>2,000,878</u>	<u>1,742,207</u>	<u>1,646,109</u>
LIABILITIES					
Accounts payable and accrued liabilities	388,638	355,310	304,840	313,296	314,230
Deferred liabilities	168,824	173,334	166,933	154,381	151,062
Mortgages and loan agreement	30,408	39,599	44,486	47,084	49,248
South East False Creek Financing	-	-	-	-	150,000
Debt	993,440	1,033,674	943,905	868,357	789,085
Deferred revenue	476,049	475,728	467,454	422,919	391,253
	<u>2,057,359</u>	<u>2,077,645</u>	<u>1,927,618</u>	<u>1,806,037</u>	<u>1,844,878</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>251,909</u>	<u>79,004</u>	<u>73,260</u>	<u>(63,830)</u>	<u>(198,769)</u>
NON-FINANCIAL ASSETS					
Inventory and prepaids	28,713	26,549	21,794	19,983	18,138
Tangible capital assets	6,935,837	6,758,888	6,453,934	6,373,932	6,295,802
	<u>6,964,550</u>	<u>6,785,437</u>	<u>6,475,728</u>	<u>6,393,915</u>	<u>6,313,940</u>
ACCUMULATED SURPLUS	<u>\$ 7,216,459</u>	<u>\$ 6,864,441</u>	<u>\$ 6,548,988</u>	<u>\$ 6,330,085</u>	<u>\$ 6,115,171</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUES					
Property taxes, penalties and interest	\$ 753,152	\$ 720,850	\$ 699,838	\$ 671,543	\$ 655,977
Utility fees	261,752	242,778	231,211	221,605	217,434
Program fees	116,664	111,256	107,378	104,342	100,225
License and development fees	74,458	73,710	65,490	65,090	59,899
Parking	93,010	86,802	83,981	77,517	72,578
Cost recoveries, grants and donations	118,099	94,324	103,549	123,831	109,054
Revenue sharing	21,918	22,873	23,798	17,924	17,831
Investment income	28,497	28,422	28,795	27,892	23,199
Rental, lease and other	73,943	62,853	72,945	68,878	76,140
Bylaw fines	20,490	20,374	17,109	15,832	16,389
Developer contributions	331,587	231,043	124,331	137,372	95,350
Gain (loss) on sale of tangible capital assets	(6,973)	54,119	25,105	11,691	(8,143)
Gain on sale of Southeast False Creek assets	-	5,610	-	16,610	49,168
	<u>1,886,597</u>	<u>1,755,014</u>	<u>1,583,530</u>	<u>1,560,127</u>	<u>1,485,101</u>
EXPENSES					
Utilities	277,744	264,002	254,867	244,853	241,232
General Government	173,974	172,881	148,746	187,441	185,555
Police Protection	314,348	297,778	286,134	263,537	254,130
Fire Protection	132,277	119,530	113,357	108,089	102,833
Engineering	222,278	197,484	185,863	183,258	175,427
Planning and development	55,089	47,521	35,151	25,583	19,672
Parks and recreation	198,810	187,424	185,110	180,246	178,373
Community and cultural services	106,296	101,539	103,020	103,341	98,110
Library	53,763	51,402	51,029	48,865	47,884
	<u>1,534,579</u>	<u>1,439,561</u>	<u>1,363,277</u>	<u>1,345,213</u>	<u>1,303,216</u>
ANNUAL SURPLUS	<u>\$ 352,018</u>	<u>\$ 315,453</u>	<u>\$ 220,253</u>	<u>\$ 214,914</u>	<u>\$ 181,885</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Financial Stabilization					
Deferred Payroll Obligation	\$ 54,974	\$ 54,974	\$ 54,974	\$ 54,974	\$ 50,074
General Revenue Stabilization	84,443	79,593	76,233	60,099	58,953
Solid Waste Capital	76,576	89,261	85,279	71,910	68,806
Utility Rate Stabilization	17,270	8,306	6,601	9,508	15,118
	<u>233,263</u>	<u>232,134</u>	<u>223,087</u>	<u>196,491</u>	<u>192,951</u>
Asset Management					
Golf Course and Artificial Turf	5,045	4,914	5,803	5,253	4,752
Plant and Equipment	50,542	46,644	76,010	84,319	80,298
Streets Capital Maintenance	15,855	17,778	16,792	14,695	7,236
	<u>71,442</u>	<u>69,336</u>	<u>98,605</u>	<u>104,267</u>	<u>92,286</u>
Future Capital					
Affordable Housing	73,109	59,916	40,226	29,763	18,140
Capital Facilities and Infrastructure	54,147	41,761	58,847	27,547	11,901
Community Amenities	342,390	210,650	185,820	171,550	128,275
Parking Sites	36,848	39,196	33,797	43,672	45,385
Pedestrian and Cycling	6,544	9,202	10,307	11,427	11,491
	<u>513,038</u>	<u>360,725</u>	<u>328,997</u>	<u>283,959</u>	<u>215,192</u>
Special Revenue and Programs					
Childcare Endowment	19,476	19,787	19,311	18,996	16,571
Community Amenity Operations	7,602	7,658	7,625	7,765	8,898
Donations	13,273	12,719	12,021	11,397	10,394
Emerging Neighbourhood	10,000	10,000	10,000	10,000	12,684
Insurance	28,069	29,072	30,616	31,726	32,537
Outstanding Commitments	23,347	26,713	19,053	18,864	16,036
Public Art	13,329	10,588	9,544	8,743	7,855
Social and Cultural	22,417	21,621	21,107	17,589	16,308
Other	10,475	4,579	4,576	4,538	4,733
	<u>147,988</u>	<u>142,737</u>	<u>133,853</u>	<u>129,618</u>	<u>126,016</u>
Future Debt Repayment	29,530	39,449	40,299	46,419	53,614
	<u>\$ 995,261</u>	<u>\$ 844,381</u>	<u>\$ 824,841</u>	<u>\$ 760,754</u>	<u>\$ 680,059</u>

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

	2017 Budget	2017	2016
REVENUES			
Property taxes, penalties and interest	\$ 752,548	\$ 753,152	\$ 720,850
Utility fees	256,166	262,123	242,778
Programs fees	59,974	65,253	65,191
License and development fees	60,499	74,458	73,710
Parking	59,919	64,709	60,583
Cost recoveries, grants and donations	45,621	70,663	65,022
Revenue sharing	21,652	21,918	22,873
Investment income	12,192	12,929	13,200
Rental, lease and other	34,665	45,790	37,264
Bylaw fines	19,509	20,490	19,339
	<u>1,322,745</u>	<u>1,391,485</u>	<u>1,320,810</u>
EXPENDITURES			
Utilities	226,232	225,188	226,308
General government	129,753	121,817	128,799
Police protection	291,606	305,161	289,267
Fire protection	117,973	126,070	116,300
Engineering	89,561	97,686	87,325
Planning and development	49,399	51,477	46,047
Parks and recreation	121,147	124,850	116,088
Community and cultural services	84,786	88,593	85,890
Library	50,227	47,749	45,748
	<u>1,160,684</u>	<u>1,188,591</u>	<u>1,141,772</u>
ANNUAL SURPLUS	<u>162,061</u>	<u>202,894</u>	<u>179,038</u>
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(1,256)	(1,247)	(1,190)
Transfers			
Net transfers to other funds	(164,601)	(184,547)	(199,469)
Net transfers to reserves	3,796	(13,141)	13,506
Change in obligations to be funded from			
Future revenue	-	(3,959)	8,371
	<u>(162,061)</u>	<u>(202,894)</u>	<u>(178,782)</u>
CHANGE IN FUND BALANCE	-	-	256
FUND BALANCE			
Beginning of year	26,239	26,239	25,983
Change in year	-	-	256
End of year	<u>\$ 26,239</u>	<u>\$ 26,239</u>	<u>\$ 26,239</u>

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

	2017 Budget	2017	2016
Program fees			
Parks and recreation	\$ 41,170	\$ 42,821	\$ 45,203
Community and cultural services	15,147	16,846	14,722
Library	1,230	1,301	1,284
Police	1,454	2,463	2,230
Fire	516	648	608
Other	457	1,174	1,144
	<u>\$ 59,974</u>	<u>\$ 65,253</u>	<u>\$ 65,191</u>
License and development fees			
Licenses			
Business	\$ 16,948	\$ 17,328	\$ 16,948
Inspection fees	9,401	12,834	14,107
Dog	990	966	942
Other	8,946	13,833	14,596
Trade permits	13,558	14,480	13,497
Development permits	10,656	15,017	13,620
	<u>\$ 60,499</u>	<u>\$ 74,458</u>	<u>\$ 73,710</u>
Parking			
On street parking	\$ 50,321	\$ 53,202	\$ 50,125
Parks	7,188	8,121	7,344
Civic Theatre	599	818	715
Other	1,811	2,568	2,399
	<u>\$ 59,919</u>	<u>\$ 64,709</u>	<u>\$ 60,583</u>
Cost recoveries, grants & donations			
Police	\$ 15,434	\$ 26,467	\$ 23,077
Fire	8,247	11,192	9,051
General government	3,260	9,361	4,920
Parks and recreation	4,986	5,075	5,442
Community and cultural services	3,789	4,526	4,205
Engineering services	6,080	5,750	5,856
Library	2,387	5,404	2,790
Planning and development	1,158	2,681	2,878
Utilities	280	208	6,803
	<u>\$ 45,621</u>	<u>\$ 70,663</u>	<u>\$ 65,022</u>
Rental, lease and other			
Property rentals and leases	19,019	23,380	20,324
Street use	1,668	1,506	806
False alarm reduction program	1,000	1,044	1,072
Other	12,978	19,861	15,062
	<u>\$ 34,665</u>	<u>\$ 45,790</u>	<u>\$ 37,264</u>

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

	<u>2017</u>	<u>2016</u>
OPERATIONS		
Rental and leases		
Revenue	\$ 27,983	\$ 26,950
Expenses	14,885	12,953
	<u>13,098</u>	<u>13,997</u>
Parking		
Revenue	25,342	24,362
Expenses	20,514	19,553
	<u>4,828</u>	<u>4,809</u>
Water moorage		
Revenue	1,326	1,264
Expenses	843	707
	<u>483</u>	<u>557</u>
NET REVENUES FROM OPERATIONS	18,409	19,363
Other Revenue		
Other income	1,434	24,179
Investment Income	1,176	1,206
Gain in sale of tangible capital assets	7,493	61,051
	<u>10,103</u>	<u>86,436</u>
Administration and operating	<u>6,608</u>	<u>9,378</u>
NET REVENUES	<u>\$ 21,904</u>	<u>\$ 96,421</u>

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2017	2016	2015	2014	2013
Property Assessment (\$000s)					
Rateable property general purposes	\$ 428,738,649	\$ 328,408,856	\$ 278,828,308	\$ 254,102,538	\$ 248,337,102
Tax Rates – Rate per \$1,000 of Assessment					
Residential - Class 1					
Municipal purposes	1.26093	1.56168	1.77001	1.84728	1.89502
Education	0.98007	1.20852	1.33008	1.37943	1.43366
Other taxing authorities	0.31389	0.39547	0.43526	0.45123	0.46479
Total Residential	2.55489	3.16567	3.53535	3.67794	3.79347
Business/Other - Class 6					
Municipal purposes	5.79744	6.61254	7.34590	7.88427	8.20424
Education	5.21946	5.65811	5.98206	6.20492	6.40458
Other taxing authorities	1.42795	1.59241	1.71739	1.82263	1.87660
Total Business/Other	12.44485	13.86306	15.04535	15.91182	16.48542
Major Industrial - Class 4					
Municipal purposes	34.51349	33.90142	33.68465	33.77460	32.98091
Education	4.80000	5.40000	5.80000	6.00000	6.20000
Other taxing authorities	2.51911	2.59751	2.69096	2.81984	2.98567
Total Major Industrial	41.83260	41.89893	42.17561	42.59444	42.16658
Light Industrial - Class 5					
Municipal purposes	5.79744	6.61254	7.34590	7.88427	8.20424
Education	6.16093	5.80074	6.22412	6.70388	11.20629
Other taxing authorities	2.04973	1.97773	2.10140	2.29172	2.28098
Total Light Industrial	14.00810	14.39101	15.67142	16.87987	21.69151
Total Utilities - Class 2	44.93083	47.63946	50.51010	52.26809	53.81857
Total Supportive Housing - Class 3	0.14276	0.15132	0.15480	1.68065	1.65585
Total Recreational/Non-Profit - Class 8	4.21729	4.99627	5.45629	5.68183	5.64914
Total Farm – All Purposes - Class 9	8.55989	8.90097	9.13079	9.23133	9.20054
Property Tax Revenue by Property Class (%)					
Residential - Class 1	54.1	53.7	54.0	53.6	53.3
Business - Class 6	42.8	43.2	42.9	43.1	43.3
Major industrial - Class 4	1.0	1.0	1.0	0.6	0.7
Light industrial - Class 5	1.0	1.0	1.0	1.1	1.2
Other Utilities, Rec/Non-profit and Farm	1.1	1.1	1.1	1.6	1.5
Total	100.0	100.0	100.0	100.0	100.0

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

	2017	2016	2015	2014	2013
Population *	656,164	653,046	646,937	640,502	633,802
Long Term Debt (\$000s)					
Debenture debt outstanding	\$ 997,109	\$ 1,038,303	\$ 949,455	\$ 874,986	\$ 796,868
Less: Internally held debt	(3,669)	(4,629)	(5,550)	(6,629)	(7,783)
Externally held debt	993,440	1,033,674	943,905	868,357	789,085
Less: Sinking Fund reserves	395,407	417,878	326,427	246,301	177,956
Net externally held debt	<u>\$ 598,033</u>	<u>\$ 615,796</u>	<u>\$ 617,478</u>	<u>\$ 622,056</u>	<u>\$ 611,129</u>
Gross Debt per capita (externally held)	\$ 1,514	\$ 1,583	\$ 1,459	\$ 1,356	\$ 1,245
Net Debt per capita (externally held)	\$ 911	\$ 943	\$ 954	\$ 971	\$ 964

* 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	\$ 1,033,674	\$ 4,629	\$ 1,038,303
Add: Debentures issued	85,000		85,000
Local improvements	-	52	52
	<u>1,118,674</u>	<u>4,681</u>	<u>1,123,355</u>
Less: Maturities			
General and water	(125,234)	-	(125,234)
Local improvements	-	(1,012)	(1,012)
	<u>(125,234)</u>	<u>(1,012)</u>	<u>(126,246)</u>
Balance, end of year	<u>\$ 993,440</u>	<u>\$ 3,669</u>	<u>\$ 997,109</u>

OUTSTANDING BORROWING AUTHORITY AND SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2017

	<u>Capital Plan Borrowing Authority*</u>	<u>Council-approved Debenture Funding**</u>	<u>Debentures Issued to end of 2017</u>	<u>Outstanding Borrowing Authority</u>
General				
2012 - 2014	\$ 179,800	\$ 166,392	\$ 166,392	\$ -
2015 - 2018	235,000	150,369	72,925	77,444
	<u>414,800</u>	<u>316,761</u>	<u>239,317</u>	<u>77,444</u>
Sewer, Water and NEU				
2012 - 2014	142,875	124,772	124,772	-
2015 - 2018	147,500	115,798	81,325	34,473
	<u>290,375</u>	<u>240,570</u>	<u>206,097</u>	<u>34,473</u>
Total General, Sewer, Water and NEU				
2012 - 2014	322,675	291,164	291,164	-
2015 - 2018	382,500	266,167	154,250	111,917
	<u>\$ 705,175</u>	<u>\$ 557,331</u>	<u>\$ 445,414</u>	<u>\$ 111,917</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>
9897	December 02, 2019	4.90%	10	\$ 125,000	\$ 95,277
10015	June 01, 2020	4.50%	10	125,000	81,248
10017	September 30, 2030	1.71%	20	3,440	-
10393	December 02, 2021	3.45%	10	140,000	76,010
10565	October 18, 2052	3.70%	40	120,000	5,545
10797	October 24, 2023	3.75%	10	110,000	38,045
11080	October 16, 2024	3.05%	10	105,000	26,591
11362	November 20, 2025	2.90%	10	90,000	14,751
11673	December 15, 2026	2.70%	10	90,000	7,172
11941	November 03, 2027	2.85%	10	85,000	-
Total				<u>\$ 993,440</u>	<u>\$ 344,639</u>

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2017

ANNUAL FINANCIAL REPORT 2017

	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
2018	238	31,784	32,022	-	4,083	4,083	822	218	1,040	1,060	36,085	37,145
2019	113,343	31,780	145,123	11,900	4,083	15,983	656	170	826	125,899	36,033	161,932
2020	103,647	23,908	127,555	21,600	3,014	24,614	555	131	686	125,802	27,053	152,855
2021	118,251	21,577	139,828	22,000	2,529	24,529	435	98	533	140,686	24,204	164,890
2022	255	17,502	17,757	-	1,770	1,770	401	72	473	656	19,344	20,000
2023 - 2027	445,843	56,849	502,692	35,500	5,681	41,181	767	105	872	482,110	62,635	544,745
Thereafter	103,863	95,301	199,164	17,000	15,725	32,725	33	5	38	120,896	111,031	231,927
	<u>\$ 885,440</u>	<u>\$ 278,701</u>	<u>\$ 1,164,141</u>	<u>\$ 108,000</u>	<u>\$ 36,885</u>	<u>\$ 144,885</u>	<u>\$ 3,669</u>	<u>\$ 799</u>	<u>\$ 4,468</u>	<u>\$ 997,109</u>	<u>\$ 316,385</u>	<u>\$ 1,313,494</u>

External Debt Only

	General			Waterworks			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	238	31,784	32,022	-	4,083	4,083	238	35,867	36,105
2019	113,343	31,780	145,123	11,900	4,083	15,983	125,243	35,863	161,106
2020	103,647	23,908	127,555	21,600	3,014	24,614	125,247	26,922	152,169
2021	118,251	21,577	139,828	22,000	2,529	24,529	140,251	24,106	164,357
2022	255	17,502	17,757	-	1,770	1,770	255	19,272	19,527
2023 - 2027	445,843	56,849	502,692	35,500	5,681	41,181	481,343	62,530	543,873
Thereafter	103,863	95,301	199,164	17,000	15,725	32,725	120,863	111,026	231,889
	<u>\$ 885,440</u>	<u>\$ 278,701</u>	<u>\$ 1,164,141</u>	<u>\$ 108,000</u>	<u>\$ 36,885</u>	<u>\$ 144,885</u>	<u>\$ 993,440</u>	<u>\$ 315,586</u>	<u>\$ 1,309,026</u>