

CITY OF VANCOUVER

BRITISH COLUMBIA

ANNUAL FINANCIAL REPORT

2007

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Vancouver City Council



Mayor Sam Sullivan



Suzanne Anton



Elizabeth Ball



David Cadman



Kim Capri



George Chow



Heather Deal



Peter Ladner



B.C. Lee



Raymond Louie



Tim Stevenson

OFFICIALS

Corporate Management Team

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

Financial Services

Director of Finance	E. Lo, B. Comm, M.B.A., C.M.A.
Director of Financial Services	E. Lee, B. Comm, C.A.
Director of Financial Planning and Treasury	K.B. Bayne, B.A., M.Sc. (Bus.)
Manager of Financial Reporting	N. Lok, B. Comm, C.G.A.
Director of Budget Services	A. Klein, B.Comm, M.B.A.

City Clerk

S. Baxter, B.A.

City Auditor
KPMG LLP, Chartered Accountants

Banker
Bank of Montreal

Agents - Worldwide
RBC Dominion Securities Inc.
CIBC World Markets Inc.

Fiscal Agent for Certain Functions
Relating to Eurobond Issues
Royal Bank of Canada, London

Relating to Book Entry Only Issues
Canadian Depository for Securities Ltd.

BOARDS

Vancouver Public Library Board

City Librarian – P. Whitney
J. Andersen – Chair
E. Kazemi – Vice-Chair
L. Bohach – Vice-Chair
C. Hansen, School Board Representative
H. Holden, Parks and Recreation Representative
Councillor E. Ball – Council Liaison
A. Cowan L. Mathison
S. Daub D. Millward
C. Grauer E. Soorany
L. Kuehn

Vancouver Police Board

Chief Constable – J. Chu
Mayor S. Sullivan – Chair
J. Adams P. Marfleet
T. La Liberté D. Parker
M. McNeil G. Wong

Vancouver Civic Theatres Board

Director – R. Ackerman
Directors Emeritus – N. Young
B. McLean – Chair
C. Davies – Vice-Chair
Councillor R. Louie – Council Liaison
M. Davidson B. Noon
K. Heller W. Soobis
L. Kennedy

Board of Parks and Recreation

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

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

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

Mayor S. Sullivan and Members of Council

It is my pleasure to submit the Consolidated Financial Statements for the City of Vancouver for the year ended December 31, 2007. These financial statements include the financial position and results of operations of the City including its boards and City-owned/controlled corporations.

2007 Financial Highlights

The City continued to maintain a strong financial position in 2007:

- Total assets which comprises of Financial Assets and Physical Assets, increased by \$2.0 billion (20%) to approximately \$12.0 billion. The increase was mainly due to an increase in Capital Assets.
- The cash position including temporary investments, amounted to \$877.7 million compared to \$702.3 million at the end of 2006. The increase of \$175.4 million (25.0%) was mainly due to the issuance of \$125.0 million City of Vancouver debenture in late 2007 and an increase in reserves for specific purposes by \$60.7 million.
- Through tight fiscal control, the City was able to manage expenditures within the Operating Budget envelope ending the year with an excess of revenues over expenditures of \$2.3 million.
- Expenditures on capital works totaled \$191.8 million, compared to \$169.3 million in 2006, a 13.3% increase.
- Total debt outstanding at year end was \$590.4 million (2006 - \$505.9 million), of which \$514.6 million was held externally; the balance of \$75.8 million was held by the Sinking Fund. Of this internally held debt, \$14.8 million is to be recovered from individual property owners through local improvement charges.
- Deferred income increased by \$32.7 million and is mainly comprised of development cost levies which totalled \$105.1 million at year end.
- Reserves set aside for specific purposes increased during 2007 by \$60.7 million to \$399.9 million.
- Work stoppage savings of \$11.8 million was transferred to a reserve to reduce 2008 property taxes as directed by Council.
- Funding of \$2.5 million was provided for future payroll benefit obligations. To date, total funding of \$24.0 million has been provided in reserves to meet increased employment related payments due to anticipated retirement of long term staff over the next 5 to 10 years.

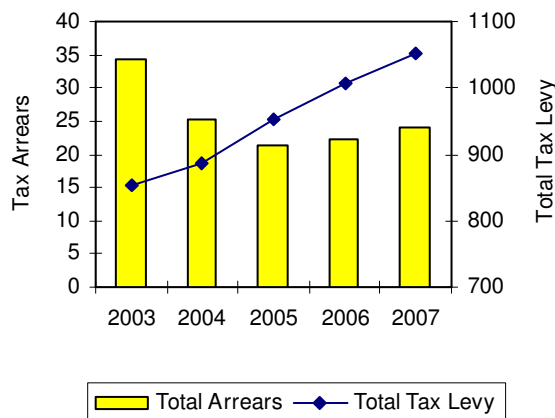
Property Tax Receivable

Property tax collection remained strong. As the chart shows, over the last five years, although tax levies have increased, the total tax arrears have declined from over \$34.3 million in 2003 to \$24.1 million in 2007.

The collection of 2007 property taxes, including those amounts raised for other taxing authorities, amounted to \$1.0 billion, or 98.7% of the total 2007 property taxes levied. During the year, the City also collected \$13.6 million (61.3%) of the \$22.2 million property tax in arrears at the beginning of 2007.

At year end, tax prepayments were \$41.1 million compared to \$35.6 million at the end of 2006, an increase of 15.4%. Enrolment in the City's Tax Instalment Pre-Payment Plan has been increasing since its inception in 1999 and currently there are over 9,100 accounts.

Tax Levy and Arrears (\$Millions)

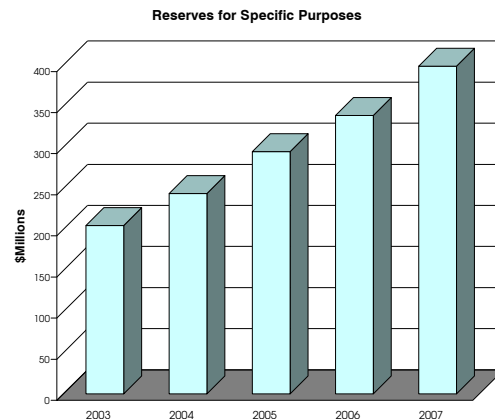


REPORT OF THE DIRECTOR OF FINANCE

Reserves

Under legislative or Council authority, the City has established a number of specific purpose reserves. At the end of 2007, these reserves totalled \$399.9 million, up \$60.7 million over 2006 or a 17.9% increase. The most significant reserve balances and changes were:

- Community Amenity contributions from developers amounted to \$6.6 million and were offset by expenditures of \$3.3 million bringing the total reserve balance to \$47.4 million.
- Future Revenue Fund Budgets Reserve increased by \$11.9 million to \$49.0 million and this includes work stoppage savings of \$11.8 million that will be used to reduce 2008 property taxes.
- Funding for future debt charges of \$10.2 million was transferred into the Future Debt Repayment Reserve bringing the balance to \$17.0 million.
- \$15.0 million of the Olympic Legacy Facilities Reserve was provided by VANOC to assist in the development and post-event conversion of Olympic Venues (Hillcrest Complex and 2 skating rinks).
- The Olympic Legacy Reserve of \$9.1 million was established through a transfer of funds from the Solid Waste Capital Reserve and revenues from the extension of a lease of a City property.
- The Olympic Village Trust Reserve was drawn down by \$15.9 million to fund the development of the Southeast False Creek Olympic Village site leaving the year end balance at \$14.5 million.
- The Plant and Equipment Reserve which funds the long term equipment replacement plan increased by \$3.6 million to \$38.4 million. The reserve is funded by internal equipment charges provided in the Operating and Capital Budgets and in 2007 this amounted to \$19.3 million. Actual expenditures drawn on the reserve were \$15.7 million.
- The Stanley Park Restoration Reserve received \$6.1 million in contributions from the public and the Federal and Provincial governments offset by \$3.0 million expenditures in 2007.
- The Solid Waste Capital Reserve is being accumulated to fund closure and post-closure costs at the City's landfill. During the year the reserve increased by \$4.9 million to \$72.6 million as a result of net income from solid waste operations of \$6.5 million and interest of \$2.7 million less a transfer of \$4.0 million to the Olympic Legacy Reserve.
- Water and Sewer Utility Rate Stabilization Reserves increased by \$4.6 million as a result of surpluses from operations.



Revenue Fund

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

The major impact on the City's Revenue Fund was the withdrawal of services by CUPE 15, CUPE 1004, and CUPE 391 for approximately 12 weeks between July and October 2007. Only the Vancouver Police Department and the Fire and Rescue Services Department remained fully operational during this period. This resulted in expenditure savings offset by loss in revenues. As directed by Council, the net savings have been transferred to reserve to reduce 2008 property taxes by \$11.8 million and utility fees by \$3.7 million.

Revenues for the year totalled \$924.1 million and expenditures, debt repayments and transfers amounted to \$921.8 million, resulting in a net income of \$2.3 million. The total fund balance of the Revenue Fund currently stands at \$14.6 million, compared to \$12.3 million in 2006. The following highlights the major changes in revenues and expenditures.

Total operating revenues increased by \$26.6 million from 2006 mainly due to:

- An increase in net taxation revenue of \$25.9 million or 5.1% from \$507.5 million to \$533.4 million. City Council approved a 3.98% increase in the property tax levy in 2007 that generated \$22.0 million in tax revenues (including \$6.5 million from new construction).
- An increase in water utility user fees of \$5.1 million (7.4%) was due to a Council approved rate increase of 6.0% to reflect rising regional water costs, as well as higher metered water consumption in the year.

REPORT OF THE DIRECTOR OF FINANCE

- A decrease in solid waste utility user fees of \$2.4 million (5.8%) mainly due to reduced disposal receipts that occurred as a result of the 2007 work stoppage, partially offset by a Council approved rate increase of 27.0% to yard trimmings fees for the new automated program and higher recyclable revenues.
- An increase in sewer utility user fees of \$2.3 million (7.0%) was due to a Council approved rate increase of 6.4% and growth in metered consumption.
- A decrease in other fees, rates and cost recoveries of \$6.6 million (3.6%) due to a combination of the following:
 - \$13.3 million in reduced revenue during the 2007 work stoppage.
 - Planned theatre closures for renovations, resulting in \$1.5 million reduced rental revenue.
 - \$2.4 million increase in on-street parking revenues due to Council approved increases in rates and expansion of meter zones.
 - \$0.7 million increase in by-law enforcement revenue due to Council approved increase in fine rates.
 - An increase in secondment recoveries of \$1.4 million due to a higher number of police officers being assigned to other agencies.
 - A \$2.9 million increase in developer contributions for amenity bonuses.
- An increase in provincial revenue sharing grants and contributions of \$2.8 million (15.7%) due to the city receiving a larger share of the provincial traffic fine revenue and increased gaming revenue.
- An increase in investment income of \$1.9 million (10.7%) due to higher cash balances, \$0.5 million related to the 2007 work stoppage, and higher interest rates.

Total operating expenditures amounted to \$784.0 million, an increase of \$22.7 million (3.0%). This increase is primarily due to the increase in wages and fringe benefits related to the new employment contracts with the City's bargaining groups which added \$14.2 million to the 2007 expenditures.

Other major areas of change in expenditures were:

- As a result of the 2007 work stoppage, expenditure savings were realized within non-utility operations (\$24.5 million), the Water Utility (\$1.5 million) and the Solid Waste Utility (\$0.9 million). The net savings, after considering loss in revenue, were transferred to reserve to reduce 2008 property taxes by \$11.8 million and utility fees by \$3.7 million (Water Utility \$1.5 million, Solid Waste Utility \$1.8 million and Sewer Utility \$0.4 million) as directed by Council.
- A one time vacation payout incentive offered to city employees as part of the labour negotiations amounting to \$2.6 million.
- An increase of \$5.9 million in the cost of water charged by the Greater Vancouver Water District which increased rates by 19.7%.
- A \$2.2 million increase in the Greater Vancouver Sewerage & Drainage District levy charged to the Sewer Utility due to an increased amount of capital work being carried out by Metro Vancouver.
- A liability accrual for the future cost of closing the landfill of \$15.2 million. A recent detailed design review for the closure of the first phase of the landfill was conducted and the updated costs and timelines were applied to the future liability of closing the entire landfill. The main reasons for the increase include a change in the cover system from soil based to a *geomembrane* (plastic) cover system, which reduces leachate and maximizes landfill gas collection and updates to the landfill gas management in the year 2012.
- Increase in Emergency Communications 911 (E-Comm) of \$4.4 million due to a \$2.8 million one-time loan repayment and increased costs related to new system implementations.
- Police expenditures increased mainly due to filling vacant positions (\$3.0 million), full-year impact of the approval of additional police officers and civilians by Council (\$1.6 million) and increased overtime expenditures related to extra patrols in the Granville Entertainment district, increased response to protests, sporting events and criminal activity (\$2.0 million).

Capital Fund

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

REPORT OF THE DIRECTOR OF FINANCE

The Capital Fund balance increased by \$24.8 million resulting in a negative fund balance of \$0.1 million (2006 – negative fund balance of \$25.0 million). The change is mainly due to:

- \$67.1 million in revenue including \$15.0 million from VANOC for Olympic venues, \$10.2 million from the Federal and Provincial governments for various projects, \$14.2 million in community amenity contributions and development cost levies from developers, \$10.1 million in water and sewer connection fees and \$4.5 million interest revenue and \$4.1 million in cost recoveries.
- \$23.7 million net transfers from reserves and other funds, the most significant being the \$24.8 million transfer from Revenue Fund Operating Budget to fund capital projects.
- \$191.8 million capital expenditures which included:

	\$ Million
• Streets, traffic and safety	41.8
Traffic calming plans, streetlights, signals, sidewalks, Skytrain and Canada Line stations	
• Main sewer construction and sewer abatement projects	22.3
Cambie & Heather, Upper Canoe Creek, Fraser and China Creek basins	
• Water works distribution system	16.2
• Vehicle and equipment purchases	16.4
• Parks, community centres, playing fields, ice rinks	32.4
Sunset Community Centre, Stanley Park restoration, Percy Norman Aquatic Centre, Killarney and Trout Lake skating rinks, Hillcrest Curling centre	
• Construction and capital maintenance of City buildings and systems	41.7
Civic Theatres upgrades, #1 Kingsway, Mountain View Cemetery	
• Technology infrastructure	10.0
Hardware upgrades, Infrastructure Management, Access Vancouver program	
• Daycare, social housing and community services facilities	7.4

In November 2005, the electorate approved borrowing authority of \$170.6 million to finance the maintenance and replacement of existing and construction of new streets, parks and facilities infrastructure as part of the 2006-2008 Capital Plan. Council has also indicated it will approve an additional \$129.3 million in borrowing authority for sewer and water capital expenditures to complete that plan. At year end, Council had allocated \$152.0 million of general plebiscite borrowing authority and \$84.7 million of sewer and water borrowing authority in the Capital Budget. These new borrowing authorities are in addition to approximately \$19.5 million of general borrowing authority remaining from the 2003-2005 Capital Plan. In September 2007 the City issued \$125.0 million, 4.70% Non-callable Sinking Fund Debentures due December 1, 2017 utilizing the balance of the 2003-2005 borrowing authorities and \$105.5 million of the 2006-2008 authorities.

Capital Financing Fund

The Capital Financing Fund (CFF) provides funds for the internal financing of capital projects. \$82.7 million was advanced to the Capital Fund and \$6.3 million to the Property Endowment Fund. The interim financing will be repaid with interest from future operating savings or additional fees and service charges.

The CFF holds the City's Solid Waste Capital Reserve which accumulates funds to meet closure and post closure costs at the City's landfill site. At year end, the balance of the reserve was \$72.6 million. The present liability is calculated based on the ratio of utilization to the total capacity of the landfill site and the discounted value of future estimated cash flows associated with closure and post-closure activities. At year end, the liability amounted to \$40.2 million, with the remaining capacity of 17.9 million tonnes (54.1% of total capacity) to be utilized by 2042.

The CFF also holds the Olympic Village Trust reserve which at year end had a balance of \$14.5 million remaining after expending \$15.9 million on the construction of the Athletes' Village in Southeast False Creek.

Sinking Fund

The Sinking Fund holds the accumulation of annual principal instalments collected through tax levies, together with interest earned to provide for the retirement of principal at maturity. As at December 31, 2007, the Sinking Fund reserve for debt retirement was \$157.4 million.

The Sinking Fund held \$75.8 million of City of Vancouver debentures at year end as investments. \$47.3 million of the reserve for debt retirement relates to internally held debt, with the remaining \$110.1 million reserve set aside for externally held debt.

Property Endowment Fund

The Property Endowment Fund (PEF) accounts for real estate properties not required for civic purposes including non-market housing sites, other residential and commercial properties and parking garages. These properties are generally managed on a commercial basis generating income to benefit current and future citizens.

The PEF had a negative fund balance at year end of \$26.4 million, a decrease of \$17.4 million from 2006 due mainly to significant capital expenditures. Net revenues from parking and property lease and rentals amounted to \$24.7 million. Property sales amounted to \$39.0 million and included the East Fraser lands sale.

In 2007, PEF capital expenditures amounted to \$92.9 million compared to \$59.6 million in 2006. Of this amount, \$50.6 million was spent on the Southeast False Creek redevelopment project, \$3.8 million was spent on parking structures including renovations to the Kerrisdale Parkade. Five properties for non-market housing were purchased for \$27.2 million and a further \$6.4 million was spent on the construction of market rental housing in the #1 Kingsway civic complex.

On an annual basis, \$7.0 million of the net revenue from operations is transferred to the Revenue Fund to support general operations. The PEF also funded \$2.1 million of administrative expenses in the Operating Budget.

Future Accounting and Reporting Changes

As stated in the 2006 Annual Report, the Public Sector Accounting Board (PSAB) standard for the accounting and reporting of tangible capital assets must be adopted for the 2009 financial statements. The new standard will result in significant changes in financial statement presentation requiring capital assets to be recorded at amortized historical cost. The major impact of this for the City will be a reduction in the carrying value of the City's land assets (from assessed values to historical cost) and the recording of depreciation for all depreciable assets.

To ensure compliance, the City is implementing an Infrastructure Management System to assist City departments with inventorying and valuing public works, facilities and parks assets.

PSAB has also issued a standard for Segment Disclosure which requires the reporting of revenues and expenses by segment or function commencing with the 2008 financial statements.

Conclusion

The City of Vancouver has continued to maintain a strong financial position going into 2008. The financial strength of the City reflects the careful attention to prudent financial management provided by Council and staff.

Respectfully submitted,



Estelle Lo
Director of Finance



KPMG LLP
Chartered Accountants
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Vancouver BC V7Y 1K3
Canada

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

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

We have audited the consolidated statement of financial position of the City of Vancouver (the "City") as at December 31, 2007 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Vancouver Charter, we report that, in our opinion, these principles have been applied, to the consolidated financial statements, on a basis consistent with that of the preceding year.

Chartered Accountants

Vancouver, Canada

March 28, 2008

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

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

	2007	2006
FINANCIAL ASSETS		
Cash (Note 2)	\$ 71,437	\$ 71,528
Temporary investments (Note 2)	806,267	630,783
Accounts receivable and accrued interest (Note 3)	72,064	71,960
Local improvement receivable	13,536	15,432
Property taxes receivable	24,059	22,238
Lease agreement receivable (Note 10(f))	54,296	56,225
	1,041,659	868,166
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	360,292	300,899
Mortgage and loan agreements (Note 10(f))	63,403	66,923
Long term debt (Note 6)	514,586	428,631
Deferred income and development cost levies	106,429	73,692
	1,044,710	870,145
NET DEBT	(3,051)	(1,979)
PHYSICAL ASSETS		
Inventory	15,306	13,807
Capital assets (Note 4)	10,953,893	9,096,785
	10,969,199	9,110,592
NET ASSETS	\$ 10,966,148	\$ 9,108,613
MUNICIPAL EQUITY		
Equity in capital assets (Note 5)	\$ 10,425,188	\$ 8,652,316
Reserve for debt retirement (Note 6)	110,136	92,621
Reserves (Note 7)	399,893	339,149
Fund balances (Note 8)	157,154	132,240
Obligations to be funded from future revenue (Note 9)	(126,223)	(107,713)
	\$ 10,966,148	\$ 9,108,613

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

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

	2007	2006
REVENUE		
Property taxes, penalties and interest	\$ 533,377	\$ 507,511
Water fees	73,950	68,859
Solid waste fees	40,388	42,790
Sewer fees	35,505	33,185
Other fees, rates and cost recoveries	308,145	313,227
Revenue sharing, grants and contributions	28,332	18,586
Investment income	33,062	30,079
Rental and lease income	44,654	43,020
Sale of property	38,976	8,055
	1,136,389	1,065,312
EXPENDITURES		
General government	128,654	117,564
Police protection	189,268	178,991
Fire protection	96,465	81,220
Engineering	158,368	170,675
Water utility	70,418	69,832
Solid waste	46,569	45,316
Sewer utility	71,977	80,029
Planning and development	57,993	63,853
Recreation and parks	164,887	160,085
Community and cultural services	151,364	92,943
	1,135,963	1,060,508
NET REVENUE	426	4,804
DEBT, TRANSFERS AND OTHER		
Debt		
Principal repayments	(40,763)	(139,072)
New issues	125,000	-
Net transfers (to) from reserves	(78,259)	30,922
Change in obligations to be funded from future revenue	18,510	894
	24,488	(107,256)
CHANGE IN FUND BALANCES	24,914	(102,452)
FUND BALANCES (Note 8)		
Beginning of year	132,240	234,692
End of year	\$ 157,154	\$ 132,240

See accompanying Notes to Consolidated Financial Statements

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

	2007	2006
CASH PROVIDED BY (USED IN):		
Operations		
Net revenue	\$ 426	\$ 4,804
Change in non-cash items	90,729	45,042
	91,155	49,846
Financing		
Debt issued	125,000	-
Debt repayments	(40,763)	(139,072)
	84,237	(139,072)
Investing		
Net (purchase) sale of temporary investments	(175,483)	89,647
NET INCREASE (DECREASE) IN CASH	(91)	421
CASH		
Beginning of year	71,528	71,107
End of year	\$ 71,437	\$ 71,528

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's)
Year Ended December 31, 2007

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

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

(b) Reporting Entity

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

Outside Boards

Parks & Recreation	Vancouver Police
Vancouver Public Library	Vancouver Civic Theatres

Owned/Controlled Entities

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

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

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

(c) Fund Accounting

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

Capital

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

Revenue

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

Property Endowment

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

Sinking

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

Capital Financing

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

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Basis of Accounting

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

(e) Capital Assets

(i) Capital Fund (for civic use)

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

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

Land - At 'actual' value for assessment purposes as determined annually by the B.C. Assessment Authority

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

Buildings - at cost.

Plant and equipment - at cost.

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

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

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

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

Buildings - At cost less accumulated depreciation of \$53.9 million (2006 - \$47.6 million). Depreciation is charged against Equity in Capital Assets on a 5% straight-line basis on the buildings on parking sites, and on a 5% declining balance basis on leased buildings.

Equipment - At cost less accumulated depreciation of \$4.6 million (2006 - \$3.8 million). Depreciation is calculated on a 30% declining balance basis and is charged to Equity in Capital Assets.

Property subject to sale option - At option price. The land parcel is subject to purchase by the lessee at a minimum value of \$8.4 million (with an expiry date of January 31, 2015).

(f) Reserves for Future Expenditures

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

(g) Comparative Figures

Certain of the 2006 figures have been reclassified to conform to current year presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2007

2. CASH AND TEMPORARY INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Cash	\$ 24,057	\$ 9,119
Short-term investments (Maturity date within 90 days)	47,380	62,409
	<u>71,437</u>	<u>71,528</u>
Temporary investments (Maturity date greater than 90 days)	806,267	630,783
Total cash and investments	<u>\$ 877,704</u>	<u>\$ 702,311</u>
Market Value of total cash and investments	<u>\$ 886,679</u>	<u>\$ 711,105</u>

3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

	<u>2007</u>	<u>2006</u>
Accounts receivable and accrued interest		
Accrued interest	\$ 11,233	\$ 11,737
Utility receivables	18,594	18,412
Employee advances	2,521	2,723
Rental and lease receivables	1,557	5,589
Trade and other receivables	39,947	40,433
	<u>73,852</u>	<u>78,894</u>
Allowance for doubtful accounts	<u>(1,788)</u>	<u>(6,934)</u>
	<u>\$ 72,064</u>	<u>\$ 71,960</u>
Accounts payable and accrued liabilities		
Payroll liabilities	\$ 43,369	\$ 35,138
Advance deposits and receipts	99,563	93,587
Future obligations (Note 9)	126,223	107,713
Trade and other liabilities	91,137	64,461
	<u>\$ 360,292</u>	<u>\$ 300,899</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2007

4. CAPITAL ASSETS

	Capital Fund	Property Endowment Fund	2007 Total	2006 Total
Land	\$ 5,945,864	\$ 2,464,554	\$ 8,410,418	\$ 6,725,234
Buildings	516,295	132,453	648,748	580,842
Property subject to sale option	-	8,365	8,365	8,365
Leasehold interests	25,533	3,330	28,863	28,913
Engineering assets	957,492	-	957,492	935,481
Waterworks	328,491	-	328,491	324,246
Assets under construction	40	89,936	89,976	39,385
Plant, equipment, artworks and artifacts	459,210	2,450	461,660	435,408
	<u>\$ 8,232,925</u>	<u>\$ 2,701,088</u>	10,934,013	9,077,874
City of Vancouver Public Housing Corporation			9,365	10,055
Pacific National Exhibition			10,515	8,856
Total			<u>\$ 10,953,893</u>	<u>\$ 9,096,785</u>

The City's assets are recorded in accordance with the Capital Assets accounting policies outlined in Note 1(e). The City is in the process of revising its accounting policies and developing new systems and procedures related to its Tangible Capital Assets in order to comply with PSAB Standard 3150 by December 31, 2009.

5. EQUITY IN CAPITAL ASSETS

	2007	2006
Capital expenditures	\$ 287,636	\$ 230,446
Debt issued	(125,000)	-
Debt principal repayments	40,764	139,071
Disposals	(10,703)	(3,362)
Depreciation	(55,340)	(52,987)
Increase in assessed values	1,642,439	749,132
Capital grants	(6,924)	(7,418)
Change in equity in capital assets	<u>1,772,872</u>	<u>1,054,882</u>
Balance, beginning of year	8,652,316	7,597,434
Balance, end of year	<u>\$ 10,425,188</u>	<u>\$ 8,652,316</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2007

6. LONG TERM DEBT

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

Maturing In	General *	Local Improvements	Total
2008	\$ 30,220	\$ 2,122	\$ 32,342
2009	171,538	1,910	173,448
2010	34,005	1,718	35,723
2011	114,504	1,557	116,061
2012	36,160	1,410	37,570
Thereafter	189,198	6,033	195,231
Total	575,625	14,750	590,375
Internally held	(61,039)	(14,750)	(75,789)
Net external debt	\$ 514,586	\$ -	\$ 514,586

* General including Waterworks

The rates of interest payable on the principal amount of the debentures range from 3.3% to 9.5% per annum. The weighted average interest rate on total debt to maturity is 4.73%. Total interest paid in 2007 on externally held debt amounted to \$22.1 million (2006 - \$30.1 million). All debentures are payable in Canadian funds.

Reserve for debt retirement at December 31, 2007 amounted to \$110.1 million (2006 - \$92.6 million).

7. RESERVES

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

	2006	Change During Year	2007
Affordable Housing	\$ 7,324	\$ (3,276)	\$ 4,048
Art Gallery Operations	4,072	11	4,083
Capital Facilities	1,152	(199)	953
Childcare Endowment	6,026	724	6,750
Community Amenities	44,129	3,302	47,431
Cultural Precinct	5,144	(121)	5,023
Emerging Neighbourhood	4,601	1,495	6,096
Future Revenue Fund Budgets	37,021	11,946	48,967
Future Debt Repayment	6,801	10,237	17,038
Hastings Park	4,083	1,113	5,196
Library	4,588	1,346	5,934
Mortgage Debenture Retirement	5,714	(43)	5,671
Olympic Village Trust	30,410	(15,943)	14,467
Olympic Legacy	-	9,068	9,068
Olympic Legacy Facilities	-	15,502	15,502
Outstanding Commitments	11,726	3,619	15,345
Pacific National Exhibition	2,126	(434)	1,692
Park Board	3,676	(625)	3,051
Parking Sites	1,016	1,751	2,767
Plant and Equipment	34,823	3,604	38,427
Public Art	5,122	1,137	6,259
Self-insurance	18,753	736	19,489
Solid Waste Capital	67,727	4,876	72,603
Stanley Park Restoration	2,000	3,464	5,464
Water and Sewer Utility Rate Stabilization	24,432	4,637	29,069
Other	6,683	2,817	9,500
	<u>\$ 339,149</u>	<u>\$ 60,744</u>	<u>\$ 399,893</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2007

8. FUND BALANCES

	2006	Change During Year	2007
Revenue Fund	\$ 12,278	\$ 2,276	\$ 14,554
Capital Fund	(24,980)	24,843	(137)
Capital Financing Fund	185,368	8,962	194,330
Sinking Fund	309	102	411
Property Endowment Fund	(8,948)	(17,403)	(26,351)
Harbour Park Development Ltd.	17	(1)	16
Vancouver Civic Development Corp.	9,612	414	10,026
Hastings Institute Inc.	185	38	223
Pacific National Exhibition	(2,265)	(2,715)	(4,980)
City of Vancouver Public Housing Corporation	(197)	(85)	(282)
	<u>171,379</u>	<u>16,431</u>	<u>187,810</u>
Elimination for internally-held debt on consolidation	(39,139)	8,483	(30,656)
	<u>\$ 132,240</u>	<u>\$ 24,914</u>	<u>\$ 157,154</u>

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE

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

	2007	2006
Deferred payroll costs	\$ 80,267	\$ 77,270
Accrued interest on long term debt	5,753	5,477
Landfill closure and post-closure	40,203	24,966
	<u>\$ 126,223</u>	<u>\$ 107,713</u>

(a) Deferred Payroll Costs

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

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

The liabilities reported in 2007 are based on an actuarial valuation as at December 31, 2003 using the following valuation assumptions:

	2007	2006
Discount rate	4.70%	4.70%
Inflation rate	2.00%	2.00%
Rate of compensation increase	3.08% to 5.00%	3.08% to 5.00%

Employee benefit liabilities as at December 31 are as follows:

	2007	2006
Sick leave gratuity	\$ 23,207	\$ 21,231
Deferred vacation	13,124	12,601
Non-vested accumulating sick leave	25,351	23,011
Long term disability	8,606	9,884
Other post-employment benefits	13,807	12,852
	<u>84,095</u>	<u>79,579</u>
Unamortized actuarial gain (loss)	(3,828)	(2,309)
	<u>\$ 80,267</u>	<u>\$ 77,270</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2007

9. OBLIGATIONS TO BE FUNDED FROM FUTURE REVENUE - continued

(a) Deferred Payroll Costs - continued

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

	2007	2006
Beginning of year	\$ 77,270	\$ 71,692
Current service cost	6,684	9,029
Interest cost	3,721	3,427
Amortization of actuarial gain	221	356
Actual benefits paid	(7,629)	(7,234)
End of year	<u>\$ 80,267</u>	<u>\$ 77,270</u>

The City manages the payment of these future payroll obligations as they come due in the current Operating Budget. The City has also provided funding of \$24.0 million (\$21.5 million in 2006) in a reserve.

(b) Landfill Closure and Post-Closure Costs

The City has agreed with the Ministry of Environment Lands and Parks to assume certain obligations in order to obtain the Operating Certificate for its landfill site. Those obligations include closure and post-closure liability. The present value of the City's estimated future liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability of \$40.2 million (2006 - \$25.0 million) represents the portion of the estimated total expenditure recognized as at December 31, 2007. This liability and annual expenditure is calculated based on the ratio of utilization to total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities. The discount rate of 4.70% was unchanged from 2006.

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the landfill. The landfill site is expected to reach its capacity in 2042 and at year end the estimate of the remaining capacity is 17.9 million tonnes, which is 54.1% of the site's total capacity. At December 31, 2007, the discounted future cash flows for closure and post-closure cost is estimated at \$109.9 million (2006 - \$64.7 million) and reflects increased costs for an improved environmental cover for the site.

In accordance with an agreement between the City and the Greater Vancouver Sewerage and Drainage District, the City is responsible for 80% of the overall liability for closure and post-closure costs. The City has provided a reserve to fund future landfill capital expenditure and waste diversion programs with a balance as at December 31, 2007 of \$72.6 million (2006 - \$67.7 million).

10. 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, whose services include: regional 911 call centre for the Greater Vancouver Regional District, Wide Area Radio emergency communications network, dispatch operations and records management. The City holds 2 Class A shares (of a total 23 Class A and 25 Class B shares issued and outstanding at December 31, 2007). 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 \$18.6 million during the year (2006 - \$16.4 million).

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

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

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

10. CONTINGENCIES AND COMMITMENTS - Continued

(c) Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory defined benefit pension plan with about 144,000 active members and approximately 51,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438.0 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The City paid \$40.4 million during 2007 (2006 - \$40.5 million) for employer contributions to the Plan. Employee contributions during 2007 amounted to \$29.5 million (2006 - \$31.0 million).

(d) Contingent Legal Liabilities

As at December 31, 2007, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has made provision for certain uninsured claims in its self-insurance liability reserve, but has made no specific provision for those where the outcome is presently indeterminable.

(e) Property Assessment Appeals

As at December 31, 2007, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable.

(f) Mortgage and Lease Agreements

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

2008	\$	9,477
2009		2,835
2010		2,667
2011		3,547
2012		3,077
Thereafter		41,800
	\$	<u>63,403</u>

Outstanding mortgages include:

- \$9.7 million (2006 - \$10.1 million) in mortgages payable to Canada Mortgage and Housing Corporation for 5 non-market housing projects. Interest rates range from 4.12 % to 8.0% with maturity dates from June 1, 2008 to December 1, 2027.
- \$49.3 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 City has executed a 25-year lease of the Library Square office building to the Federal Government which commenced April 30, 1995. Annual lease payments of \$6.7 million will fully offset mortgage principal and interest payments. The lease provides options for the Federal Government to purchase the office building at the end of the 10th and 20th years and at the end of the lease term. The balance of the lease receivable is \$47.9 million (2006 - \$49.8 million).

In 2006, the City executed a \$6.4 million no-interest take-back mortgage on the sale of the former Woodward's site to a developer. The terms provide for discharge and forgiveness of the mortgage upon the developer's conveyance to the City of an air space parcel by January 1, 2010.

10. CONTINGENCIES AND COMMITMENTS - Continued

(g) Loan Guarantee

The City has guaranteed a \$12.0 million line of credit for the Pacific National Exhibition effective January 1, 2008 for a period of one year.

(h) Property Acquisition

On March 9, 2005, Council approved a 4-year agreement for the City to act as a backup to a property acquisition. The agreement commits the City to purchase the property from the original purchaser at the original purchase price of \$24.5 million plus up to \$5.0 million for site development and remediation costs, if for any reason the original purchaser is unable to proceed with their proposed development.

(i) 2nd Avenue Canada Line Station

The City has entered into an agreement with CLCL for the design and construction of the 2nd Avenue Canada Line station for \$28.9 million. The City received a contribution of \$7.8 million from the Province of British Columbia toward this project. Payments totalling \$21.8 million have been made to date with a final payment of \$7.1 million to be made in 2008.

(j) Southeast False Creek and Olympic Village Development

The City has entered into a lease, development and sale agreement (the "Agreement") with Millennium Southeast False Creek Properties Ltd ("Millennium") to develop the City's properties in Southeast False Creek Area 2A. The development will be used by the City and the Vancouver Olympic Organizing Committee for the 2010 Olympic and Paralympic Winter Games Athletes' Village. Under the Agreement, Millennium is required to construct market housing and commercial space (the "Market Project") on several parcels (the "Development Parcels"). In addition, Millennium is required to design and construct at the City's cost non-market housing buildings and a civic centre on parcels to be retained by the City. Millennium has provided the City with a deposit of approximately \$29.0 million as security for its obligations to the City under the Agreement. This deposit will be credited against the purchase price of the land related to the Development Parcels of approximately \$200.0 million (the "Purchase Price") following the 2010 Winter Games.

In order to facilitate the completion of the Market Project in time for the 2010 Winter Games, the City (as landlord under the ground lease portion of the Agreement) has provided security to the Market Project lender for complete construction financing (the "Loan") that is in addition to the security provided by Millennium. The City has: provided a Completion Guarantee which obligates it to complete the Market Project in time for the 2010 Winter Games should Millennium be unable to complete; has subordinated the balance of the Purchase Price (approximately \$170.0 million); and, has provided a Payment Guarantee of up to \$190.0 million (plus interest and expenses) should Millennium be unable to fulfill its obligations to the Market Project Lender. The City's obligations and rights associated with this security extend until the Loan is repaid.

As the City's guarantees are in addition to those provided by Millennium, the exposure of the City is primarily dependent on the extent to which the marketing of the Market Project is successful prior to the due date of the Loan. In the case of a default, it is expected that the City will assume the completion of the Market Project and become responsible for repaying the Loan. The City's exposure in these circumstances is secured by guarantees and other rights provided to the City by Millennium including corporate and personal guarantees and the transfer of all interests in the Market Project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (000's) CONTINUED
Year Ended December 31, 2007

11. TRUST FUNDS

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

	<u>2007</u>	<u>2006</u>
Vancouver Agreement	\$ 5,848	\$ 9,183
Cemetery Perpetual Care	3,238	3,097
Atrium	321	308
General	332	319
	<u>\$ 9,739</u>	<u>\$ 12,907</u>

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

12. EXPENDITURES BY OBJECT

	<u>2007</u>	<u>2006</u>
Wages, salaries and benefits	\$ 531,073	\$ 545,479
Contract services	190,343	129,278
Supplies, material and equipment	392,491	355,684
Debt charges	22,056	30,067
	<u>\$ 1,135,963</u>	<u>\$ 1,060,508</u>



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

We have audited and reported separately herein on the consolidated financial statements of the City of Vancouver as at and for the year ended December 31, 2007.

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

Chartered Accountants

Vancouver, Canada

March 28, 2008

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

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

	<u>2007</u> <u>Budget</u>	<u>2007</u>	<u>2006</u>
REVENUE			
Property taxes, penalties and interest	\$ 533,908	\$ 533,377	\$ 507,511
Water fees	74,252	73,950	68,859
Solid waste fees	42,878	40,388	42,790
Sewer fees	35,721	35,505	33,185
Other fees, rates and cost recoveries	175,803	179,608	186,239
Revenue sharing, grants and contributions	17,938	20,847	18,020
Investment income	13,850	19,403	17,525
Rental and lease income	20,452	21,023	23,338
	<u>914,802</u>	<u>924,101</u>	<u>897,467</u>
EXPENDITURES			
General government	94,504	105,150	82,393
Police protection	181,896	186,373	175,935
Fire protection	82,487	83,947	79,875
Engineering	69,857	65,876	67,464
Water utility	59,199	55,396	50,112
Solid waste	33,424	45,420	38,706
Sewer utility	53,052	50,879	50,251
Planning and development	61,926	57,993	63,853
Recreation and parks	89,859	75,935	88,883
Community and cultural services	66,652	57,038	63,790
	<u>792,856</u>	<u>784,007</u>	<u>761,262</u>
NET REVENUE	<u>121,946</u>	<u>140,094</u>	<u>136,205</u>
DEBT, TRANSFERS AND OTHER			
Debt principal repayments	(41,322)	(41,323)	(39,874)
Transfers			
Net transfers to other funds	(49,843)	(61,869)	(67,473)
Net transfers to reserves	(30,781)	(53,072)	(27,824)
Change in obligations to be funded from future revenue	-	18,446	810
	<u>(121,946)</u>	<u>(137,818)</u>	<u>(134,361)</u>
CHANGE IN FUND BALANCE	-	2,276	1,844
FUND BALANCE			
Beginning of year	<u>12,278</u>	<u>12,278</u>	<u>10,434</u>
End of year	<u>\$ 12,278</u>	<u>\$ 14,554</u>	<u>\$ 12,278</u>

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

	<u>2007</u>	<u>2006</u>
REVENUE		
Fees, charges and recoveries	\$ 59,628	\$ 58,808
Grants and contributions	7,485	566
Property sale	(24)	7,785
	<u>67,089</u>	<u>67,159</u>
EXPENDITURES		
Capital expenditures		
General government	11,878	9,214
Police protection	2,895	3,056
Fire protection	12,518	1,345
Engineering	50,609	53,644
Water utility	16,202	20,900
Solid waste utility	1,149	6,610
Sewer utility	22,278	30,958
Recreation and parks	32,664	26,200
Community and cultural services	41,625	17,372
	<u>191,818</u>	<u>169,299</u>
NET EXPENDITURES	<u>(124,729)</u>	<u>(102,140)</u>
DEBT AND TRANSFERS		
Debt issued	125,840	573
Transfers		
Net transfers to reserves	(15,486)	(15,539)
Net transfers from other funds	39,218	40,106
	<u>149,572</u>	<u>25,140</u>
CHANGE IN FUND BALANCE	24,843	(77,000)
FUND BALANCE		
Beginning of year	<u>(24,980)</u>	<u>52,020</u>
End of year	<u>\$ (137)</u>	<u>\$ (24,980)</u>

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

	2007	2006
REVENUE		
Investment income	\$ 9,585	\$ 9,268
TRANSFERS		
Net transfer (to) from other funds	(11,690)	5,449
Net transfer (to) from reserves	11,067	(6,957)
	(623)	(1,508)
CHANGE IN FUND BALANCE	8,962	7,760
FUND BALANCE		
Beginning of year	185,368	177,608
End of year	\$ 194,330	\$ 185,368

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

	2007	2006
REVENUE AND EXPENDITURES		
Investment income	\$ 7,564	\$ 6,442
Administration expenses	68	70
	7,496	6,372
DEBT AND TRANSFERS		
Debt repayments	(40)	(100,038)
Transfers		
Net transfer from Revenue Fund	17,142	25,381
Net transfer (to) from reserves	(24,496)	68,594
	(7,394)	(6,063)
CHANGE IN FUND BALANCE	102	309
FUND BALANCE		
Beginning of year	309	-
End of year	\$ 411	\$ 309

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

	<u>2007</u>			<u>2006</u>
	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>	<u>Net</u>
OPERATIONS				
Rental and leases	\$ 22,218	\$ 5,718	\$ 16,500	\$ 7,974
Parking	20,518	12,828	7,690	5,682
Water moorage	1,011	476	535	449
	<u>\$ 43,747</u>	<u>\$ 19,022</u>	24,725	14,105
Interest income			698	1,258
Property sales			39,000	270
Miscellaneous income			437	970
			<u>64,860</u>	<u>16,603</u>
Expenses				
Capital expenditures			92,888	59,624
Adminstration and operating			3,259	3,863
			<u>96,147</u>	<u>63,487</u>
NET EXPENDITURES			<u>(31,287)</u>	<u>(46,884)</u>
TRANSFERS				
Debt principal repayments			(63)	(59)
Net transfer (to) from reserves			(3,253)	5,999
Transfer to Revenue Fund			(7,000)	(7,000)
Net transfer from other funds			24,200	3,537
			<u>13,884</u>	<u>2,477</u>
CHANGE IN FUND BALANCE			(17,403)	(44,407)
FUND BALANCE				
Beginning of year			(8,948)	35,459
End of year			<u>\$ (26,351)</u>	<u>\$ (8,948)</u>

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

	2007	2006
SOLID WASTE UTILITY		
REVENUE		
Fees and service charges	\$ 40,388	\$ 42,790
EXPENDITURES AND TRANSFERS		
Garbage collection and disposal	8,504	9,614
Recycling	4,438	4,875
Composting	3,377	3,907
Commercial	13,264	16,745
Management and solid waste levy	600	646
Post closure costs	15,237	2,919
	45,420	38,706
Transfers from other funds	(16,835)	(4,678)
Transfer to reserves	11,803	8,762
	\$ 40,388	\$ 42,790
WATER UTILITY		
REVENUE		
Fees and service charges	\$ 73,950	\$ 68,859
EXPENDITURES AND TRANSFERS		
Purchase of water	42,165	36,220
Water debt charges	6,634	9,084
Operations	6,597	4,808
	55,396	50,112
Debt principal repayments	10,051	9,630
Transfer to Sinking Fund	4,802	7,135
Transfer to reserves	3,701	1,982
	\$ 73,950	\$ 68,859
SEWER UTILITY		
REVENUE		
Fees and service charges	\$ 35,505	\$ 33,185
Contribution from property taxes	35,372	33,262
	\$ 70,877	\$ 66,447
EXPENDITURES AND TRANSFERS		
Contribution to Joint Sewerage Board	39,150	36,988
Sewer debt charges	6,384	8,136
Operations	5,345	5,127
	50,879	50,251
Debt principal repayments	11,033	10,571
Transfer to Sinking Fund	3,851	5,462
Transfer to reserves	5,114	163
	\$ 70,877	\$ 66,447

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

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**SUPPLEMENTARY
FINANCIAL
INFORMATION**



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

We have reported to the Mayor and Members of Council on our examination for the purpose of expressing an opinion on the consolidated financial statements of the City of Vancouver for the year ended December 31, 2007.

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature.

Chartered Accountants

Vancouver, Canada

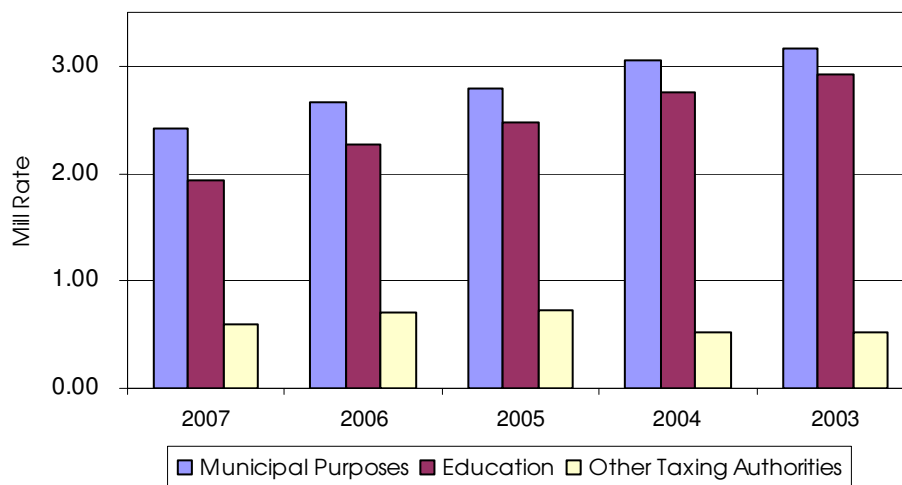
March 28, 2008

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

FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

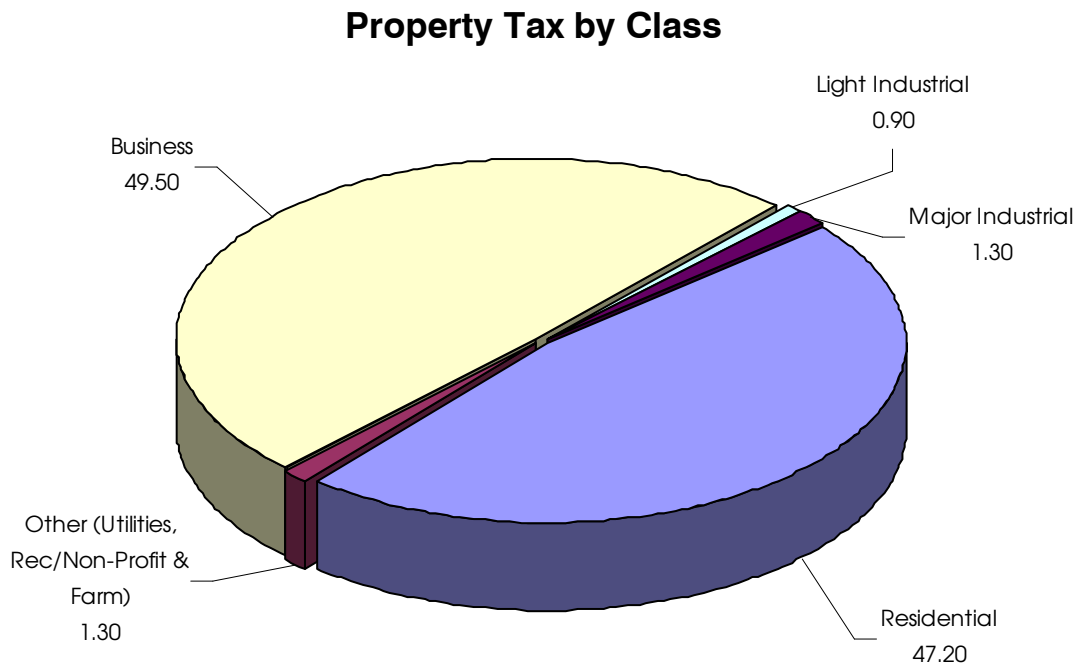
	2007	2006	2005	2004	2003
Property Assessment (\$000s)					
Rateable property general purposes	134,958,971	107,777,325	94,494,731	80,246,519	72,843,427
Tax Rates – Rate per \$1,000 of Assessment					
Residential					
Municipal purposes	2.42045	2.66174	2.78956	3.06186	3.17221
Education	1.93546	2.26854	2.47345	2.75856	2.91461
Other taxing authorities	0.59226	0.70825	0.72621	0.51531	0.52729
Total Residential	4.94817	5.63853	5.98922	6.33573	6.61411
Business/Other					
Municipal purposes	13.34754	15.48272	16.44104	16.75464	16.36674
Education	8.94972	9.96944	10.16357	10.35432	10.06992
Other taxing authorities	2.57445	2.80508	2.79649	2.28976	2.28677
Total Business/Other	24.87171	28.25724	29.40110	29.39872	28.72343
Major Industrial					
Municipal purposes	30.25422	28.46539	28.31661	28.58468	27.71701
Education	12.50000	12.50000	12.50000	12.50000	12.50000
Other taxing authorities	3.36844	3.76664	3.81372	3.18900	3.27333
Total Major Industrial	46.12266	44.73203	44.63033	44.27368	43.49034
Light Industrial					
Municipal purposes	13.34754	14.28709	15.52713	16.02039	16.09242
Education	8.86071	9.20000	9.60000	9.90000	9.90000
Other taxing authorities	3.44676	3.51684	3.57582	2.94250	3.00313
Total Light Industrial	25.65501	27.00393	28.70295	28.86289	28.99555
Total Utilities	55.85287	54.09031	52.27359	51.26064	50.80137
Total Recreational/Non-Profit	6.50882	7.23303	7.69044	7.86989	8.05798
Total Farm – All Purposes	9.40882	9.83303	9.99004	10.16989	10.35798

Residential Tax Rate



FIVE YEAR STATISTICAL REVIEW – TAXATION
Years Ended December 31

	2007	2006	2005	2004	2003
Property Tax Revenue by Property Class (%)					
Residential - Class 1	47.2	44.9	43.5	43.3	42.9
Business - Class 6	49.5	51.6	52.7	52.8	53.3
Major industrial - Class 4	1.1	1.2	1.3	1.4	1.2
Light industrial - Class 5	0.9	0.9	1.0	1.0	1.1
Other (Utilities, Rec/Non-Profit and Farm)	1.3	1.4	1.5	1.5	1.5
Total	100.0	100.0	100.0	100.0	100.0



Property Taxation - Levy and Collections

Total tax levy (all purposes) (\$000s)	1,050,887	1,007,751	951,769	886,391	853,460
Total tax arrears outstanding (\$000s)	24,059	22,238	21,254	25,253	34,386
% of current collections to current levy	98.61	98.61	98.45	98.51	97.74
% of total collections to current levy	99.91	100.10	100.40	101.22	100.32

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

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

	<u>2007</u>	<u>2006</u>
Taxes collected:		
Property and business taxes	\$ 985,842	\$ 945,093
Payment in lieu of taxes	31,004	29,364
Local improvement levies	3,262	3,607
	<u>1,020,108</u>	<u>978,064</u>
Less taxes collected on behalf of:		
Province of British Columbia - School Taxes	374,221	361,587
Greater Vancouver Transportation Authority	87,127	84,865
B.C. Assessment Authority	12,704	12,312
Greater Vancouver Regional District	12,642	11,760
Municipal Finance Authority	37	29
	<u>486,731</u>	<u>470,553</u>
NET TAXES - MUNICIPAL PURPOSES	<u>\$ 533,377</u>	<u>\$ 507,511</u>

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

	<u>2007</u>	<u>2006</u>
Analysis of Tax Receipts and Receivables		
Balance, before allowance for tax write-offs, beginning of year	\$ 22,238	\$ 21,254
Add: Interest and adjustments (net)	(263)	902
	<u>21,975</u>	<u>22,156</u>
Less: Receipts	(13,622)	(15,022)
Outstanding - prior years	<u>8,353</u>	<u>7,134</u>
Current tax levy including utility and other charges	1,050,887	1,007,751
Less : Receipts	(1,036,293)	(993,772)
Current arrears	14,594	13,979
Add: Penalties on current arrears	1,112	1,125
Outstanding - current year	<u>15,706</u>	<u>15,104</u>
Balance	<u>\$ 24,059</u>	<u>\$ 22,238</u>
Analysis of Property Taxes Receivable by Year		
Current year	\$ 15,706	\$ 15,104
Prior year	5,035	4,596
Prior 2 year	<u>3,318</u>	<u>2,538</u>
Balance	<u>\$ 24,059</u>	<u>\$ 22,238</u>

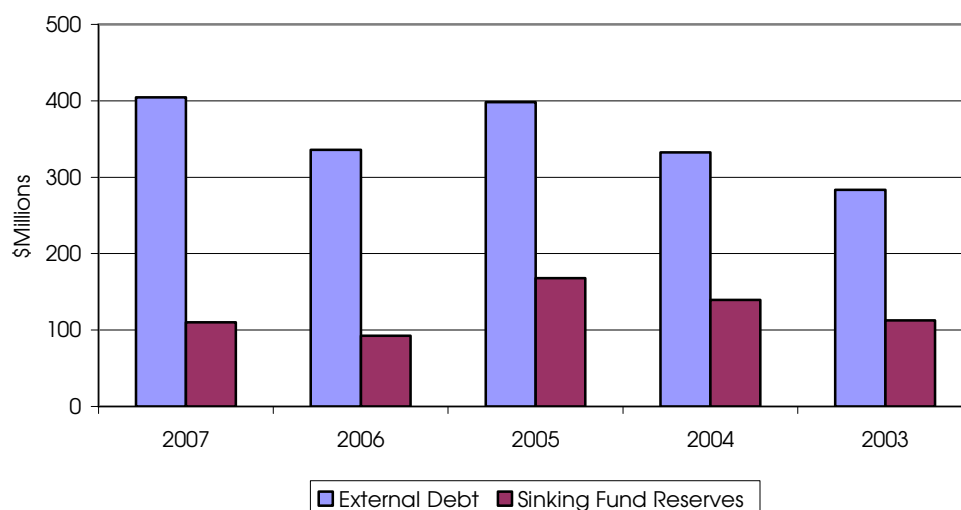
REVENUE FUND – OTHER FEES, RATES AND RECOVERIES (\$000s)
Years Ended December 31

	2007 Budget	2007	2006
Permits and licences			
Business	\$ 12,108	\$ 11,989	\$ 11,572
Dog	850	715	741
False Alarm Reduction Programme	1,240	1,066	1,148
Other	876	767	1,138
	<u>15,074</u>	<u>14,537</u>	<u>14,599</u>
Municipal by-law fines	<u>11,660</u>	<u>10,495</u>	<u>12,148</u>
Service and inspection fees			
Development permits	6,606	5,482	6,943
Building permits	7,980	9,110	9,498
Plumbing inspection	4,417	4,026	4,078
Electrical inspection	3,485	3,581	3,306
Other	9,110	9,333	9,204
	<u>31,598</u>	<u>31,532</u>	<u>33,029</u>
On street parking	<u>26,417</u>	<u>26,527</u>	<u>24,856</u>
Sundry fees and services			
Recovery - Greater Vancouver Transit Authority	3,547	3,619	3,548
Provincial school tax administration fee	360	371	357
Utility company access	259	252	318
Other	1,449	2,552	1,692
	<u>5,615</u>	<u>6,794</u>	<u>5,915</u>
Departmental revenues			
Parks and recreation - general operations	36,288	29,320	37,647
Britannia Community Services	798	675	802
Libraries	5,273	5,577	6,385
Civic theatres	5,786	5,445	6,748
General government	1,857	6,443	3,846
Fire	6,558	7,357	6,947
Police	15,800	18,196	16,957
Engineering	5,714	5,497	5,617
Community services	7,365	11,213	10,743
	<u>85,439</u>	<u>89,723</u>	<u>95,692</u>
TOTAL	<u>\$ 175,803</u>	<u>\$ 179,608</u>	<u>\$ 186,239</u>

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

	2007	2006	2005	2004	2003
Population (000s)*	611,900	606,900	597,600	590,400	583,300
Long Term Debt (000s)					
Debtenture debt outstanding	\$ 590,375	\$ 505,858	\$ 645,159	\$ 552,512	\$ 477,509
Less: Internally held debt	(75,789)	(77,227)	(79,133)	(80,180)	(81,373)
Externally held debt	514,586	428,631	566,026	472,332	396,136
Sinking Fund reserves	110,135	92,621	167,865	139,630	112,748
Net externally held debt	\$ 404,451	\$ 336,010	\$ 398,161	\$ 332,702	\$ 283,388
Debt per capita (externally held)	\$ 840.96	\$ 706.26	\$ 947.17	\$ 800.02	\$ 679.13

Long Term Debt - External



(\$000s)	2007	2006	2005	2004	2003
Capital expenditures	191,818	169,299	156,563	127,169	147,042
Internally restricted reserves	399,893	339,149	294,826	243,754	205,281

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

CHANGES IN DEBENTURE DEBT OUTSTANDING (\$000s)
Year Ended December 31, 2007

	Externally Held	Internally Held	Total
Balance, beginning of year	\$ 428,631	\$ 77,227	\$ 505,858
Add: Debentures issued	125,000	-	125,000
Local improvements	-	840	840
	<u>553,631</u>	<u>78,067</u>	<u>631,698</u>
Less: Maturities			
General and water	39,045	-	39,045
Local improvements	-	2,278	2,278
	<u>39,045</u>	<u>2,278</u>	<u>41,323</u>
Balance, end of year	<u>\$ 514,586</u>	<u>\$ 75,789</u>	<u>\$ 590,375</u>

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2007

Bylaw	Maturity Date & Purpose	Rate %	Term (Years)	Debenture Outstanding	Sinking Fund Reserve Balance
8042*	July 12, 2009	5.900	10		
	Parks			5,000	3,885
	Roads, walks, streets and lanes			15,000	11,657
	Sewers			20,000	15,542
	Waterworks			20,000	15,542
				<u>60,000</u>	<u>46,626</u>
8077	October 7, 2009	6.000	10		
	Roads, walks, streets and lanes			46,533	35,739
	Sewers			11,417	8,769
	Waterworks			22,050	16,935
				<u>80,000</u>	<u>61,443</u>
8269*	December 14, 2010	6.000	10		
	Roads, walks, streets and lanes			1,038	674
8295	February 21, 2011	5.850	10		
	Infrastructure			2,238	1,262
	Parks			13,858	7,816
	Pedestrian/cycling facilities			1,678	946
	Public works/fire facilities			10,600	5,978
	Roads, walks, streets and lanes			2,382	1,343
	Sewers			17,015	9,596
	Street lighting/communications/undergrounding			857	483
	Street lighting/communications			4,476	1,345
	Street lighting			2,384	2,524
	Transit /safety improvements			6,162	3,475
	Waterworks			18,350	10,349
				<u>80,000</u>	<u>45,117</u>
8460	April 17, 2012	5.250 to 6.125	10		
	Local area improvement			3,365	-
	Parks			3,961	-
	Pedestrian/cycling facilities			2,264	-
	Public works/fire facilities			4,102	-
	Sewers			16,971	-
	Street lighting			624	-
	Street/bridge infrastructure			3,677	-
	Transit /safety improvements			4,639	-
	Waterworks			16,971	-
				<u>56,574</u>	<u>-</u>
			Carried Forward	<u>\$277,612</u>	<u>\$153,860</u>

* Held Internally

SCHEDULE OF GENERAL DEBT (\$000s)
Year Ended December 31, 2007

8808	March 16, 2014	2.500 to 4.650	10		
	Civic facilities			367	-
	Local area improvement			4,501	-
	Parks			6,755	-
	Pedestrian/cycling facilities			4,233	-
	Public works/fire facilities			828	-
	Sewers			23,534	-
	Street lighting/communications			3,070	-
	Street/bridge infrastructure			1,748	-
	Transit /safety improvements			6,096	-
	Waterworks			22,273	-
				<u>73,405</u>	<u>-</u>
9115	October 06, 2015	3.150 to 4.100	10		
	Bridges/tunnels			2,242	-
	Community centre facilities			4,981	-
	Infrastructure			5,753	-
	Libraries			4,076	-
	Local area improvement			5,586	-
	Miscellaneous			206	-
	Multi-purpose centres			1,960	-
	Neighbourhood houses			1,942	-
	Parks			12,526	-
	Pedestrian/cycling facilities			5,288	-
	Public safety/Police			498	-
	Sewers			25,500	-
	Sports facilities			912	-
	Street lighting/communications			3,223	-
	Train stations			4,150	-
	Transit/safety improvements			3,216	-
	Waterworks			16,359	-
	Yards			1,190	-
				<u>99,608</u>	<u>-</u>
9532	December 1, 2017	4.700	10		
	Civic Facilities			2,166	-
	Community legacy projects			15,000	-
	Fire protection			600	-
	Libraries			2,000	-
	Local area improvement			4,548	-
	Overhead debenture costs			1,500	-
	Parks			7,175	-
	Pedestrian/cycling facilities			12,349	-
	Police			12,304	-
	Sewers			25,000	-
	Street/bridge infrastructure			17,557	-
	Transit /safety improvements			4,801	-
	Waterworks			20,000	-
				<u>125,000</u>	<u>-</u>
				<u>\$575,625</u>	<u>\$153,860</u>
			Total		

SCHEDULE OF DEBT (\$000s)
Year Ended December 31, 2007

LOCAL IMPROVEMENT - Property Owners' Share

Bylaw	Maturity Date	Purpose	Rate	Term (Yr)	Debt Balance
7129	June 23 2008	Lane paving, speed ramps, sidewalks & curbs	9.000	15	330
7312	June 22 2009	Lane paving, speed ramps, sidewalks & curbs	7.000	15	450
7313	June 22 2009	Beautification	7.000	15	116
7315	June 22 2009	Underground wiring	7.000	15	11
7446	June 21 2010	Lane paving, speed ramps, sidewalks & curbs	9.500	15	595
7447	June 21 2010	Underground wiring	9.500	15	29
7584	June 26 2011	Lane paving, speed ramps, sidewalks & curbs	7.500	15	821
7758	June 25 2012	Lane paving, speed ramps, sidewalks & curbs	7.000	15	1,017
7759	June 25 2012	Beautification	7.000	15	75
7912	June 24 2013	Beautification	6.000	15	109
7914	June 24 2008	Street lighting	6.000	10	1
7915	June 24 2013	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,165
8037	June 23 2014	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,318
8204	June 21 2015	Lane paving, speed ramps, sidewalks & curbs	7.000	15	1,032
8206	June 21 2010	Street lighting	7.000	10	9
8207	June 21 2015	Beautification	7.000	15	77
8208	June 21 2010	Beautification	7.000	10	65
8209	June 21 2015	Beautification	7.000	15	17
8501	June 26 2017	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,495
8503	June 26 2012	Street lighting	6.000	10	6
8504	June 26 2017	Beautification	6.000	15	171
8506	June 26 2017	Underground wiring	6.000	15	157
8693	June 25 2018	Lane paving, speed ramps, sidewalks & curbs	6.000	15	1,684
8694	June 25 2018	Lane lighting	6.000	15	2
8695	June 25 2013	Street lighting	6.000	15	2
8696	June 25 2013	Beautification	6.000	15	39
8871	June 23 2019	Lane paving, speed ramps, sidewalks & curbs	5.750	15	1,181
8872	June 23 2009	Traffic circle	5.750	5	1
8873	June 23 2009	Lane lighting	5.750	5	6
9063	June 29 2020	Lane paving, speed ramps, sidewalks & curbs	5.750	5	1,376
9064	June 29 2010	Lane lighting	5.750	15	5
9301	June 14 2021	Lane paving, speed ramps, sidewalks & curbs	6.000	15	495
9302	June 14 2011	Lane lighting	6.000	5	8
9303	June 14 2021	Beautification	6.000	15	44
9513	June 27 2012	Traffic circle	6.000	5	3
9514	June 27 2022	Lane paving, speed ramps, sidewalks & curbs	6.000	5	820
9515	June 27 2012	Lane lighting	6.000	5	18
					\$14,750

Held Internally

DEBT INTEREST RATES (\$000s)
Year Ended December 31, 2007

<u>Interest Rate</u>	<u>General (including Waterworks)</u>	<u>Local Improvement</u>	<u>Total</u>
9.500	-	623	623
9.000	-	330	330
7.500	-	822	822
7.000	-	2,869	2,869
6.125	24,610	-	24,610
6.000	92,302	7,537	99,839
5.900	60,000	-	60,000
5.875	10,638	-	10,638
5.850	80,000	-	80,000
5.750	10,060	2,569	12,629
4.700	125,000	-	125,000
4.650	11,827	-	11,827
4.500	11,314	-	11,314
4.350	10,842	-	10,842
4.150	10,405	-	10,405
4.100	14,226	-	14,226
4.050	13,678	-	13,678
3.950	23,163	-	23,163
3.850	12,647	-	12,647
3.700	12,160	-	12,160
3.650	9,657	-	9,657
3.600	11,693	-	11,693
3.450	11,243	-	11,243
3.350	10,810	-	10,810
3.300	9,350	-	9,350
	<u>\$ 575,625</u>	<u>\$ 14,750</u>	<u>\$ 590,375</u>

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON DEBT (\$000s)
Year Ended December 31, 2007

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
2008	\$ 22,590	\$ 954	\$ 23,544	\$ 7,630	\$ 340	\$ 7,970	\$ 2,122	\$ 152	\$ 2,274	\$ 32,342	\$ 1,446	\$ 33,788
2009	121,520	6,877	128,397	50,018	2,875	52,893	1,910	131	2,041	173,448	9,883	183,331
2010	25,668	2,998	28,666	8,337	943	9,280	1,718	118	1,836	35,723	4,059	39,782
2011	87,418	3,022	90,440	27,086	974	28,060	1,557	100	1,657	116,061	4,096	120,157
2012	26,992	1,020	28,012	9,168	345	9,513	1,410	88	1,498	37,570	1,453	39,023
2013-2017	155,434	6,880	162,314	33,764	1,456	35,220	4,608	279	4,887	193,806	8,615	202,421
Thereafter	-	-	-	-	-	-	1,425	84	1,509	1,425	84	1,509
	<u>\$ 439,622</u>	<u>\$ 21,751</u>	<u>\$ 461,373</u>	<u>\$ 136,003</u>	<u>\$ 6,933</u>	<u>\$ 142,936</u>	<u>\$ 14,750</u>	<u>\$ 952</u>	<u>\$ 15,702</u>	<u>\$ 590,375</u>	<u>\$ 29,636</u>	<u>\$ 620,011</u>

External Debt Only

	General			Waterworks			Total General & Waterworks		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 22,590	\$ 954	\$ 23,544	\$ 7,630	\$ 340	\$ 7,970	\$ 30,220	\$ 1,294	\$ 31,514
2009	81,520	4,517	86,037	30,018	1,695	31,713	111,538	6,212	117,750
2010	24,629	2,936	27,565	8,337	942	9,279	32,966	3,878	36,844
2011	87,418	3,022	90,440	27,086	974	28,060	114,504	3,996	118,500
2012	26,992	1,020	28,012	9,168	345	9,513	36,160	1,365	37,525
2013-2017	155,434	6,880	162,314	33,764	1,456	35,220	189,198	8,336	197,534
	<u>\$ 398,583</u>	<u>\$ 19,329</u>	<u>\$ 417,912</u>	<u>\$ 116,003</u>	<u>\$ 5,752</u>	<u>\$ 121,755</u>	<u>\$ 514,586</u>	<u>\$ 25,081</u>	<u>\$ 539,667</u>

OUTSTANDING BORROWING AUTHORITY
Year Ended December 31, 2007

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

	<u>Amount Authorized</u>	<u>Debentures Issued to Dec 31, 2007</u>	<u>Balance</u>
General (excluding Sewer and Water)			
2003 - 2005	\$ 116,790	\$ 116,790	\$ -
2006 - 2008	170,570	60,725	109,845
	<u>\$ 287,360</u>	<u>\$ 177,515</u>	<u>\$ 109,845</u>
Sewer and Water			
2003 - 2005	\$ 104,750	\$ 104,750	\$ -
2006 - 2008	129,300	45,000	84,300
	<u>\$ 234,050</u>	<u>\$ 149,750</u>	<u>\$ 84,300</u>
Total General, Water and Sewer			
2003 - 2005	\$ 221,540	\$ 221,540	\$ -
2006 - 2008	299,870	105,725	194,145
	<u>\$ 521,410</u>	<u>\$ 327,265</u>	<u>\$ 194,145</u>

GENERAL STATISTICS
Year Ended December 31, 2007

Land Area (hectares) 11,396

Public Schools

Schools and annexes 109
Pupils 55,043
Teachers (F.T.E.) 3,074

Waterworks

Annual consumption (cubic metres) 120,948,219

Number of services - metered 13,315
- flat rate 80,969

Total number of services 94,284

Kilometres of water main 1,438

Parks and Recreation Facilities

Public parks 223 (1,296 hectares)
Beaches 11
Ice rinks 8
Swimming pools 15
Golf courses 6
Community centres 23
Tennis courts 180

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Value of Building Permits (\$000s)	2,592,818	2,044,119	1,574,061	1,640,663	1,062,780
Roads and Sewers (kilometres)					
Street pavements	1,251	1,250	1,249	1,245	1,223
Lane pavements	684	682	678	668	592
Cement concrete sidewalks	2,169	2,169	2,164	2,159	2,058
Sewers	2,017	2,010	1,999	1,984	1,974