

**GREATER VANCOUVER DISTRICTS'  
AND HOUSING CORPORATION**

**Financial Statements**

**Year ended December 31, 2009**

**GREATER VANCOUVER REGIONAL DISTRICT  
GREATER VANCOUVER SEWERAGE & DRAINAGE DISTRICT  
GREATER VANCOUVER WATER DISTRICT**

**MANAGEMENT REPORT**

The Financial Statements contained in this report have been prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB), and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

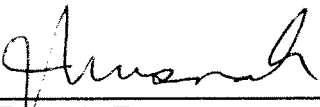
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Districts' Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board.

The Districts' internal auditors have the responsibility for assessing the management systems and practices of the corporation.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Financial Information Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Finance Committee of the Board and meet with it as required.

On behalf of Greater Vancouver Regional District, Greater Vancouver Sewerage & Drainage District and Greater Vancouver Water District.

  
\_\_\_\_\_  
Jim Rusnak, Treasurer

Date: April 8, 2010

Consolidated Financial Statements of

**GREATER VANCOUVER  
REGIONAL DISTRICT  
(OPERATING AS METRO VANCOUVER)**

Year ended December 31, 2009



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT TO THE MEMBERS

To the Members of the  
Greater Vancouver Regional District

We have audited the consolidated statement of financial position of the Greater Vancouver Regional District (the "District") as at December 31, 2009 and the consolidated statements of operations, changes in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the District'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 District as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Burnaby, Canada

March 31, 2010

# GREATER VANCOUVER REGIONAL DISTRICT

## Index to Consolidated Financial Statements

December 31, 2009

---

|  | <b>Exhibit</b> |
|--|----------------|
| Consolidated Statement of Financial Position | A              |
| Consolidated Statement of Operations         | B              |
| Consolidated Statement of Net Debt           | C              |
| Consolidated Statement of Cash Flows         | D              |
| Notes to Consolidated Financial Statements   |                |

---

|                                       | <b>Schedule</b> |
|---------------------------------------|-----------------|
| Consolidated Schedules of:            |                 |
| Operating Fund                        | 1               |
| Capital and Other Funds               | 2               |
| Reserve Fund                          | 3               |
| Investment in Tangible Capital Assets | 4               |
| Long-term Debt                        | 5               |

# GREATER VANCOUVER REGIONAL DISTRICT

## Exhibit A

### Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

|  | 2009                 | 2008<br>(restated -<br>note 2) |
|--|----------------------|--------------------------------|
| <b>Financial Assets</b>                              |                      |                                |
| Cash and cash equivalents                            | \$ 47,327,183        | \$ 75,256,483                  |
| Accounts receivable                                  | 59,171,147           | 68,193,501                     |
| Due from Translink and local governments (note 4)    | 1,441,062,946        | 1,532,469,672                  |
| Investments (note 5)                                 | 360,059,145          | 275,727,999                    |
| Debt reserve fund (note 6)                           | 63,754,546           | 63,035,779                     |
|  | <u>1,971,374,967</u> | <u>2,014,683,434</u>           |
| <b>Liabilities</b>                                   |                      |                                |
| Accounts payable and accrued liabilities             | 87,022,253           | 90,262,787                     |
| Employee future benefits (note 7)                    | 11,405,400           | 11,346,000                     |
| Landfill closure and post-closure liability (note 8) | 14,615,246           | 11,484,529                     |
| Interest accrued on long-term debt                   | 26,442,746           | 27,767,485                     |
| Deferred revenue and refundable deposits (note 9)    | 144,646,867          | 137,196,227                    |
| Debt reserve fund, contra (note 6)                   | 42,933,625           | 44,366,319                     |
| Long-term debt (note 10)                             |                      |                                |
| Mortgages & debenture debt                           | 3,405,593,041        | 3,311,706,717                  |
| Less: Sinking funds                                  | (1,048,869,128)      | (932,897,724)                  |
| Net long-term debt                                   | <u>2,356,723,913</u> | <u>2,378,808,993</u>           |
|  | <u>2,683,790,050</u> | <u>2,701,232,340</u>           |
| <b>Net Debt</b> (Exhibit C)                          | (712,415,083)        | (686,548,906)                  |
| <b>Non-Financial Assets</b>                          |                      |                                |
| Tangible capital assets (note 11)                    | 3,301,161,311        | 3,159,876,770                  |
| Inventories of supplies                              | 3,882,443            | 3,739,023                      |
| Prepaid land leases                                  | 7,561,239            | 7,973,253                      |
| Prepaid expenses                                     | 2,743,395            | 2,451,606                      |
|  | <u>3,315,348,388</u> | <u>3,174,040,652</u>           |
| <b>Accumulated surplus</b> (Exhibit B)               | \$ 2,602,933,305     | \$ 2,487,491,746               |

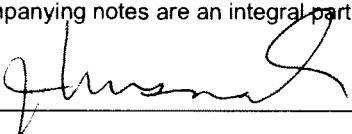
Commitments and contingencies (notes 6, 13 and 14)

Subsequent event (note 15)

Budget information (note 16)

Segmented information (note 17)

The accompanying notes are an integral part of these consolidated financial statements.

  
\_\_\_\_\_  
Treasurer

# GREATER VANCOUVER REGIONAL DISTRICT

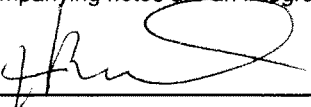
## Exhibit B

### Consolidated Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget<br>(unaudited -<br>note 16) | 2009<br>Actual   | 2008<br>Actual<br>(restated -<br>note 2) |
|---|--|------------------|--|
| <b>Revenue</b>                                    |  |                  |  |
| Members' tax requisitions                         | \$ 39,859,119                              | \$ 39,859,119    | \$ 39,006,299                            |
| Metered sale of water                             | 176,189,922                                | 178,610,988      | 149,113,310                              |
| Sewerage and drainage levy                        | 158,616,203                                | 158,596,933      | 150,892,698                              |
| Tipping fees                                      | 89,435,767                                 | 75,853,321       | 79,776,094                               |
| Steam and electricity sales                       | 10,911,872                                 | 10,288,057       | 11,143,015                               |
| Development cost charges                          | 6,839,758                                  | 6,685,535        | 6,931,406                                |
| Trucked liquid waste fees                         | 1,616,462                                  | 1,747,824        | 1,612,591                                |
| Source control fees                               | 271,040                                    | 286,724          | 279,771                                  |
| Housing property rentals                          | 29,628,638                                 | 29,548,547       | 28,932,573                               |
| Grants and other contributions                    | 6,508,594                                  | 6,397,897        | 6,438,848                                |
| Sinking fund and interest income                  | 4,406,133                                  | 31,189,090       | 30,335,948                               |
| User fees, recoveries and other revenue           | 12,903,044                                 | 12,234,179       | 14,152,287                               |
|   | 537,186,552                                | 551,298,214      | 518,614,840                              |
| <b>Expenses</b>                                   |  |                  |  |
| Sewer operations                                  | 118,920,458                                | 127,507,094      | 118,102,540                              |
| Waste disposal, recycling and regulatory services | 96,039,488                                 | 95,452,492       | 89,631,420                               |
| Water operations                                  | 112,682,335                                | 104,544,578      | 92,138,095                               |
| Housing rental operations                         | 28,575,672                                 | 35,854,295       | 35,197,421                               |
| General government services                       | 4,051,995                                  | 3,390,374        | 2,738,009                                |
| Regional parks                                    | 20,271,294                                 | 21,506,615       | 20,216,296                               |
| Air quality                                       | 4,935,005                                  | 5,692,801        | 4,539,517                                |
| Labour relations                                  | 2,365,741                                  | 1,777,528        | 1,958,786                                |
| 911 emergency telephone system                    | 3,554,553                                  | 3,421,553        | 3,307,354                                |
| Electoral areas                                   | 350,943                                    | 218,989          | 178,452                                  |
| Regional global positioning system                | 508,554                                    | 428,389          | 400,139                                  |
| Sasamat volunteer fire department                 | 137,140                                    | 136,235          | 115,921                                  |
| Strategic planning                                | 2,449,487                                  | 2,436,140        | 2,172,067                                |
| West Nile Virus                                   | 95,759                                     | 59,748           | 57,493                                   |
|   | 394,938,424                                | 402,426,831      | 370,753,510                              |
| Corporate costs                                   | 31,630,916                                 | 33,429,824       | 33,525,008                               |
|   | 426,569,340                                | 435,856,655      | 404,278,518                              |
| <b>Annual surplus</b>                             | 110,617,212                                | 115,441,559      | 114,336,322                              |
| <b>Accumulated surplus, beginning of year</b>     | 2,487,491,746                              | 2,487,491,746    | 2,373,155,424                            |
| <b>Accumulated surplus, end of year</b>           | \$ 2,598,108,958                           | \$ 2,602,933,305 | \$ 2,487,491,746                         |

The accompanying notes are an integral part of these consolidated financial statements.

  
 \_\_\_\_\_ Treasurer

# GREATER VANCOUVER REGIONAL DISTRICT

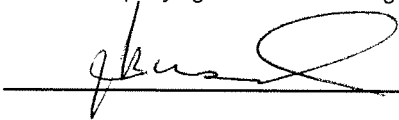
## Exhibit C

### Consolidated Statement of Change in Net Debt

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget<br>(unaudited -<br>note 16) | 2009<br>Actual          | 2008<br>Actual<br>(restated -<br>note 2) |
|---|--|-------------------------|--|
| <b>Annual surplus</b>                       | 110,617,212                                | \$ 115,441,559          | 114,336,322                              |
| <b>Change in tangible capital assets</b>    |  |                         |  |
| Acquisition of tangible capital assets      | (427,193,976)                              | (186,508,167)           | (172,492,045)                            |
| Amortization of tangible capital assets     | 5,937,986                                  | 44,391,348              | 44,479,253                               |
| Net disposal of tangible capital assets     | -  | 832,278                 | 594,612                                  |
|   | (421,255,990)                              | (141,284,541)           | (127,418,180)                            |
| <b>Change in other non-financial assets</b> |  |                         |  |
| Payment of prepaid expenses                 | -  | (2,398,361)             | (2,451,606)                              |
| Use of prepaid expenses                     | -  | 2,106,572               | 2,347,068                                |
| Amortization of prepaid land leases         | 412,014                                    | 412,014                 | 193,644                                  |
| Acquisition of inventories of supplies      | -  | (2,285,487)             | (3,739,023)                              |
| Consumption of inventories of supplies      | -  | 2,142,067               | 3,551,871                                |
|   | 412,014                                    | (23,195)                | (98,046)                                 |
| <b>Change in net debt</b>                   | (310,226,764)                              | (25,866,177)            | (13,179,904)                             |
| <b>Net debt, beginning of year</b>          | (686,548,906)                              | (686,548,906)           | (673,369,002)                            |
| <b>Net debt, end of year</b>                | <b>(996,775,670)</b>                       | <b>\$ (712,415,083)</b> | <b>(686,548,906)</b>                     |

The accompanying notes are an integral part of these consolidated financial statements.



Treasurer



# GREATER VANCOUVER REGIONAL DISTRICT

## Exhibit D

### Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

|  | 2009                 | 2008<br>(restated-note2) |
|--|----------------------|--------------------------|
| <b>Cash provided by (used in)</b>                                |                      |                          |
| <b>Operating activities</b>                                      |                      |                          |
| Annual surplus   | \$ 115,441,559       | \$ 114,336,322           |
| Items not involving cash   |                      |                          |
| Amortization of tangible capital assets                          | 44,391,348           | 44,479,253               |
| Amortization of prepaid land leases                              | 412,014              | 193,644                  |
| Sinking fund income  | (20,829,240)         | (35,525,529)             |
| Loss/(gain) on disposal of tangible capital assets               | 832,278              | (601,551)                |
| Vehicle adjustment   | -                    | 612,150                  |
| Change in employee future benefits                               | 59,400               | 23,800                   |
| Change in landfill closure and post-closure liability            | 3,130,717            | 1,100,309                |
| Change in non-cash assets and liabilities                        |                      |                          |
| Accounts receivable  | 9,022,354            | 8,486,658                |
| Due from local governments and other entities                    | 91,406,726           | 81,174,419               |
| Accounts payable and accrued liabilities                         | (3,240,534)          | (3,702,484)              |
| Interest accrued on long-term debt                               | (1,324,739)          | (2,712,896)              |
| Deferred revenue and refundable deposits                         | 7,450,640            | 15,489,310               |
| Inventories of supplies  | (143,420)            | (187,152)                |
| Prepaid expenses   | (291,789)            | (104,538)                |
| <b>Net change in cash from operating activities</b>              | <b>246,317,314</b>   | <b>223,061,715</b>       |
| <b>Capital activities</b>  |                      |                          |
| Proceeds on sale of tangible capital assets                      | -                    | 989,263                  |
| Cash used to acquire tangible capital assets                     | (186,508,167)        | (172,492,046)            |
| <b>Net change in cash from capital activities</b>                | <b>(186,508,167)</b> | <b>(171,502,783)</b>     |
| <b>Investing activities</b>                                      |                      |                          |
| Change in investments  | (84,331,146)         | (16,887,672)             |
| <b>Net change in cash from investing activities</b>              | <b>(84,331,146)</b>  | <b>(16,887,672)</b>      |
| <b>Financing activities</b>                                      |                      |                          |
| Long-term debenture debt issued                                  | 208,899,990          | 96,280,930               |
| Debt reserve fund  | (2,151,461)          | (1,635,188)              |
| Debenture debt maturity  | (102,422,674)        | (4,097,700)              |
| Sinking fund maturity  | 57,451,981           | 3,659,030                |
| Sinking fund payments  | (152,594,145)        | (120,850,392)            |
| Principal repayments on housing mortgages & serial debt maturity | (12,590,992)         | (12,522,327)             |
| <b>Net change in cash from financing activities</b>              | <b>(3,407,301)</b>   | <b>(39,165,647)</b>      |
| <b>Net change in cash and cash equivalents</b>                   | <b>(27,929,300)</b>  | <b>(4,494,387)</b>       |
| <b>Cash and cash equivalents, beginning of year</b>              | <b>75,256,483</b>    | <b>79,750,870</b>        |
| <b>Cash and cash equivalents, end of year</b>                    | <b>\$ 47,327,183</b> | <b>\$ 75,256,483</b>     |

The accompanying notes are an integral part of these consolidated financial statements.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 1

December 31, 2009, with comparative figures for 2008

---

The Greater Vancouver Regional District's (the "District") (operating as Metro Vancouver) consolidated financial statements reflect the assets, liabilities, revenues and expenses of four legal entities: the Greater Vancouver Regional District ("GVRD"), the Greater Vancouver Sewerage and Drainage District ("GVS&DD"), the Greater Vancouver Water District ("GVWD") and the Metro Vancouver Housing Corporation ("MVHC") (together, the "District").

The GVRD was established under the Local Government Act of British Columbia. As with all regional districts, it provides a number of specific and agreed upon services directly to the public and its member municipalities, the major one of which is the ownership and operation of a network of regional parks. Its Board of Directors comprises mayors and councilors from the member municipalities appointed for that purpose by the municipalities. The number of directors, and the number of votes each may cast, is based upon the population of the municipality. Under the legislation, all staff, even if their work is under the authority of the related regional organizations, are employees of the GVRD. The District serves as the borrowing conduit between member municipalities (excluding the City of Vancouver) and the Municipal Finance Authority of British Columbia (MFA). The GVS&DD and GVWD also access MFA through the GVRD. Prior to the enactment of the South Coast British Columbia Transportation Authority (SCBCTA) in 2007, the District also served as the borrowing conduit for the Greater Vancouver Transportation Authority (GVTA), commonly referred to as "TransLink". The District is no longer the borrowing conduit for the SCBCTA; however, under the terms of the SCBCTA Act, the SCBCTA and the municipalities in the transportation service region are jointly and severally liable for obligations arising under a security issued by the SCBCTA to the MFA.

The GVS&DD was established by an Act of the same name in 1956. Its two principal responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the GVRD, and the disposal of solid waste for the municipalities of the GVRD and the public. GVS&DD owns and operates wastewater treatment plants and a related collection network connected to the municipal collection systems, and several solid waste facilities including a waste to energy facility. Its Board of Directors comprises the same councilors and mayors as appointed to the GVRD Board by the participating municipalities. The member municipalities, under the Act, are jointly and severally liable for debts of GVS&DD.

The GVWD was established by an Act of the same name in 1924. Its primary responsibility is the supply of potable water to its member municipalities. Its Board of Directors comprises the same councilors and mayors as appointed to the GVRD Board by the participating municipalities. GVWD owns or holds under a 999 year lease from the Province, an extensive closed watershed network as its source of supply. It owns a series of dams, reservoirs, water treatment plants and a distribution network connecting to the municipal distribution systems. The member municipalities, under the Act, are jointly and severally liable for debts of GVWD.

The MVHC is a wholly-owned subsidiary of the GVRD. The MVHC was incorporated under the Business Corporations Act (British Columbia) for the purpose of supplying affordable rental accommodation.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 2

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies

The consolidated financial statements of the District are prepared by management 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. Significant accounting policies adopted by the District are as follows:

(a) Basis of Consolidation:

The consolidated financial statements reflect the combined assets, liabilities, revenues and expenses of the reporting entity. The reporting entity comprises the Greater Vancouver Regional District ("GVRD"), the Greater Vancouver Sewerage and Drainage District ("GVS&DD"), the Greater Vancouver Water District ("GVWD") and the Metro Vancouver Housing Corporation ("MVHC"). These organizations are controlled by the District. All transactions and balances between these entities have been eliminated on consolidation.

(b) Basis of Accounting:

The District follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the legal obligation to pay.

(c) Government Transfers:

Government transfers received relate to housing programs, policy and planning programs and the construction of assets in utilities and parks. Government transfers are recognized as revenue in the period in which events giving rise to the assistance occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(d) Deferred revenue and refundable deposits:

Deferred revenue represents licenses, permits, security deposits and other fees which have been collected, but for which the related services or obligations have yet to be performed. These amounts will be recognized as revenue or refunded in the fiscal year the services are performed or obligations have been met.

(e) Sinking fund and interest income:

Sinking fund and interest income is reported as revenue in the period earned. When required, interest income earned on deferred revenue and refundable deposits is added to and forms part of the deferred revenue and refundable deposit balance.

(f) Debenture issue costs:

Debenture issue costs are recorded as a charge against operations as incurred.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 3

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### (g) Cash equivalents:

Cash equivalents include highly liquid financial instruments with a term to maturity of ninety days or less at the date of acquisition. Cash equivalents are recorded at the lower of cost plus accrued interest and market value.

### (h) Investments:

Investments consist of both long-term and short-term instruments and are recorded at cost plus accrued interest. Short-term investments consist primarily of money market instruments with an original maturity greater than ninety days at the date of acquisition but less than one year. Long-term investments consist primarily of bonds and fixed income securities with maturity greater than one year at the date of acquisition.

### (i) Employee future benefits:

The District and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

The District also provides certain post-employment benefits including accumulated banked sick and vacation pay, retirement severance and Worker's Compensation top-up benefits for employees pursuant to certain policies and union agreements. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

### (j) Landfill closure and post-closure liability:

The estimated current obligation of landfill closure and post-closure costs is recognized as a liability. This liability is recognized based on estimated future expenses, estimated inflation, and the proportion of the total capacity of the landfill used as of the date of the statement of financial position. The change in this liability during the year is recorded as a charge to operations. These estimates are reviewed and adjusted annually.

### (k) 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 tangible capital assets, excluding Solid Waste equipment, land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 4

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

(k) Non-financial assets (continued):

| <b>Asset</b>  | <b>Useful Life - Years</b> |
|---|----------------------------|
| Buildings   | 25 - 40                    |
| Infrastructure  |                            |
| • Utilities (pumping stations, mains)                               | 25 - 150                   |
| • Information Technology (computer systems, communication networks) | 5 - 10                     |
| • Parks   | 20 - 100                   |
| Vehicles  | 5 - 20                     |
| Machinery, Equipment, Furniture and Fixtures                        | 5 - 20                     |

i. Landfill sites

Landfill sites are amortized using the units of production method based upon capacity used during the year.

ii. Equipment in the Solid Waste Function

Equipment in the Solid Waste function is amortized based on hours of use.

iii. Annual amortization

Annual amortization begins when the asset is acquired or put into service and is charged over its useful life. Assets under construction are not amortized until the asset is available for productive use.

iv. Contributions of tangible capital assets:

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

v. Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

vi. Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

vii. Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 5

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### ii) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of weighted-average cost and replacement cost. Cattle inventories are valued at the lower of cost or net realizable value.

### (l) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, the employee future benefit liability, the landfill closure and post closure liability in GVS&DD and water ingress repairs in MVHC.

In addition, the District's implementation of the Public Sector Accounting Handbook PS3150 (note 2) has required management to make estimates of historical cost of certain assets and useful lives of tangible capital assets.

These estimates and assumptions are based on management's best information and judgment and may differ from actual results.

### (m) Segmented information:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The District has provided definitions of the District's segments as well as presented financial information in segmented format in note 17.

## 2. Prior period adjustments and changes in accounting policies

The District made retroactive adjustments to the 2008 comparative figures as follows:

### (a) Financial Statement Presentation and Tangible Capital Assets:

The District has implemented PSAB sections 1200 *Financial Statement Presentation* and 3150 *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In addition to significant changes in the presentation of the financial statements, the adoption of these two PSAB sections has resulted in the following two accounting changes:

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 6

December 31, 2009, with comparative figures for 2008

---

## 2. Prior period adjustments and changes in accounting policies (continued)

### i) Prepaid expenses:

In prior years, PSAB required that expenses relating to a future period be expensed in the year the expense was paid. PSAB 1200 now requires that these expenses be recorded as prepaid expenses in the non-financial asset category of the Statement of Financial Position. The 2008 financial statements have been adjusted to record prepaid expenses in the Statement of Financial Position. This adjustment was applied retrospectively and has resulted in an increase in the opening balance of accumulated surplus for the years ended December 31, 2009 and 2008 of \$2,451,610 and \$2,347,072 respectively.

### ii) Tangible capital assets:

In prior years, tangible capital asset additions were recorded as expenses in the year of acquisition or construction. With the adoption of Section 3150, governments are now required to record and amortize their tangible capital assets in their financial statements. The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The District applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. The District used the following methods to value the cost of each major category of tangible capital assets:

When replacement cost was used as the valuation method, appropriate indices were used, such as Engineering News Record ("ENR") or Consumer Price Index ("CPI") in order to deflate the replacement cost to an estimated historical cost at the year of acquisition.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 7

December 31, 2009, with comparative figures for 2008

## 2. Prior period adjustments and changes in accounting policies (continued)

The District used the following methods to value the cost of each major category of tangible capital assets:

| Asset Category                               | Valuation Method                      | Index used                           |
|--|---------------------------------------|--------------------------------------|
| Land   | Historical cost and replacement value | District's custom derived land index |
| Buildings                                    | Historical cost and replacement value | ENR                                  |
| Infrastructure – utilities                   | Historical cost and replacement value | ENR                                  |
| Infrastructure – information technology      | Historical cost and replacement value | CPI                                  |
| Vehicles                                     | Historical cost                       | Not applicable                       |
| Machinery, equipment, furniture and fixtures | Historical cost and replacement value | ENR and CPI                          |
| Construction in progress                     | Historical cost                       | Not applicable                       |

The above changes have been applied retrospectively and prior periods have been restated. The impact of these changes on accumulated surplus is as follows:

|   | 2009             | 2008             |
|---|------------------|------------------|
| Accumulated surplus, beginning of year:             |                  |                  |
| Operating fund balance                              | \$ 5,215,204     | \$ 4,562,993     |
| Capital fund balance                                | (60,345,687)     | (29,178,323)     |
| Reserve funds                                       | 718,983,091      | 620,078,473      |
| Investment in non-financial assets                  | 1,538,523,110    | 1,461,728,922    |
| Accumulated surplus, as previously reported         | 2,202,375,718    | 2,057,192,065    |
| Net adjustment for tangible capital assets          | 282,664,418      | 313,616,287      |
| Prepaid expenses recorded as non-financial asset    | 2,451,610        | 2,347,072        |
| Accumulated surplus, beginning of year, as restated | \$ 2,487,491,746 | \$ 2,373,155,424 |

The net impact of these changes on annual surplus for 2008 is as follows:

### Annual surplus for 2008:

|  |                 |
|--|-----------------|
| Deficiency of revenue over expenses, as previously reported    | \$ (12,774,655) |
| Assets capitalized but previously recorded as expenses         | 172,490,926     |
| Amortization expense not previously recorded                   | (44,672,897)    |
| Net disposal of assets   | (999,882)       |
| Change in non-financial assets previously reported as expenses | 292,830         |
| Annual surplus, as restated                                    | \$ 114,336,322  |



# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 8

December 31, 2009, with comparative figures for 2008

### 3. Relationship to South Coast British Columbia Transportation Authority (“TransLink”)

TransLink operates under the South Coast British Columbia Transportation Act (formerly the Greater Vancouver Transportation Authority Act). Prior to the establishment of the South Coast British Columbia Transportation Authority (SCBCTA) in 2007, the District provided cash and investment management services for TransLink and acted in a fiduciary capacity with respect to the long-term debt agreements described in note 10(b). This arrangement was phased out in 2008 and TransLink now has responsibility for their own cash and investment management services.

### 4. Due from Translink and local governments

The District is reimbursed for amounts paid to the Municipal Finance Authority (“MFA”) for the obligations incurred on behalf of its member municipalities and TransLink whose undertakings were financed out of the proceeds of these obligations (refer to note 10). The amount recoverable is net of sinking funds and includes accrued interest as follows:

|                       | <b>Net debt<br/>recoverable</b> | <b>Accrued<br/>Interest</b> | <b>2009</b>             | <b>2008</b>             |
|-----------------------|---------------------------------|-----------------------------|-------------------------|-------------------------|
| TransLink             | \$ 1,240,765,971                | \$ 10,544,111               | \$ 1,251,310,082        | \$ 1,353,280,321        |
| Member Municipalities | 187,080,289                     | 2,672,575                   | 189,752,864             | 179,189,351             |
|                       | <b>\$ 1,427,846,260</b>         | <b>\$ 13,216,686</b>        | <b>\$ 1,441,062,946</b> | <b>\$ 1,532,469,672</b> |

### 5. Investments

Short-term investments earn interest between 0.2% and 1.01% and are recorded at cost plus accrued interest which approximates market value. Long-term investments earn interest between 0.8% and 5.18%, and mature between January 2010 and March 2015. The market value of long-term investments was \$233,996,833 at December 31, 2009 (2008 - \$167,789,751).

|                        | <b>2009</b>           | <b>2008</b>           |
|------------------------|-----------------------|-----------------------|
| Short-term investments | \$ 132,002,256        | \$ 107,936,248        |
| Long-term investments  | 228,056,889           | 167,791,751           |
| <b>Total</b>           | <b>\$ 360,059,145</b> | <b>\$ 275,727,999</b> |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 9

December 31, 2009, with comparative figures for 2008

---

## 6. Debt reserve fund

The District is required to pay into a debt reserve fund administered by the MFA an amount equal to one-half the average annual installment of principal and interest relative to any borrowing for its own purposes and on behalf of member municipalities and TransLink. This amount may be paid either in full or in an amount equal to 1% (TransLink – 2%) of the principal amount borrowed together with a non-interest bearing demand note for the balance. Similarly, the District receives cash deposits and demand notes from member municipalities and other entities with respect to their share of the funds borrowed from the MFA. At December 31, 2009 the debt reserve fund administered by the MFA comprises \$63,754,546 (2008 - \$63,035,779) in cash deposits, of which \$42,933,625 (2008 - \$44,366,319) represents the debt reserve fund administered on behalf of and payable to member municipalities and Translink. In addition, \$115,176,023 (2008 - \$110,916,506) in demand notes were outstanding and become payable in the event of default on specific debentures.

If, at any time, the MFA does not have sufficient funds to meet payments of sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the MFA and receivable from member municipalities and TransLink are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position. The cash amounts of these transactions will be repaid with interest to the ultimate borrower when the final installments under the respective loan agreements have been made.

## 7. Employee future benefits

Under the terms of various collective agreements and compensation policies, the District provides its employees with sick days and certain employee benefits on termination and retirement. These include days severance based on years of service, days vacation based on years of service, Worker's Compensation top-up, and a full year's vacation entitlement in the year of retirement.

The District uses an actuarial valuation to determine estimated value of post-employment benefits.

Information about liabilities for the District's employee benefit plans is as follows:

|   | 2009          | 2008          |
|---|---------------|---------------|
| Accrued benefit obligation:             |               |               |
| Balance, beginning of year              | \$ 10,654,300 | \$ 11,134,200 |
| Current service cost                    | 836,200       | 855,400       |
| Interest cost                           | 570,600       | 531,800       |
| Workers' compensation top-up            | (151,800)     | 95,700        |
| Benefits paid                           | (1,131,200)   | (1,442,000)   |
| Actuarial loss (gain)                   | 73,400        | (520,800)     |
| Accrued benefit obligation, end of year | \$ 10,851,500 | \$ 10,654,300 |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 10

December 31, 2009, with comparative figures for 2008

## 7. Employee future benefits (continued)

Actuarial gains and losses are amortized over 11 years, being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

|  | 2009          | 2008          |
|--|---------------|---------------|
| Accrued benefit obligation:            |               |               |
| Balance, end of year                   | \$ 10,851,500 | \$ 10,654,300 |
| Unamortized actuarial gain             | 553,900       | 691,700       |
| Accrued benefit liability, end of year | \$ 11,405,400 | \$ 11,346,000 |

The significant actuarial assumptions adopted in measuring the District's accrued benefit obligation are as follows:

|                                    | 2009  | 2008  |
|------------------------------------|-------|-------|
| Discount rates                     | 5.00% | 5.25% |
| Expected future inflation rates    | 2.50% | 2.50% |
| Expected wage and salary increases | 2.50% | 2.50% |

## 8. Landfill closure and post-closure liability

The District is responsible for its pro-rata share of closure and post-closure costs with respect to waste disposal of four landfill sites.

The Coquitlam and Port Mann Landfills are now closed and it is anticipated that post-closure reserve funds will be adequate to cover any potential costs relating to these landfills.

The post-closure costs related to the Cache Creek Landfill are financed by the tipping fee. The landfill permit associated with the Cache Creek landfill obligates the Village of Cache Creek and a third party service provider to undertake closure and post-closure activities. In accordance with an agreement with the Village of Cache Creek, the District agrees to contribute quarterly, in trust, to a Post Closure Maintenance and Repair Fund at rates consistent with the operational certificate for the landfill issued by the Province. While this agreement indemnifies the Village for any post closure liabilities it may incur which are not covered by this fund, it is anticipated that the fund is sufficient to cover such costs.

In accordance with an agreement with the City of Vancouver for the use of the Vancouver landfill located in Delta, BC, the District is responsible for 22.61% of the closure and post-closure liability. The present value of the District's estimated future liability for these expenses is recognized as the landfill site's capacity is used and the reported liability of \$14,615,246 (2008 - \$11,484,529) represents its portion of the estimated total closure and post-closure costs recorded as at December 31, 2009. This liability and annual expense 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. A discount rate of 5.00% was used.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 11

December 31, 2009, with comparative figures for 2008

## 8. Landfill closure and post-closure liability (continued):

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the Vancouver landfill. The Vancouver landfill site is expected to reach its capacity in 2056 and at year end the estimate of the remaining capacity is 17,106,931 tonnes, which is 51.78% of the site's total capacity.

## 9. Deferred revenue and refundable deposits

- (a) The GVS&DD Act restricts the District to applying money raised from development cost charges to funding sewer capital projects, including the repayment of debt raised to fund such projects. The balance of these amounts at December 31, 2009 is \$137,797,261 (2008 - \$130,509,043) and is included in deferred revenue.
- (b) In 2002, the Seymour-Capilano Filtration Plant Project received approval for a maximum \$100,000,000 in grant funding under the green local government component of the Canada / British Columbia Infrastructure Program. In 2003, \$40,000,000 of the grant was received in advance. As at December 31, 2009, the full amount of the grant has been received and applied as funding against the project. Included in deferred revenue is \$4,273,538 (2008 - \$4,172,580) which represents interest earned on unspent funds.

The deferred revenue reported on the consolidated statement of financial position is made up of the following:

|  | 2009                 | 2008                 |
|--|----------------------|----------------------|
| (a) GVS&DD development cost charges            | \$137,797,261        | \$130,509,043        |
| (b) GVWD Seymour-Capilano infrastructure grant | 4,273,538            | 4,172,580            |
| MVHC tenant security deposits                  | 1,579,712            | 1,511,911            |
| Other  | 996,356              | 1,002,693            |
| <b>Total</b>                                   | <b>\$144,646,867</b> | <b>\$137,196,227</b> |

Continuity of deferred revenue is as follows:

|  | 2009                 | 2008                 |
|--|----------------------|----------------------|
| Balance, beginning of year               | \$137,196,227        | \$121,862,145        |
| GVS&DD development cost charges received | 10,739,524           | 17,349,397           |
| MVHC security deposits received          | 12,927,891           | 11,708,073           |
| Interest earned                          | 3,335,187            | 4,798,290            |
| Other                                    | 234,620              | 176,864              |
| <b>Total revenue</b>                     | <b>27,237,222</b>    | <b>34,032,624</b>    |
| MVHC security deposits returned          | 12,895,184           | 11,552,845           |
| Amount spent                             | 6,891,398            | 6,990,469            |
| <b>Total used</b>                        | <b>19,786,582</b>    | <b>18,543,314</b>    |
| <b>Balance, end of year</b>              | <b>\$144,646,867</b> | <b>\$137,196,227</b> |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 12

December 31, 2009, with comparative figures for 2008

---

## 10. Long-term debt

- (a) All monies borrowed are upon the District's credit at large and shall, in the event of any default, constitute an indebtedness for which its members are jointly and severally liable.

Debt servicing requirements comprising principal repayments and interest are funded as incurred by revenue earned during the year.

- (b) In addition to long-term debt incurred directly by the District, the District has also incurred long-term debt on behalf of its member municipalities and TransLink through agreements with the MFA. Under the terms of these agreements, the District is required to provide for and pay to the MFA certain sums. Debt incurred on behalf of others is also presented as due from local governments and other entities (note 4). Where the MFA has determined that sufficient resources exist to retire a debenture on its maturity date without further installments, debenture installments are suspended by the MFA and the District's net liability is reduced to nil. If the sums provided for are not sufficient, such deficiency shall be a liability of the District to the MFA.

The District is reimbursed for amounts paid to the MFA for the obligations incurred on behalf of the member municipalities and TransLink whose undertakings were financed out of the proceeds of these obligations.

Long-term debt (net of sinking funds) reported on the consolidated statement of financial position comprises the following and includes varying maturities up to 2039, with interest rates ranging from 3.15% to 9.61%

---

|                       | <b>2009</b>             | <b>2008</b>             |
|-----------------------|-------------------------|-------------------------|
| GVRD                  | \$ 3,515,561            | \$ 4,367,363            |
| GVS&DD                | 179,790,829             | 197,121,951             |
| GVWD                  | 604,755,192             | 510,071,879             |
| MVHC                  | 140,816,071             | 150,270,526             |
| TransLink             | 1,240,765,971           | 1,339,599,969           |
| Member Municipalities | 187,080,289             | 177,377,305             |
|                       | <b>\$ 2,356,723,913</b> | <b>\$ 2,378,808,993</b> |

---

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 13

December 31, 2009, with comparative figures for 2008

## 10. Long-term debt (continued)

(c) Principal payments and sinking fund installments due within the next five years are as follows:

|                                  | Total Long-term<br>Debt Payments | Less Recoverable<br>from TransLink<br>and Local<br>Governments | Net Long-term<br>Debt Payments |
|----------------------------------|----------------------------------|--|--------------------------------|
| 2010                             | \$ 159,308,727                   | \$ 70,955,965  | \$ 88,352,762                  |
| 2011                             | 184,672,112                      | 69,799,214   | 114,872,898                    |
| 2012                             | 130,535,568                      | 69,454,445   | 61,081,123                     |
| 2013                             | 123,052,540                      | 66,821,485   | 56,231,055                     |
| 2014                             | 115,298,058                      | 62,893,570   | 52,404,488                     |
|                                  | 712,867,005                      | 339,924,679  | 372,942,326                    |
| Thereafter                       | 758,429,765                      | 459,347,575  | 299,082,190                    |
|                                  | 1,471,296,770                    | 799,272,254  | 672,024,516                    |
| Estimated sinking fund<br>income | 885,427,143                      | 628,574,006  | 256,853,137                    |
|                                  |                                  | \$   |                                |
| <b>Total</b>                     | <b>\$ 2,356,723,913</b>          | <b>1,427,846,260</b>   | <b>\$ 928,877,653</b>          |

(d) Sinking fund installments are invested by the MFA and earn income which, together with principal payments, are expected to be sufficient to retire the sinking fund debt at maturity. For sinking fund agreements, the MFA has established either a normal sinking fund or a capital repayment equalization fund.

To finance specific sinking fund agreements, the MFA has issued securities which mature considerably earlier than, or that are redeemable at the option of the holder prior to, the maturity date of the corresponding District's agreements. The MFA will be required to refinance all or a portion of these issues, except where the holder does not exercise this option on specific issues.

(e) As part of the change in governance and financing of transportation in the region through the establishment of TransLink, the District became a party to rights and obligations of currency and interest rate swap transactions originally undertaken by the Province of British Columbia. The underlying agreements payable and amounts due from local governments and related entities have been recorded at the Canadian dollar value of the swap transaction, as have the debt charges paid and recoveries to December 31, 2009. The notional amount of the agreements payable and amounts due from local governments and related entities covered by currency and interest rate swap transactions is \$38,262,368 (2008 - \$101,500,000).

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 14

December 31, 2009, with comparative figures for 2008

## 11. Tangible Capital Assets:

|   | Balance at December 31, 2008 |                | Cost           |                | Balance at December 31, 2009 |                | Accumulated amortization |                      | Balance at December 31, 2009 |                  | Net book value December 31, 2009 |
|---|------------------------------|----------------|----------------|----------------|------------------------------|----------------|--------------------------|----------------------|------------------------------|------------------|----------------------------------|
|   |                              |                | Additions      | Disposals      |                              |                | Disposals                | Amortization Expense |                              |                  |                                  |
| <b>Land</b>   |                              |                |                |                |                              |                |                          |                      |                              |                  |                                  |
| Sewer and Drainage District                           | \$ 63,698,596                | \$ -           | \$ 757,000     | \$ -           | \$ 64,455,596                | \$ -           | \$ -                     | \$ -                 | \$ -                         | \$ -             | \$ 64,455,596                    |
| Water District  | 19,350,091                   | -              | 2,535,121      | -              | 21,885,212                   | -              | -                        | -                    | -                            | -                | 21,885,212                       |
| Regional District                                     | 852,533,929                  | -              | 6,367,000      | (170,154)      | 858,730,775                  | -              | -                        | -                    | -                            | -                | 858,730,775                      |
| Metro Vancouver Housing Corporation                   | 48,051,740                   | -              | -              | (170,154)      | 48,051,740                   | -              | -                        | -                    | -                            | -                | 48,051,740                       |
|   | 983,634,356                  | -              | 9,659,121      | (170,154)      | 993,123,323                  | -              | -                        | -                    | -                            | -                | 993,123,323                      |
| <b>Infrastructure</b>                                 |                              |                |                |                |                              |                |                          |                      |                              |                  |                                  |
| Sewer and Drainage District                           | 1,182,681,406                | -              | 15,646,942     | -              | 1,198,328,348                | -              | -                        | 23,012,391           | \$ 379,909,074               | \$               | 818,419,274                      |
| Water District  | 585,771,732                  | -              | 63,747,134     | -              | 649,518,866                  | -              | -                        | 7,969,693            | 132,704,348                  | -                | 516,814,518                      |
| Regional District                                     | 64,260,073                   | -              | 933,134        | (103,055)      | 65,090,152                   | -              | (85,880)                 | 2,663,044            | 23,705,693                   | -                | 41,384,459                       |
| Metro Vancouver Housing Corporation                   | 1,832,713,211                | -              | 80,327,210     | (103,055)      | 1,912,937,366                | -              | (85,880)                 | 33,645,128           | 536,319,115                  | -                | 1,376,618,251                    |
| <b>Buildings</b>                                      |                              |                |                |                |                              |                |                          |                      |                              |                  |                                  |
| Sewer and Drainage District                           | -                            | -              | -              | -              | -                            | -              | -                        | -                    | -                            | -                | -                                |
| Water District  | 23,135,277                   | -              | 11,910,009     | -              | 35,045,286                   | -              | -                        | 921,888              | 12,509,456                   | -                | 22,535,830                       |
| Regional District                                     | 18,306,629                   | -              | 586,689        | (1,726,570)    | 17,166,748                   | -              | (1,102,912)              | 347,477              | 6,115,721                    | -                | 11,051,027                       |
| Metro Vancouver Housing Corporation                   | 196,157,242                  | -              | -              | -              | 196,157,242                  | -              | -                        | 5,638,899            | 133,105,353                  | -                | 63,051,889                       |
|   | 237,599,148                  | -              | 12,496,698     | (1,726,570)    | 248,369,276                  | -              | (1,102,912)              | 6,908,284            | 151,730,530                  | -                | 96,638,746                       |
| <b>Vehicles</b>                                       |                              |                |                |                |                              |                |                          |                      |                              |                  |                                  |
| Sewer and Drainage District                           | 504,868                      | -              | -              | -              | 504,868                      | -              | -                        | 29,139               | 432,026                      | -                | 72,842                           |
| Water District  | -                            | -              | -              | -              | -                            | -              | -                        | -                    | -                            | -                | -                                |
| Regional District                                     | 19,635,277                   | -              | 2,233,542      | (301,039)      | 21,567,780                   | -              | (299,016)                | 1,409,788            | 15,497,435                   | -                | 6,070,345                        |
| Metro Vancouver Housing Corporation                   | 20,140,145                   | -              | 2,233,542      | (301,039)      | 22,072,648                   | -              | (299,016)                | 1,438,927            | 15,929,461                   | -                | 6,143,187                        |
| <b>Machinery, equipment, furniture &amp; fixtures</b> |                              |                |                |                |                              |                |                          |                      |                              |                  |                                  |
| Sewer and Drainage District                           | 27,319,574                   | -              | (848,896)      | -              | 26,470,678                   | -              | -                        | 423,977              | 16,652,730                   | -                | 9,817,948                        |
| Water District  | 2,576,128                    | -              | 178,640        | -              | 2,754,768                    | -              | -                        | 174,179              | 1,909,068                    | -                | 845,700                          |
| Regional District                                     | 12,645,607                   | -              | 1,531,964      | (477,887)      | 13,699,684                   | -              | (458,619)                | 1,503,090            | 9,731,460                    | -                | 3,968,224                        |
| Metro Vancouver Housing Corporation                   | 5,230,969                    | -              | 304,219        | (245,000)      | 5,290,188                    | -              | (245,000)                | 297,783              | 4,477,082                    | -                | 813,106                          |
|   | 47,772,278                   | -              | 1,165,927      | (722,887)      | 48,215,318                   | -              | (703,619)                | 2,399,029            | 32,770,340                   | -                | 15,444,978                       |
| <b>Construction in progress</b>                       |                              |                |                |                |                              |                |                          |                      |                              |                  |                                  |
| Sewer and Drainage District                           | 82,296,183                   | -              | 12,789,478     | -              | 95,085,661                   | -              | -                        | -                    | -                            | -                | 95,085,661                       |
| Water District  | 648,118,688                  | -              | 64,454,276     | -              | 712,572,964                  | -              | -                        | -                    | -                            | -                | 712,572,964                      |
| Regional District                                     | 2,128,267                    | -              | 3,371,725      | -              | 5,499,992                    | -              | -                        | -                    | -                            | -                | 5,499,992                        |
| Metro Vancouver Housing Corporation                   | 24,019                       | -              | 10,190         | -              | 34,209                       | -              | -                        | -                    | -                            | -                | 34,209                           |
|   | 732,567,157                  | -              | 80,625,669     | -              | 813,192,826                  | -              | -                        | -                    | -                            | -                | 813,192,826                      |
|   | \$ 3,854,426,295             | \$ 186,508,167 | \$ 186,508,167 | \$ (3,023,705) | \$ 4,037,910,757             | \$ 684,549,525 | \$ (2,191,427)           | \$ 44,391,348        | \$ 736,749,446               | \$ 3,301,161,311 |                                  |
| <b>Totals 2009</b>                                    |                              |                |                |                |                              |                |                          |                      |                              |                  |                                  |
| <b>Sewer and Drainage District</b>                    | \$ 1,356,500,627             | \$ 28,344,524  | \$ -           | \$ -           | \$ 1,384,845,151             | \$ 373,528,323 | \$ -                     | \$ 23,465,507        | \$ 396,993,830               | \$               | 987,851,321                      |
| <b>Water District</b>                                 | 1,278,951,916                | 142,825,180    | -              | -              | 1,421,777,096                | 138,057,112    | -                        | 9,065,760            | 147,122,872                  | -                | 1,274,654,224                    |
| <b>Regional District</b>                              | 969,509,782                  | 15,024,054     | (2,778,705)    | (2,778,705)    | 981,755,131                  | 51,073,337     | (1,946,427)              | 5,923,399            | 55,050,309                   | -                | 926,704,822                      |
| <b>Metro Vancouver Housing Corporation</b>            | 249,463,970                  | 314,409        | (245,000)      | (245,000)      | 249,533,379                  | 131,890,753    | (245,000)                | 5,936,682            | 137,582,435                  | -                | 111,950,944                      |
|   | \$ 3,854,426,295             | \$ 186,508,167 | \$ 186,508,167 | \$ (3,023,705) | \$ 4,037,910,757             | \$ 684,549,525 | \$ (2,191,427)           | \$ 44,391,348        | \$ 736,749,446               | \$ 3,301,161,311 |                                  |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 15

December 31, 2009, with comparative figures for 2008

## 11. Tangible Capital Assets (continued)

|   | Cost                         |                |                |                              | Balance at December 31, 2007 | Disposals      | Balance at December 31, 2008 | Disposals     | Amortization Expense | Balance at December 31, 2008 | Net book value December 31, 2008 |
|---|------------------------------|----------------|----------------|------------------------------|------------------------------|----------------|------------------------------|---------------|----------------------|------------------------------|----------------------------------|
|   | Balance at December 31, 2007 | Additions      | Disposals      | Balance at December 31, 2008 |                              |                |                              |               |                      |                              |                                  |
| <b>Land</b>   |                              |                |                |                              |                              |                |                              |               |                      |                              |                                  |
| Sewer and Drainage District                           | \$ 48,698,596                | \$ 15,000,000  | \$ -           | \$ 63,698,596                | \$ -                         | \$ -           | \$ -                         | \$ -          | \$ -                 | \$ -                         | \$ 63,698,596                    |
| Water District  | 19,350,091                   | -              | -              | 19,350,091                   | -                            | -              | -                            | -             | -                    | -                            | 19,350,091                       |
| Regional District                                     | 850,686,929                  | 1,847,000      | -              | 852,533,929                  | -                            | -              | -                            | -             | -                    | -                            | 852,533,929                      |
| Metro Vancouver Housing Corporation                   | 48,178,665                   | -              | (126,925)      | 48,051,740                   | -                            | -              | -                            | -             | -                    | -                            | 48,051,740                       |
|   | 966,914,281                  | 16,847,000     | (126,925)      | 983,634,356                  | -                            | -              | -                            | -             | -                    | -                            | 983,634,356                      |
| <b>Infrastructure</b>                                 |                              |                |                |                              |                              |                |                              |               |                      |                              |                                  |
| Sewer and Drainage District                           | 1,160,370,128                | 22,311,278     | -              | 1,182,681,406                | -                            | -              | 334,275,999                  | 22,620,684    | 356,896,683          | 825,784,723                  |                                  |
| Water District  | 569,001,718                  | 16,770,014     | -              | 585,771,732                  | -                            | -              | 117,414,485                  | 7,320,170     | 124,734,655          | 461,037,077                  |                                  |
| Regional District                                     | 63,641,425                   | 782,960        | (164,312)      | 64,260,073                   | -                            | -              | 17,902,055                   | 3,351,767     | 21,128,529           | 43,131,544                   |                                  |
| Metro Vancouver Housing Corporation                   | -                            | -              | -              | -                            | -                            | -              | -                            | (125,293)     | -                    | -                            | -                                |
|   | 1,793,013,271                | 39,864,252     | (164,312)      | 1,832,713,211                | 469,592,539                  | (125,293)      | 469,592,539                  | 33,292,621    | 502,759,867          | 1,329,953,344                |                                  |
| <b>Buildings</b>                                      |                              |                |                |                              |                              |                |                              |               |                      |                              |                                  |
| Sewer and Drainage District                           | -                            | -              | -              | -                            | -                            | -              | -                            | -             | -                    | -                            | -                                |
| Water District  | 23,135,277                   | -              | -              | 23,135,277                   | -                            | -              | 10,839,368                   | 748,200       | 11,587,568           | 11,547,709                   |                                  |
| Regional District                                     | 18,592,109                   | -              | (285,480)      | 18,306,629                   | -                            | -              | 6,699,752                    | 368,330       | 6,871,156            | 11,435,473                   |                                  |
| Metro Vancouver Housing Corporation                   | 197,113,692                  | -              | (956,450)      | 196,157,242                  | -                            | -              | 122,538,060                  | 5,638,899     | 127,466,454          | 68,690,788                   |                                  |
|   | 238,841,078                  | -              | (1,241,930)    | 237,599,148                  | 140,077,180                  | (907,431)      | 237,599,148                  | 6,755,429     | 145,925,178          | 91,673,970                   |                                  |
| <b>Vehicles</b>                                       |                              |                |                |                              |                              |                |                              |               |                      |                              |                                  |
| Sewer and Drainage District                           | 504,868                      | -              | -              | 504,868                      | -                            | -              | 402,887                      | -             | 402,887              | 101,981                      |                                  |
| Water District  | -                            | -              | -              | -                            | -                            | -              | -                            | -             | -                    | -                            |                                  |
| Regional District                                     | 18,952,763                   | 1,748,716      | (1,066,202)    | 19,635,277                   | 14,091,005                   | (1,058,716)    | 14,091,005                   | 1,354,374     | 14,386,663           | 5,248,614                    |                                  |
| Metro Vancouver Housing Corporation                   | -                            | -              | -              | -                            | -                            | -              | -                            | -             | -                    | -                            |                                  |
|   | 19,457,631                   | 1,748,716      | (1,066,202)    | 20,140,145                   | 14,493,892                   | (1,058,716)    | 14,493,892                   | 1,354,374     | 14,789,550           | 5,350,595                    |                                  |
| <b>Machinery, equipment, furniture &amp; fixtures</b> |                              |                |                |                              |                              |                |                              |               |                      |                              |                                  |
| Sewer and Drainage District                           | 24,803,000                   | 2,516,574      | -              | 27,319,574                   | 14,474,246                   | -              | 14,474,246                   | 1,754,507     | 16,228,753           | 11,090,821                   |                                  |
| Water District  | 2,469,136                    | 106,992        | -              | 2,576,128                    | 1,546,559                    | -              | 1,546,559                    | 188,330       | 1,734,889            | 841,239                      |                                  |
| Regional District                                     | 11,550,438                   | 1,454,825      | (359,656)      | 12,645,607                   | 8,099,772                    | (276,978)      | 8,099,772                    | 864,195       | 8,686,989            | 3,958,618                    |                                  |
| Metro Vancouver Housing Corporation                   | 5,176,666                    | 341,023        | (286,720)      | 5,230,969                    | 4,437,217                    | (282,715)      | 4,437,217                    | 269,797       | 4,424,299            | 806,670                      |                                  |
|   | 43,999,240                   | 4,419,414      | (646,376)      | 47,772,278                   | 28,557,794                   | (559,693)      | 28,557,794                   | 3,076,829     | 31,074,930           | 16,697,348                   |                                  |
| <b>Construction in progress</b>                       |                              |                |                |                              |                              |                |                              |               |                      |                              |                                  |
| Sewer and Drainage District                           | 83,493,016                   | (1,196,833)    | -              | 82,296,183                   | -                            | -              | 82,296,183                   | -             | -                    | 82,296,183                   |                                  |
| Water District  | 539,448,042                  | 109,670,646    | -              | 648,118,688                  | -                            | -              | 648,118,688                  | -             | -                    | 648,118,688                  |                                  |
| Regional District                                     | -                            | 2,128,267      | -              | 2,128,267                    | -                            | -              | 2,128,267                    | -             | -                    | 2,128,267                    |                                  |
| Metro Vancouver Housing Corporation                   | 13,436                       | 10,583         | -              | 24,019                       | -                            | -              | 24,019                       | -             | -                    | 24,019                       |                                  |
|   | 622,964,494                  | 109,612,663    | -              | 732,577,157                  | -                            | -              | 732,577,157                  | -             | -                    | 732,577,157                  |                                  |
| <b>Totals</b>   | \$ 3,685,179,995             | \$ 172,492,045 | \$ (3,245,745) | \$ 3,854,426,295             | \$ 652,721,405               | \$ (2,651,133) | \$ 652,721,405               | \$ 44,479,253 | \$ 694,549,525       | \$ 3,159,876,770             |                                  |
| <b>Sewer and Drainage District</b>                    | 1,317,869,608                | 38,631,019     | -              | 1,356,500,627                | 349,153,132                  | -              | 349,153,132                  | 24,375,191    | 373,528,323          | 982,972,304                  |                                  |
| <b>Water District</b>                                 | 1,153,404,264                | 125,547,652    | -              | 1,278,951,916                | 129,800,412                  | -              | 129,800,412                  | 8,256,700     | 138,057,112          | 1,140,894,804                |                                  |
| <b>Regional District</b>                              | 963,423,664                  | 7,961,768      | (1,875,650)    | 969,509,782                  | 46,792,584                   | (1,657,913)    | 46,792,584                   | 5,938,666     | 51,073,337           | 918,436,445                  |                                  |
| <b>Metro Vancouver Housing Corporation</b>            | 250,482,459                  | 351,606        | (1,370,095)    | 249,463,970                  | 126,975,277                  | (993,220)      | 126,975,277                  | 5,908,696     | 131,890,753          | 117,573,217                  |                                  |
|   | 3,685,179,995                | 172,492,045    | (3,245,745)    | 3,854,426,295                | 652,721,405                  | (2,651,133)    | 652,721,405                  | 44,479,253    | 694,549,525          | 3,159,876,770                |                                  |



# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 16

December 31, 2009, with comparative figures for 2008

---

## 11. Tangible Capital Assets (continued)

### (a) Assets under construction

Assets under construction having a value of \$813,192,826 (2008 - \$ 732,567,157) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair value at the date of contribution.

### (c) Historical Treasures

The District manages various historical buildings. These assets are not recorded as tangible capital assets and are not amortized.

### (d) Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$nil ( 2008 - \$nil).

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 17

December 31, 2009, with comparative figures for 2008

## 12. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

|   | 2009<br>Actual       | 2008<br>Actual       |
|---|----------------------|----------------------|
| Operating   | \$ 5,578,425         | \$ 5,500,458         |
| Capital and other funds                                 | (10,580,121)         | (50,204,082)         |
| Investment in tangible capital assets                   | 1,800,212,252        | 1,809,473,256        |
|   | <b>1,795,210,556</b> | <b>1,764,769,632</b> |
| <b>Reserve funds</b>                                    |                      |                      |
| <b>Designated reserves</b>                              |                      |                      |
| <b>Greater Vancouver Regional District</b>              |                      |                      |
| <b>General reserves</b>                                 |                      |                      |
| Regional parks other                                    | 259,447              | 296,956              |
| Fleet vehicle and equipment                             | 744,819              | 727,023              |
| Regional sustainability funds                           | 7,648,079            | 5,519,579            |
| Air quality equipment                                   | 3,020,579            | 3,252,229            |
| Other   | 2,434,983            | 2,254,478            |
|   | <b>14,107,907</b>    | <b>12,050,265</b>    |
| <b>Capital reserves</b>                                 |                      |                      |
| Heritage parkland acquisition                           | 4,478,711            | 3,663,599            |
| Regional parks capital replacement                      | 798,782              | 1,408,631            |
| Regional parks basic facilities                         | 5,186,055            | 3,525,562            |
| Regional parks site reclamation                         | 307,570              | 300,221              |
| Regional parks revolving revenue                        | 138,692              | 135,378              |
| Cultural grants   | 2,492,670            | 2,490,161            |
| Sasamat volunteer fire department                       | 544,070              | 464,672              |
|   | <b>13,946,550</b>    | <b>11,988,224</b>    |
| <b>Other reserves</b>                                   |                      |                      |
| Asset and equipment replacement                         | 6,178,599            | 6,104,854            |
| Self insurance  | 2,215,336            | 1,949,110            |
|   | <b>8,393,935</b>     | <b>8,053,964</b>     |
| <b>Sinking funds, net of member's requirement</b>       |                      |                      |
| Parks MFA sinking fund                                  | 9,734,439            | 8,882,618            |
|   | <b>46,182,831</b>    | <b>40,975,071</b>    |
| <b>Greater Vancouver Water District</b>                 |                      |                      |
| Office building capital improvements                    | 1,770,839            | 1,689,394            |
| Security enhancements                                   | 85,566               | 84,177               |
| Sustainability innovation fund                          | 3,884,793            | 3,081,324            |
| Equipment replacement                                   | 41,956               | 59,641               |
| MFA sinking fund  | 240,238,796          | 194,921,885          |
| GVWD sinking fund                                       | 6,608,477            | 6,450,581            |
|   | <b>252,630,427</b>   | <b>206,287,002</b>   |
| <b>Greater Vancouver Sewerage and Drainage District</b> |                      |                      |
| Capital building and equipment replacement              | 12,272,573           | 10,794,265           |
| Waste to energy facility                                | 3,379,479            | 3,298,732            |
| MFA sinking fund  | 322,098,169          | 284,766,611          |
| GVS&DD sinking fund                                     | 35,117,286           | 34,278,231           |
| Landfill post closure                                   | 2,179,857            | 2,127,774            |
| Sustainability innovation funds                         | 14,744,130           | 11,710,289           |
| Other   | 11,564,977           | 9,717,954            |
|   | <b>401,356,471</b>   | <b>356,693,856</b>   |
| <b>Metro Vancouver Housing Corporation</b>              | 19,906,796           | 24,641,470           |
| <b>Total designated reserves</b>                        | <b>720,076,525</b>   | <b>628,597,399</b>   |
| <b>Non-designated (operating) reserves</b>              |                      |                      |
| Liquid waste  | 33,199,258           | 36,143,718           |
| Solid waste   | (1,380,958)          | 9,683,408            |
| Water   | 34,398,056           | 25,664,774           |
| Regional parks  | 1,623,447            | 2,099,393            |
| General government                                      | 1,309,296            | 1,216,508            |
| Air quality   | 303,230              | 397,910              |
| Labour relations  | 1,607,954            | 1,190,457            |
| Strategic planning                                      | 11,194               | 599,017              |
| 911 telephone   | 454,157              | 505,719              |
| Global positioning system                               | 286,527              | 192,099              |
| West Nile Virus   | 183,603              | 144,066              |
| Corporate programs                                      | 15,650,460           | 16,287,646           |
|   | <b>87,646,224</b>    | <b>94,124,715</b>    |
| <b>Total reserves</b>                                   | <b>807,722,749</b>   | <b>722,722,114</b>   |
| <b>Total Accumulated Surplus</b>                        | <b>2,602,933,305</b> | <b>2,487,491,746</b> |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 18

December 31, 2009, with comparative figures for 2008

---

## 13. Commitments

As at December 31, 2009, the GVS&DD Board has authorized a total of approximately \$300,007,000 (2008 - \$209,000,000) relating to outstanding projects of which \$127,388,000 (2008 - \$133,000,000) has been expended to December 31, 2009; at December 31, 2009 the GVWD Board has authorized approximately \$1,509,000,000 (2008 - \$1,253,000,000) of which \$ 858,000,000 (2008 - \$772,000,000) has been expended to December 31, 2009.

## 14. Contingencies

### (a) Lawsuits:

As at December 31, 2009 there were various lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. It is not possible to predict the outcome of these lawsuits at this time. Management is of the opinion that the losses, if any, resulting from those lawsuits can be sufficiently funded by reserve funds.

### (b) Self insurance fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the District.

An estimate is made for all costs of investigating and settlement of claims incurred prior to year end and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These estimates are changed as additional information becomes known during the course of claims settlement. In management's opinion, losses, if any, are sufficiently funded by the self insurance fund.

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The District contributes to the fund depending on the fund's adequacy to cover retained liability risk.

### (c) Municipal Pension Plan:

The District and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 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 \$438,000,000 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 District paid \$7,345,816 for employer contributions to the plan during the year ended December 31, 2009 (2008 - \$6,741,624). The employees' contributions amounted to \$6,776,658 (2008 - \$6,265,853).

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 19

December 31, 2009, with comparative figures for 2008

---

## 14. Contingencies (continued)

### (d) Environmental regulations:

The District is subject to environmental regulations which cover different aspects of its operations. These regulations may require future expenses to meet applicable standards and subject the District to possible penalties for past violations. Any amounts required to meet obligations will be charged to operations or capitalized, as appropriate. No amounts can be estimated at this time and therefore no liabilities have been recorded at December 31, 2009.

### (e) BC Homes Repayable Assistance:

The cumulative non-RGI assistance is contingently repayable to BCHMC in the event that the total rent contribution in any year exceeds the economic rent of the suites occupied by non-RGI tenants. Annual repayments would be based on the amount by which non-RGI tenant contributions exceed economic rents, which take into account repayment of debt. In management's opinion, such an event will not occur until the mortgages on these properties mature, which is in approximately 20 years. Consequently, no provision has been made in these financial statements.

### (f) Water ingress repairs:

Based on professional building assessments conducted between 1999 and 2005, eleven of MVHC's section 95 properties were identified as having systemic water ingress issues. Estimated costs to complete remaining water ingress work is \$4.2 million (2008 - \$15.3 million) and will be funded out of the capital reserve fund. Some buildings have been re-evaluated and repairs are no longer considered systemic. Repairs to these buildings will be funded within existing capital replacement reserve planning.

### (g) Rental Subsidy Reserve:

The MVHC's Section 95 portfolio has a cumulative maximum allowable rental subsidy reserve of \$500 per unit plus interest. Any excess reserves are repayable to BCHMC. This portfolio holds 2,263 units as at December 31, 2009. The maximum allowable reserve is \$1,131,500, plus cumulative interest of \$356,866 for a total of \$1,488,366.

As at December 31, 2008, the reserve had excess funds of \$267,683 which had been recorded as a liability. In 2009, BCHMC approved the transfer of the excess to the Water Ingress Reserve to fund cost of repairs.

As at December 31, 2009, the reserve's current year excess is \$581,615. BCHMC will perform an annual review to determine whether funds will be approved for transfer to the Water Ingress reserve. Once approved, transfers will occur in the year of assessment.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 20

December 31, 2009, with comparative figures for 2008

---

## 14. Contingencies (continued)

(h) Section 27 and 95 Portfolios:

Under the terms of the operating agreements, the funding partner performs a review of expenses applied against the Section 27 and 95 portfolios. The funding partner has the authority to deem certain expenses ineligible as a charge against property revenues. Management is of the opinion that the outcome and amount of an assessment is undeterminable. Should the funding partner deem amounts ineligible, the amount will be funded from existing reserves in the year of assessment.

## 15. Subsequent event

On March 31, 2010 the District participated in a bond issue with the MFA for approximately \$60.7 million, of which \$50 million is for GVWD maturing in 2025 and \$10.7 million on behalf of member municipalities maturing in 2030.

## 16. Budget information

The unaudited budget information presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by the District's Board. Amortization was not contemplated on development of the budget and, as such, has not been included. The schedule below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 21

December 31, 2009, with comparative figures for 2008

## 16. Budget information (continued)

|   | <b>2009<br/>Budget</b> |
|---|------------------------|
| <b>Revenues</b>   |                        |
| Operating revenue per published budget                                | \$ 589,567,598         |
| Reserve interest  | 4,195,912              |
| Add items not included in published operating budget                  |                        |
| BCHMC operating subsidy   | 121,803                |
| Less items not included in revenue for financial statement purposes:  |                        |
| Contributions from reserves   | (7,190,191)            |
| Corporate allocations and internal recoveries                         | (49,508,570)           |
| <b>Total revenue</b>  | <b>537,186,552</b>     |
| <b>Expenses</b>   |                        |
| Operating budget, as published  | 589,285,630            |
| Add items not included in published operating budget                  |                        |
| Water ingress expenses  | 6,100,000              |
| Less items not included in expenses for financial statement purposes: |                        |
| Sinking fund and debt retirement payments                             | (69,654,496)           |
| Contribution to capital   | (41,576,936)           |
| Contribution to reserves  | (11,331,310)           |
| Corporate allocations and internal recoveries                         | (46,303,772)           |
| MVHC subsidy repayment  | 50,224                 |
| <b>Total expenses</b>   | <b>426,569,340</b>     |
| <b>Annual Surplus (Exhibit B)</b>                                     | <b>\$ 110,617,212</b>  |

## 17. Segmented information

The District is a diversified municipal government organization that provides a wide range of services directly to the public and its member municipalities through its four legal entities: the Greater Vancouver Regional District (GVRD), the Greater Vancouver Sewerage and Drainage District (GVS&DD), the Greater Vancouver Water District (GVWD) and the Metro Vancouver Housing Corporation (MVHC). For management reporting purposes, the District's operations and activities are organized and reported by service areas within the legal entities.

The salaries and benefits reported in the segmented information below do not include \$11,331,223 (2008 - \$12,279,111) directly attributable to the construction of tangible capital assets which have been capitalized and included in tangible capital assets in the Statement of Financial Position.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 22

December 31, 2009, with comparative figures for 2008

---

## 17. Segmented information (continued)

The legal entities disclosed in the segmented information, along with the service areas provided are as follows:

### **GVRD**

#### ***Regional Parks***

Regional Parks is responsible for managing, maintaining and protecting a diverse network of 24 Regional Parks and an expanding land base of reserves, ecological conservancy areas and greenways, located throughout the Region.

#### ***General Government***

General Government includes services responsible for overall direction and monitoring and regional initiatives. This area comprises the Regional Board & Committee Remuneration, Corporate Secretary's Office, Audit, Legal and Insurance costs, Innovation, Regional Emergency Management, Regional Cultural Strategy and External Contributions.

#### ***Air Quality***

Air Quality is responsible for monitoring air quality in the region, controlling industrial, commercial and some residential emissions, creating long-term plans and conducting emission inventories.

#### ***Labour Relations***

Labour Relations provides collective bargaining, job evaluation, research and other related labour relations services to those GVRD municipalities who are members of the function.

#### ***911 Emergency Telephone Service***

Through its contracts with Telus and E-Comm Corporation, the District provides 9-1-1 service for all municipalities within the region as well as the community of Whistler and the Sunshine Coast Regional District.

#### ***Electoral Areas***

The District is responsible for providing general and local services to Electoral Area A. Electoral Area A includes the following:

- the west side of Pitt Lake
- the northern portion of Indian Arm a portion of land between the District of West Vancouver and Squamish
- Lillooet Regional District (excluding the Village of Lions Bay)
- the islands of Bowyer, Passage and Barnston
- the University Endowment Lands (including Pacific Spirit Regional Park)
- the University of British Columbia

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 23

December 31, 2009, with comparative figures for 2008

---

## 17. Segmented information (continued)

General services provided include a variety of tax-supported, regional services that are provided to other member municipalities, such as 9-1-1 emergency telephone, air quality, labour relations, regional parks, strategic planning and general government. Local services provided are specific to the needs of communities within the Electoral Area and include building permit and inspection, local planning, land use planning, election and general administration.

### ***Regional Global Positioning System***

The District's Global Positioning System (GPS) Real-Time Service is offered to member municipalities and to the public in partnership with the B.C. Crown Registry and Geographic Base (CRGB) Branch.

### ***Sasamat Volunteer Fire Department***

The Sasamat Volunteer Fire Department provides volunteer fire department services to the Villages of Anmore and Belcarra. The cost to support this function is borne completely by the members who receive the service.

### ***Strategic Planning***

Strategic Planning's core responsibilities are focused on regional growth management, utility management and air quality management. Primary activities include development and implementation of a wide range of innovative policies and plans, extensive research, modeling and technical analysis, regulation, business demand management and community education.

### ***West Nile Virus***

The West Nile Virus program provides a proactive approach to the potential arrival of the virus. On lands that it owns, the District controls mosquitoes that may carry the virus. Regionally, the District provides participating member municipalities with communication and program implementation, leadership and facilitation.

### ***Corporate Programs***

Corporate Programs include departments that provide centralized services to organization. These departments include the Chief Administrative Office, Corporate Relations, Finance and Administration, Human Resources, Information Technology, Corporate Safety and Security, In-House Legal, Corporate Records and Information Management, Corporate Library and Head Office Building Operations. Costs for these programs are allocated to GVWD, GVS&DD, MVHC and GVRD, and are eliminated upon consolidation of the entities.



# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 24

December 31, 2009, with comparative figures for 2008

---

## 17. Segmented information (continued)

### **GVS&DD**

#### ***Liquid Waste Management Services***

The Liquid Waste Management Service is responsible for the collection, treatment and discharge of liquid waste for member municipalities. It operates a number of wastewater treatment plants and a related collection network connected to the member municipalities' systems.

#### ***Solid Waste Management Services***

The Solid Waste Management Service is responsible for the disposal of solid waste both for the member municipalities and the public. It owns and operates several solid waste facilities including a waste to energy facility.

### **GVWD – Water Treatment Services**

GVWD provides a reliable source of safe, high-quality drinking water to its member municipalities by acquiring and maintaining the supply; treating it to ensure its quality and delivering it to member municipalities. It owns a series of dams, reservoirs, water treatment plants and a distribution network connecting to the municipal distribution systems.

### **MVHC**

Metro Vancouver Housing Corporation is a wholly-owned subsidiary of GVRD, which owns and operates housing sites within Lower Mainland for the purpose of providing affordable rental housing on a non-profit basis through various housing programs, some federally and some provincially funded. The Corporation's portfolio consists of "rent-geared-to-income", partial rent assistance, and low-end-of-market units.

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 25

December 31, 2009, with comparative figures for 2008

## 17. Segmented information (continued):

(a) Total Consolidated

|  | Utility Functions<br>(note 17(b)) | Regional<br>District<br>(note 17(c)) | Metro<br>Vancouver<br>Housing<br>Corporation | Inter-district<br>Adjustments | Consolidated<br>2009 | Consolidated<br>2008 |
|--|-----------------------------------|--------------------------------------|--|-------------------------------|----------------------|----------------------|
| <b>Revenue</b>                                   | \$                                | \$                                   | \$   | \$                            | \$                   | \$                   |
| Members' tax requisitions                        | -                                 | 39,859,119                           | -  | -                             | 39,859,119           | 39,006,299           |
| Metered sale of water                            | 178,610,988                       | -                                    | -  | -                             | 178,610,988          | 149,113,310          |
| Sewerage and drainage levy                       | 158,596,933                       | -                                    | -  | -                             | 158,596,933          | 150,892,698          |
| Tipping fees                                     | 75,853,321                        | -                                    | -  | -                             | 75,853,321           | 79,776,094           |
| Stream and electricity sales                     | 10,288,057                        | -                                    | -  | -                             | 10,288,057           | 11,143,015           |
| Development cost charges                         | 6,685,535                         | -                                    | -  | -                             | 6,685,535            | 6,931,406            |
| Trucked liquid waste fees                        | 1,747,824                         | -                                    | -  | -                             | 1,747,824            | 1,612,591            |
| Source control fees                              | 286,724                           | -                                    | -  | -                             | 286,724              | 279,771              |
| Housing property rentals                         | -                                 | -                                    | 29,548,547                                   | -                             | 29,548,547           | 28,932,573           |
| Grants and other contributions                   | -                                 | 1,159,293                            | 5,238,604                                    | -                             | 6,397,897            | 6,438,848            |
| Sinking fund and interest income                 | 28,479,013                        | 2,132,432                            | 667,423                                      | (89,778)                      | 31,189,090           | 30,335,948           |
| User fees, recoveries and other revenue          | 10,230,241                        | 6,954,856                            | 941,371                                      | (5,892,289)                   | 12,234,179           | 14,152,287           |
|  | 470,778,636                       | 50,105,700                           | 36,395,945                                   | (5,982,067)                   | 551,298,214          | 518,614,840          |
| <b>Expenses</b>                                  |                                   |                                      |  |                               |                      |                      |
| Salaries and benefits                            | 73,910,592                        | 42,132,808                           | 4,306,232                                    | (206,174)                     | 120,143,458          | 101,790,470          |
| Consulting, contracted and professional services | 89,463,476                        | 14,369,680                           | 346,403                                      | -                             | 104,179,559          | 99,409,976           |
| Asset purchase and maintenance                   | 14,485,877                        | 582,346                              | 12,490,475                                   | -                             | 27,558,698           | 32,417,039           |
| Materials and supplies                           | 20,356,071                        | 640,950                              | 64,938                                       | -                             | 21,061,959           | 24,366,277           |
| Utilities, permits and taxes                     | 12,630,735                        | 1,075,086                            | 4,733,614                                    | -                             | 18,439,435           | 17,449,541           |
| Corporate costs                                  | 36,023,060                        | (32,810,113)                         | 1,619,140                                    | (4,820,251)                   | 11,836               | -                    |
| Other  | 22,125,310                        | 5,557,149                            | 1,405,337                                    | (865,864)                     | 28,221,932           | 17,784,933           |
| Amortization of tangible capital assets          | 32,531,267                        | 5,923,399                            | 5,936,682                                    | -                             | 44,391,348           | 44,479,253           |
| Interest on long-term debt                       | 64,461,614                        | 898,123                              | 6,578,471                                    | (89,778)                      | 71,848,430           | 66,581,029           |
|  | 365,988,002                       | 38,369,428                           | 37,481,292                                   | (5,982,067)                   | 435,856,655          | 404,278,518          |
| <b>Annual surplus (deficit)</b>                  | \$                                | \$                                   | \$   | \$                            | \$                   | \$                   |
|  | 104,790,634                       | 11,736,272                           | (1,085,347)                                  | -                             | 115,441,559          | 114,336,322          |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 26

December 31, 2009, with comparative figures for 2008

## 17. Segmented information (continued):

### (b) Total Utilities

|  | Total                |                        |                                    |                      |                       | Total<br>Utilities<br>2009 | Total<br>Utilities<br>2008 |
|--|----------------------|------------------------|------------------------------------|----------------------|-----------------------|----------------------------|----------------------------|
|  | Liquid<br>Waste      | Solid<br>Waste         | Sewerage &<br>Drainage<br>District | Water<br>District    |                       |                            |                            |
| <b>Revenue</b>                                   |                      |                        |                                    |                      |                       |                            |                            |
| Metered sale of water                            | \$ -                 | \$ -                   | \$ -                               | \$ 178,610,988       | \$ 178,610,988        | \$ 149,113,310             |                            |
| Sewerage and drainage levy                       | 158,596,933          | -                      | 158,596,933                        | -                    | 158,596,933           | 150,892,698                |                            |
| Tipping fees                                     | -                    | 75,853,321             | 75,853,321                         | -                    | 75,853,321            | 79,776,094                 |                            |
| Steam and electricity sales                      | -                    | 10,288,057             | 10,288,057                         | -                    | 10,288,057            | 11,143,015                 |                            |
| Development cost charges                         | 6,685,535            | -                      | 6,685,535                          | -                    | 6,685,535             | 6,931,406                  |                            |
| Trucked liquid waste fees                        | 1,747,824            | -                      | 1,747,824                          | -                    | 1,747,824             | 1,612,591                  |                            |
| Source control fees                              | 286,724              | -                      | 286,724                            | -                    | 286,724               | 279,771                    |                            |
| Sinking fund and interest income                 | 16,702,448           | 643,259                | 17,345,707                         | 11,133,306           | 28,479,013            | 26,332,590                 |                            |
| User fees, recoveries and other revenue          | 2,254,894            | 1,923,079              | 4,177,973                          | 6,052,268            | 10,230,241            | 10,987,512                 |                            |
|  | 186,274,358          | 88,707,716             | 274,982,074                        | 195,796,562          | 470,778,636           | 437,068,987                |                            |
| <b>Expenses</b>                                  |                      |                        |                                    |                      |                       |                            |                            |
| Salaries and benefits                            | 39,141,473           | 4,381,602              | 43,523,075                         | 30,387,517           | 73,910,592            | 60,716,227                 |                            |
| Consulting, contracted and professional services | 9,035,877            | 73,246,390             | 82,282,267                         | 7,181,209            | 89,463,476            | 87,732,694                 |                            |
| Asset purchase and maintenance                   | 8,290,737            | 1,736,674              | 10,027,411                         | 4,458,466            | 14,485,877            | 14,494,879                 |                            |
| Materials and supplies                           | 12,191,022           | 365,260                | 12,556,282                         | 7,799,789            | 20,356,071            | 20,565,572                 |                            |
| Utilities, permits and taxes                     | 8,946,402            | 485,611                | 9,432,013                          | 3,198,722            | 12,630,735            | 11,190,915                 |                            |
| Corporate costs                                  | 16,124,476           | 4,134,916              | 20,259,392                         | 15,763,668           | 36,023,060            | 32,053,800                 |                            |
| Other  | 8,227,009            | 8,778,986              | 17,005,995                         | 5,119,315            | 22,125,310            | 14,565,533                 |                            |
| Amortization of tangible capital assets          | 19,026,181           | 4,439,326              | 23,465,507                         | 9,065,760            | 32,531,267            | 32,631,891                 |                            |
| Interest on long-term debt                       | 23,013,879           | 2,019,168              | 25,033,047                         | 39,428,567           | 64,461,614            | 58,623,137                 |                            |
|  | 143,997,056          | 99,587,933             | 243,584,989                        | 122,403,013          | 365,988,002           | 332,574,648                |                            |
| <b>Annual surplus (deficit)</b>                  | <b>\$ 42,277,302</b> | <b>\$ (10,880,217)</b> | <b>\$ 31,397,085</b>               | <b>\$ 73,393,549</b> | <b>\$ 104,790,634</b> | <b>\$ 104,494,339</b>      |                            |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 27

December 31, 2009, with comparative figures for 2008

## 17. Segmented information (continued):

### (c) Total Regional District

|  | 9-1-1                 |                     |                       |                     |                                   |                    |   |  |                       |                    | Total<br>Regional<br>District<br>2008 |                       |
|--|-----------------------|---------------------|-----------------------|---------------------|-----------------------------------|--------------------|---|--|-----------------------|--------------------|---------------------------------------|-----------------------|
|  | General<br>Government | Regional<br>Parks   | Air<br>Quality        | Labour<br>Relations | Emergency<br>Telephone<br>Service | Electoral<br>Areas | Regional<br>Global<br>Positioning<br>System | Sasamat<br>Volunteer<br>Fire<br>Department | Strategic<br>Planning | West Nile<br>Virus |                                       | Corporate<br>Programs |
| <b>Revenue</b>                                   |                       |                     |                       |                     |                                   |                    |   |  |                       |                    |                                       |                       |
| Members' tax requisitions                        | \$ 3,841,639          | \$ 25,232,810       | \$ 2,596,876          | \$ 2,184,982        | \$ 3,368,644                      | \$ 334,321         | \$ -  | \$ 187,523                                 | \$ 2,000,702          | \$ 111,622         | \$ -                                  | \$ 39,859,119         |
| Grants and other contributions                   | 895,757               | 253,536             | -                     | -                   | -                                 | -                  | -   | -  | 10,000                | -                  | -                                     | 1,159,293             |
| Sinking fund and interest income                 | 614,851               | 743,048             | 89,347                | 26,943              | 12,379                            | 17,649             | 4,698                                       | 11,998                                     | 29,964                | 3,529              | 578,026                               | 2,132,432             |
| User fees, recoveries and other revenue          | 130,096               | 2,767,123           | 2,378,045             | 30,249              | 60,056                            | 13,530             | 573,484                                     | 20,000                                     | 492,172               | -                  | 490,101                               | 6,954,856             |
|  | 5,482,343             | 28,996,517          | 5,064,268             | 2,242,174           | 3,441,079                         | 365,500            | 578,182                                     | 219,521                                    | 2,532,838             | 115,151            | 1,068,127                             | 50,105,700            |
| <b>Expenses</b>                                  |                       |                     |                       |                     |                                   |                    |   |  |                       |                    |                                       |                       |
| Salaries and benefits                            | 1,440,129             | 12,034,207          | 3,363,369             | 1,571,759           | -                                 | 94,003             | 134,107                                     | -  | 1,455,396             | 41,709             | 21,998,129                            | 42,132,808            |
| Consulting, contracted and professional services | 1,692,512             | 3,299,015           | 212,204               | 101,093             | 3,326,180                         | 24,334             | 286,224                                     | 38,471                                     | 326,439               | 16,991             | 5,046,217                             | 14,369,680            |
| Asset purchase and maintenance                   | 22,493                | 95,464              | 211,252               | 113                 | 70,836                            | -                  | 1,146                                       | 50,988                                     | -                     | -                  | 130,054                               | 582,346               |
| Materials and supplies                           | 31,969                | 1,449,260           | 203,354               | 5,739               | 10                                | 865                | 222   | 23,048                                     | 1,615                 | 962                | (1,076,094)                           | 640,950               |
| Utilities, permits and taxes                     | 129                   | 538,215             | 65,333                | 4,579               | 20,440                            | 3,260              | 1,780                                       | 15,340                                     | -                     | -                  | 426,010                               | 1,075,086             |
| Corporate costs                                  | 348,900               | 2,742,593           | 1,066,371             | 47,232              | 71,088                            | 131,274            | 55,365                                      | 3,888                                      | 785,737               | 15,863             | (38,078,424)                          | (32,810,113)          |
| Other  | 203,142               | 1,870,049           | 162,749               | 94,165              | 4,087                             | 8,621              | 4,910                                       | 8,388                                      | 72,201                | 86                 | 3,128,751                             | 5,557,149             |
| Amortization of tangible capital assets          | -                     | 1,270,200           | 871,633               | -                   | -                                 | -                  | -   | -  | -                     | -                  | 3,781,566                             | 5,923,399             |
| Interest on long-term debt                       | -                     | 898,123             | -                     | -                   | -                                 | -                  | -   | -  | -                     | -                  | -                                     | 898,123               |
|  | 3,739,274             | 24,197,126          | 6,156,265             | 1,824,680           | 3,492,641                         | 262,357            | 483,754                                     | 140,123                                    | 2,641,388             | 75,611             | (4,643,791)                           | 38,369,428            |
| <b>Annual surplus (deficit)</b>                  | <b>\$ 1,743,069</b>   | <b>\$ 4,799,391</b> | <b>\$ (1,091,997)</b> | <b>\$ 417,494</b>   | <b>\$ (51,562)</b>                | <b>\$ 103,143</b>  | <b>\$ 94,428</b>                            | <b>\$ 79,398</b>                           | <b>\$ (108,550)</b>   | <b>\$ 39,540</b>   | <b>\$ 5,711,918</b>                   | <b>\$ 11,736,272</b>  |
|  |                       |                     |                       |                     |                                   |                    |   |  |                       |                    |                                       | <b>\$ 9,976,639</b>   |

# GREATER VANCOUVER REGIONAL DISTRICT

Notes to Consolidated Financial Statements, page 28

December 31, 2009, with comparative figures for 2008

---

## **18. Comparative figures**

Certain comparative figures for the year ended December 31, 2008 have been reclassified to conform with the presentation adopted in the current year.



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION TO THE MEMBERS**

To the Members of the  
Greater Vancouver Regional District

We have audited and reported separately herein on the consolidated financial statements of the Greater Vancouver Regional District (the "District") as at and for the year ended December 31, 2009 in accordance with Canadian generally accepted auditing standards.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole in accordance with Canadian generally accepted accounting principles. The current year's supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Chartered Accountants

Burnaby, Canada

March 31, 2010

# GREATER VANCOUVER REGIONAL DISTRICT

## Schedule 1

### Consolidated Schedule of Operating Fund

Year ended December 31, 2009, with comparative figures for 2008

|  | 2009<br>Budget | 2009<br>Actual | 2008<br>Actual |
|--|----------------|----------------|----------------|
| <b>Revenue</b>   |                |                |                |
| Members' tax requisitions                                | \$ 39,859,119  | \$ 39,859,119  | \$ 39,006,299  |
| Metered sale of water                                    | 176,189,922    | 178,610,988    | 149,113,310    |
| Sewerage and drainage levy                               | 158,616,203    | 158,596,933    | 150,892,698    |
| Tipping fees   | 89,435,767     | 75,853,321     | 79,776,094     |
| Steam and electricity sales                              | 10,911,872     | 10,288,057     | 11,143,015     |
| Development cost charges                                 | 6,839,758      | 6,685,535      | 6,931,406      |
| Trucked liquid waste fees                                | 1,616,462      | 1,747,824      | 1,612,591      |
| Source control fees                                      | 271,040        | 286,724        | 279,771        |
| Housing property rentals                                 | 29,628,638     | 29,548,547     | 28,932,573     |
| Grants and other contributions                           | 6,508,594      | 6,311,047      | 6,430,877      |
| Sinking fund and interest Income                         | 317,273        | 413,380        | 596,552        |
| User fees, recoveries and other revenue                  | 12,903,044     | 11,785,050     | 13,710,725     |
|  | 533,097,692    | 519,986,525    | 488,425,911    |
| <b>Expenses</b>  |                |                |                |
| <b>Core functions</b>                                    |                |                |                |
| Sewer operations   | 118,920,458    | 127,081,321    | 118,238,544    |
| Waste disposal, recycling and regulatory services        | 96,039,488     | 95,727,610     | 89,495,416     |
| Water operations   | 112,682,335    | 103,494,578    | 91,570,863     |
| Housing rental operations                                | 28,575,672     | 35,854,295     | 34,967,717     |
| General government services                              | 4,051,995      | 3,390,374      | 2,738,009      |
| Regional parks   | 20,271,294     | 21,506,615     | 20,216,296     |
| Air quality  | 4,935,005      | 5,692,801      | 4,539,517      |
| Labour relations   | 2,365,741      | 1,777,528      | 1,958,786      |
| 911 emergency telephone system                           | 3,554,553      | 3,421,553      | 3,307,354      |
| Electoral areas  | 350,943        | 218,989        | 178,452        |
| Regional global positioning system                       | 508,554        | 428,389        | 400,139        |
| Sasamat volunteer fire department                        | 137,140        | 136,235        | 115,921        |
| Strategic planning                                       | 2,449,487      | 2,436,140      | 2,172,067      |
| West Nile Virus  | 95,759         | 59,748         | 57,493         |
|  | 394,938,424    | 401,226,176    | 369,956,574    |
| <b>Corporate functions</b>                               |                |                |                |
| Chief Administrative Office                              | 1,270,897      | 1,235,754      | 1,201,507      |
| In-house legal   | 915,727        | 680,838        | 403,151        |
| Information center                                       | 249,589        | 200,550        | 192,929        |
| Corporate records and information management             | 304,475        | 204,761        | 164,525        |
| Employee trip reduction                                  | 238,264        | 208,013        | 197,389        |
| Public consultation and community relations              | 1,382,339      | 1,530,286      | 1,270,588      |
| Corporate library  | 229,623        | 238,193        | 216,863        |
| Corporate relations                                      | 5,093,745      | 4,688,666      | 3,601,969      |
| Information technology                                   | 8,191,478      | 11,175,113     | 10,658,470     |
| West Nile Virus  | 135,197        | 89,127         | 80,047         |
| Building operations - head office                        | 3,972,464      | 3,050,636      | 3,016,320      |
| Finance  | 2,345,412      | 2,093,003      | 5,513,933      |
| Corporate safety   | 3,188,846      | 3,243,195      | 1,799,731      |
| Human resources  | 3,629,062      | 3,498,329      | 3,388,649      |
| Self Insurance   | 350,000        | 130,547        | 445,288        |
| Corporate environmental management                       | 133,798        | 137,848        | 122,758        |
| Other corporate costs                                    | -              | 1,024,962      | 1,250,891      |
|  | 31,630,916     | 33,429,821     | 33,525,008     |
|  | 426,569,340    | 434,655,997    | 403,481,582    |
| <b>Annual surplus, operating fund</b>                    | 106,528,352    | 85,330,528     | 84,944,329     |
| <b>Application of surplus and transfers</b>              |                |                |                |
| Transfers from (to):                                     |                |                |                |
| Capital  | (50,283,187)   | (51,082,925)   | (43,180,575)   |
| Investment in non-financial assets                       | 3,494,615      | 45,348,769     | 44,567,789     |
| Reserve funds for:                                       |                |                |                |
| Sinking and debt retirement funds                        | (60,124,456)   | (58,386,542)   | (55,277,714)   |
| Reserves - Operating results                             | (475,660)      | (21,128,308)   | (24,872,648)   |
| Reserves   | 845,275        | (3,555)        | (5,529,540)    |
| <b>Change in accumulated surplus from operating fund</b> | (15,061)       | 77,967         | 651,641        |
| <b>Operating fund, beginning of year</b>                 | 5,500,458      | 5,500,458      | 4,848,817      |
| <b>Operating fund, end of year</b>                       | \$ 5,485,397   | \$ 5,578,425   | \$ 5,500,458   |

# GREATER VANCOUVER REGIONAL DISTRICT

## Schedule 2

### Consolidated Schedule of Capital and Other Funds

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009   |              | 2009   |              | 2008   |              |
|---|--------|--------------|--------|--------------|--------|--------------|
|   | Budget |              | Actual |              | Actual |              |
| <b>Revenues</b>                                   |        |              |        |              |        |              |
| Grants and other contributions                    | \$     | -            | \$     | 86,850       | \$     | 7,971        |
| Loss on disposal of assets                        |        | -            |        | -            |        | (65,213)     |
| Debt reserve fund and interest income             |        | -            |        | 566,691      |        | 669,285      |
| Other income                                      |        | -            |        | 197,443      |        | -            |
|   |        | -            |        | 850,984      |        | 612,043      |
| <b>Expenses</b>                                   |        |              |        |              |        |              |
| Debenture expense                                 |        | -            |        | 1,200,655    |        | 567,232      |
|   |        | -            |        | 1,200,655    |        | 567,232      |
| <b>Annual surplus (deficit), capital fund</b>     |        | -            |        | (349,671)    |        | 44,811       |
| <b>Non-financial assets transactions</b>          |        |              |        |              |        |              |
| <b>Financing</b>                                  |        |              |        |              |        |              |
| Debenture debt issued                             |        | 364,236,656  |        | 160,000,000  |        | 90,630,930   |
| Principal repayment on long-term debt             |        | (9,403,767)  |        | (9,454,455)  |        | (9,466,810)  |
| Transfers from:                                   |        |              |        |              |        |              |
| Operating funds                                   |        | 50,283,187   |        | 51,082,925   |        | 43,180,575   |
| Reserve funds                                     |        | 32,920,855   |        | 24,978,472   |        | 15,728,413   |
|   |        | 438,036,931  |        | 226,606,942  |        | 140,073,108  |
| <b>Less change in non-financial assets</b>        |        |              |        |              |        |              |
| Acquisition of tangible capital assets:           |        |              |        |              |        |              |
| Sewer and Drainage District                       |        | 160,364,808  |        | 28,344,524   |        | 38,631,019   |
| Water District                                    |        | 257,057,743  |        | 142,825,180  |        | 125,547,652  |
| Regional District                                 |        | 20,488,107   |        | 15,024,054   |        | 7,961,768    |
| Housing Corporations                              |        | -            |        | 314,409      |        | 351,606      |
|   |        | 437,910,658  |        | 186,508,167  |        | 172,492,045  |
| Change in prepaid land leases                     |        | -            |        | 412,014      |        | 193,644      |
| Change in prepaid expenses                        |        | -            |        | (286,871)    |        | 1,819,693    |
| Less disposal of tangible capital assets          |        | -            |        | -            |        | (594,612)    |
|   |        | 437,910,658  |        | 186,633,310  |        | 173,910,770  |
|   |        | 126,273      |        | 39,973,632   |        | (33,837,662) |
| <b>Change in capital and other funds</b>          |        | 126,273      |        | 39,623,961   |        | (33,792,851) |
| <b>Capital and other funds, beginning of year</b> |        | (50,204,082) |        | (50,204,082) |        | (16,411,231) |
| <b>Capital and other funds, end of year</b>       | \$     | (50,077,809) | \$     | (10,580,121) | \$     | (50,204,082) |



# GREATER VANCOUVER REGIONAL DISTRICT

## Schedule 3

### Consolidated Schedule of Reserve Fund

Year ended December 31, 2009, with comparative figures for 2008

|  | 2009<br>Budget | 2009<br>Actual | 2008<br>Actual |
|--|----------------|----------------|----------------|
| <b>Revenue</b>                                     |                |                |                |
| Interest allocated to reserves                     | \$ 4,088,860   | \$ 4,549,427   | \$ 6,560,532   |
| Sinking fund and debt retirement income            | -              | 25,659,592     | 22,509,579     |
| Other income                                       | -              | 251,683        | 299,874        |
|  | 4,088,860      | 30,460,702     | 29,369,985     |
| <b>Expenses</b>                                    |                |                |                |
| Other expenses                                     | -              | -              | 229,704        |
| <b>Annual surplus, reserve fund</b>                | 4,088,860      | 30,460,702     | 29,140,281     |
| <b>Application of surplus and transfers:</b>       |                |                |                |
| Transfers from (to):                               |                |                |                |
| Capital fund                                       | (32,920,855)   | (24,978,472)   | (15,728,413)   |
| Operating funds for:                               |                |                |                |
| Sinking and debt retirement funds                  | 60,124,456     | 58,386,542     | 55,277,714     |
| Reserve - operating results                        | 475,660        | 21,128,308     | 24,872,648     |
| Reserves   | (845,275)      | 3,555          | 5,529,540      |
|  | 26,833,986     | 54,539,933     | 69,951,489     |
| <b>Change in accumulated surplus from reserves</b> | 30,922,846     | 85,000,635     | 99,091,770     |
| <b>Reserve fund, beginning of year</b>             | 722,722,114    | 722,722,114    | 623,630,344    |
| <b>Reserve fund, end of year</b>                   | \$ 753,644,960 | \$ 807,722,749 | \$ 722,722,114 |

# GREATER VANCOUVER REGIONAL DISTRICT

## Schedule 4

### Consolidated Schedule of Investment in Tangible Capital Assets

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Actual   | 2008<br>Actual   |
|---|------------------|------------------|
| <b>Invested in tangible capital assets is calculated as follows</b> |                  |                  |
| Tangible capital assets   | \$ 3,301,161,311 | \$ 3,159,876,770 |
| Amount financed by:   |                  |                  |
| Long-term debt  | (1,500,949,059)  | (1,350,403,514)  |
|   | \$ 1,800,212,252 | \$ 1,809,473,256 |
| <b>Change in the investment in tangible capital assets</b>          |                  |                  |
| Acquisition of tangible capital assets                              | \$ 186,508,167   | \$ 172,492,045   |
| Less amortization of tangible capital assets                        | (44,391,348)     | (44,479,253)     |
| Less disposal of tangible capital assets                            | (832,278)        | (594,611)        |
|   | 141,284,541      | 127,418,181      |
| <b>Financing</b>  |                  |                  |
| Debenture debt issued   | 160,000,000      | 90,630,930       |
| Payment of long-term debt   | (9,454,455)      | (9,466,810)      |
|   | 150,545,545      | 81,164,120       |
| <b>Change in investment in tangible capital assets</b>              | (9,261,004)      | 46,254,061       |
| <b>Investment in tangible capital assets, beginning of year</b>     | 1,809,473,256    | 1,763,219,195    |
| <b>Investment in tangible capital assets, end of year</b>           | \$ 1,800,212,252 | \$ 1,809,473,256 |

# GREATER VANCOUVER REGIONAL DISTRICT

Schedule 5 (Page 1 of 2)

Consolidated Schedule of Long-term Debt

December 31, 2009, with comparative figures for 2008

| Issue number  | By-law number                  | Interest rate - % | Maturity date      | Authorized to be issued | Debt Outstanding 2009 | Debt Outstanding 2008 |
|---|--------------------------------|-------------------|--------------------|-------------------------|-----------------------|-----------------------|
| <b>Municipal Finance Authority ("MFA") Debt:</b>      |                                |                   |                    |                         |                       |                       |
| <b>MFA Sinking Fund Agreements:</b>                   |                                |                   |                    |                         |                       |                       |
| 49  | 652                            | 6.50              | October 24, 2010   | 3,590,600               | \$ -                  | \$ 3,555,600          |
| 50  | 669                            | 4.75 - 10.25      | May 8, 2011        | 22,258,400              | 11,713,200            | 11,713,200            |
| 51  | 682                            | 7.004 - 7.421     | October 31, 2011   | 18,002,600              | 8,302,600             | 8,302,600             |
| 53  | 710 and 714                    | 6.100             | May 13, 2012       | 16,580,686              | 11,415,748            | 11,415,748            |
| 54  | 724                            | 6.058 - 6.25      | January 12, 2013   | 9,181,856               | 9,181,856             | 9,181,856             |
| 55  | 737                            | 6.308 - 8.50      | May 12, 2013       | 28,862,500              | 27,097,500            | 27,097,500            |
| 56  | 754 and 757                    | 5.50-6.519        | November 19, 2018  | 8,962,000               | 7,318,000             | 7,318,000             |
| 58  | 770                            | 6.855             | May 10, 2019       | 6,995,000               | 6,295,000             | 6,295,000             |
| 59  | 786 and 788                    | 5.00-7.259        | November 10, 2019  | 11,282,400              | 8,998,400             | 9,628,400             |
| 60  | 801                            | 7.17 - 7.179      | April 12, 2015     | 8,379,500               | 8,172,500             | 8,172,500             |
| 61  | 809, 813 and 814               | 4.000             | December 1, 2015   | 108,034,000             | 91,039,103            | 91,039,103            |
| 63  | 813 and 828                    | 4.00- 6.956       | June 1, 2016       | 61,500,000              | 57,183,902            | 57,183,902            |
| 64  | 813 and 839                    | 6.988 - 7.421     | September 25, 2016 | 34,465,000              | 34,465,000            | 34,465,000            |
| 65  | 813 and 854                    | 6.90              | April 14, 2017     | 36,292,080              | 3,586,080             | 3,586,080             |
| 66  | 813 and 869                    | 5.85              | November 5, 2017   | 83,303,000              | 73,303,000            | 73,303,000            |
| 67  | 813 and 853                    | 5.83              | November 6, 2022   | 15,000,000              | 15,000,000            | 15,000,000            |
| 68  | 888, 889 and 853               | 5.55              | March 24, 2018     | 63,140,544              | 61,370,544            | 61,370,544            |
| 69  | 853 and 898                    | 5.55              | September 24, 2018 | 103,270,000             | 103,270,000           | 103,270,000           |
| 70  | 853/924 and 917/918            | 5.49              | June 1, 2019       | 66,635,000              | 66,235,000            | 66,635,000            |
| 71  | 853 and 924                    | 5.99              | December 1, 2019   | 190,436,535             | 180,436,525           | 190,436,535           |
| 72  | 853/924/947                    | 6.45              | June 1, 2020       | 55,690,000              | 47,650,000            | 55,690,000            |
| 73  | 853/899/924/956                | 6.36              | December 1, 2020   | 61,200,000              | 61,200,000            | 61,200,000            |
| 74  | 899/924/946/963                | 5.92-5.96         | June 1, 2021       | 168,122,526             | 168,122,526           | 168,122,526           |
| 75  | 924 and 968                    | 5.35-5.69         | December 1, 2021   | 62,405,000              | 61,880,000            | 61,880,000            |
| 77  | 707R/924/973                   | 6.05-6.06         | June 1, 2022       | 100,100,000             | 100,100,000           | 100,100,000           |
| 78  | 924/707R/966 980 and 982       | 5.36-5.37         | December 3, 2022   | 89,252,000              | 89,252,000            | 89,252,000            |
| 79  | 924/966/946/990                | 5.491-5.95        | June 5, 2023       | 74,024,571              | 74,024,571            | 74,024,571            |
| 80  | 924/966/994                    | 4.78              | October 3, 2023    | 264,000,000             | 264,000,000           | 264,000,000           |
| 81  | 851/852/853                    | 4.62-4.86         | April 22, 2024     | 47,220,000              | 47,220,000            | 47,220,000            |
| 84 (T727)   | 92                             | 3.182             | June 11, 2024      | 20,000,000              | 20,000,000            | 20,000,000            |
| 85  | 575/852/853                    | 4.975-5.465       | December 2, 2024   | 69,760,000              | 69,760,000            | 69,760,000            |
| 86  | 853                            | 5.440             | December 2, 2024   | 50,000,000              | 50,000,000            | 50,000,000            |
| 92  | 978                            | 4.550             | April 6, 2015      | 21,200,000              | 21,200,000            | 21,200,000            |
| 95  | 680, 852 and 875               | 4.17-4.77         | October 13, 2020   | 10,900,000              | 10,900,000            | 10,900,000            |
| 96  | 853                            | 4.610             | April 2, 2026      | 50,000,000              | 50,000,000            | 50,000,000            |
| 97  | 1042,1049,978, 946             | 4.66-4.93         | April 21, 2036     | 175,000,000             | 175,000,000           | 175,000,000           |
| 99  | 946, 1017, 966 994             | 4.43-4.99         | October 19, 2026   | 66,300,000              | 66,300,000            | 66,300,000            |
| 100   | 978                            | 4.43-4.59         | October 19, 2026   | 200,000,000             | 200,000,000           | 200,000,000           |
| 102   | 715R/924/978/ 994/1058         | 4.82-5.09         | December 1, 2027   | 436,395,000             | 436,395,000           | 436,395,000           |
| 103   | 994                            | 5.150             | April 23, 2023     | 40,000,000              | 40,000,000            | 40,000,000            |
| 104   | 1081/1095/966/ 994             | 5.150             | November 20, 2028  | 56,280,930              | 56,280,930            | 56,280,930            |
| 105   | 1073/1104/1035 1107/966/1073/9 | 4.900             | June 3, 2024       | 68,300,000              | 68,300,000            | -                     |
| 104   | 78                             | 4.130             | October 13, 2039   | 140,600,000             | 140,600,000           | -                     |
| <b>Total sinking fund agreements, carried forward</b> |                                |                   |                    | \$ 3,222,921,728        | \$ 3,102,568,985      | \$ 2,916,294,595      |

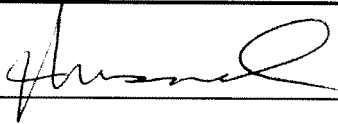
# GREATER VANCOUVER REGIONAL DISTRICT

Schedule 5 (Page 2 of 2)

Consolidated Schedule of Long-term Debt

December 31, 2009, with comparative figures for 2008

| Issue number  | By-law number | Interest rate - % | Maturity date   | Authorized to be issued | Debt Outstanding 2009   | Debt Outstanding 2008   |
|---|---------------|-------------------|-----------------|-------------------------|-------------------------|-------------------------|
| <b>Total sinking fund agreements, brought forward</b> |               |                   |                 | \$ 3,222,921,728        | \$ 3,102,568,985        | \$ 2,916,294,595        |
| <b>TransLink defeasance sinking fund agreements:</b>  |               |                   |                 |                         |                         |                         |
| 703   |               | 9.61              | July 10, 2009   | 16,535,236              | -                       | 16,535,236              |
| 712   |               | 6.38              | July 15, 2009   | 63,261,838              | -                       | 63,261,838              |
| 713   |               | 5.74              | July 21, 2010   | 38,262,368              | 38,262,368              | 38,262,368              |
|   |               |                   |                 | 118,059,442             | 38,262,368              | 118,059,442             |
| <b>GVWD defeasance sinking fund agreements:</b>       |               |                   |                 |                         |                         |                         |
| 56  | 204           | 9.50              | January 9, 2012 | 24,000,000              | 24,000,000              | 24,000,000              |
| <b>GVS&amp;DD defeasance sinking fund agreements:</b> |               |                   |                 |                         |                         |                         |
| 99  | 168           | 9.50              | January 9, 2012 | 33,000,000              | 33,000,000              | 33,000,000              |
| <b>Total MFA sinking fund agreements</b>              |               |                   |                 | <b>3,397,981,170</b>    | <b>3,197,831,353</b>    | <b>3,091,354,037</b>    |
| <b>GVRD Serial Debt</b>                               |               |                   |                 |                         |                         |                         |
| 93  | 978/490/1017  | 5.10 - 5.647      | April 7, 2027   | 79,014,000              | 66,945,618              | 70,082,154              |
| <b>Total debenture debt</b>                           |               |                   |                 | <b>3,476,995,170</b>    | <b>3,264,776,971</b>    | <b>3,161,436,191</b>    |
| <b>MVHC Mortgages</b>                                 |               |                   |                 |                         | 144,455,141             | 154,035,870             |
| Less internally financed mortgages                    |               |                   |                 |                         | (3,639,071)             | (3,765,344)             |
|   |               |                   |                 |                         | 140,816,070             | 150,270,526             |
| <b>Total long-term debt</b>                           |               |                   |                 |                         | <b>\$ 3,405,593,041</b> | <b>\$ 3,311,706,717</b> |



Treasurer

Financial Statements of

**GREATER VANCOUVER SEWERAGE  
AND DRAINAGE DISTRICT**

Year ended December 31, 2009



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT TO THE BOARD

To the Board of Administration of the  
Greater Vancouver Sewerage and Drainage District

We have audited the statement of financial position of the Greater Vancouver Sewerage and Drainage District (the "District") as at December 31, 2009 and the statements of operations and changes in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the District'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 financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Burnaby, Canada

March 31, 2010

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Index to Financial Statements

December 31, 2009

---

**Exhibit**

---

|  |   |
|--|---|
| Statement of Financial Position                        | A |
| Statement of Operations                                | B |
| Statement of Change in Net Financial Assets (Net Debt) | C |
| Statement of Cash Flows                                | D |
| Notes to Financial Statements                          |   |

---

**Schedule**

---

Schedules of:

|                                       |   |
|---------------------------------------|---|
| Operating Fund                        | 1 |
| Capital and Other Funds               | 2 |
| Reserve Fund                          | 3 |
| Investment in Tangible Capital Assets | 4 |
| Debenture Debt                        | 5 |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Exhibit A

### Statement of Financial Position

As at December 31, 2009, with comparative figures for 2008

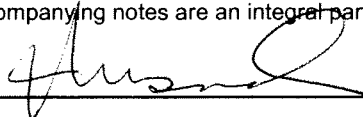
|  | 2009                 | 2008<br>(restated-note 2) |
|--|----------------------|---------------------------|
| <b>Financial Assets</b>                              |                      |                           |
| Cash and equivalents                                 | \$ 96,497            | \$ 60,624                 |
| Accounts receivable                                  | 24,463,342           | 31,683,999                |
| Due from Greater Vancouver Regional District         | 279,742,211          | 248,410,473               |
| Debt reserve fund (note 3)                           | 9,242,126            | 8,790,265                 |
|  | <u>313,544,176</u>   | <u>288,945,361</u>        |
| <b>Liabilities</b>                                   |                      |                           |
| Accounts payable and accrued liabilities             | 30,550,463           | 26,066,077                |
| Employee future benefits (note 4)                    | 5,774,555            | 5,583,367                 |
| Landfill closure and post-closure liability (note 5) | 14,615,246           | 11,484,529                |
| Interest accrued on long-term debt                   | 4,677,085            | 4,575,367                 |
| Deferred revenue (note 6)                            | 137,797,261          | 130,509,043               |
| Long-term debt (note 7)                              |                      |                           |
| Debenture debt                                       | 501,889,006          | 481,889,006               |
| Less: Sinking funds                                  | <u>(322,098,169)</u> | <u>(284,766,591)</u>      |
| Net long-term debt                                   | 179,790,837          | 197,122,415               |
|  | <u>373,205,447</u>   | <u>375,340,798</u>        |
| <b>Net Debt</b> (Exhibit C)                          | (59,661,271)         | (86,395,437)              |
| <b>Non-Financial Assets</b>                          |                      |                           |
| Prepaid expenses                                     | 345,034              | 345,034                   |
| Tangible capital assets (note 8)                     | 987,851,321          | 982,972,304               |
| Inventories of supplies                              | 2,640,474            | 2,856,572                 |
|  | <u>990,836,829</u>   | <u>986,173,910</u>        |
| <b>Accumulated surplus</b> (Exhibit B)               | \$ 931,175,558       | \$ 899,778,473            |

Commitments and contingencies (notes 10 and 11)

Budget information (note 12)

Segmented information (note 13)

The accompanying notes are an integral part of these financial statements.



Treasurer



# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

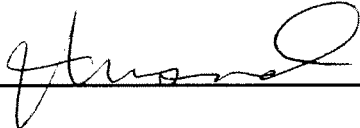
## Exhibit B

### Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget<br>(unaudited -<br>note 12) | 2009<br>Actual        | 2008<br>Actual<br>(restated -<br>note 2) |
|---|--|-----------------------|--|
| <b>Revenue</b>                                |  |                       |  |
| Sewerage and drainage levy                    | \$ 158,616,203                             | \$ 158,596,933        | \$ 150,892,698                           |
| Tipping fees                                  | 89,435,767                                 | 75,853,321            | 79,776,094                               |
| Steam and electricity sales                   | 10,911,872                                 | 10,288,057            | 11,143,015                               |
| Development cost charges                      | 6,839,758                                  | 6,685,535             | 6,931,406                                |
| Trucked liquid waste fees                     | 1,616,462                                  | 1,747,824             | 1,612,591                                |
| Source control fees                           | 271,040                                    | 286,724               | 279,771                                  |
| Sinking and debt retirement fund income       | -  | 15,412,655            | 14,122,193                               |
| Interest income                               | 2,141,040                                  | 1,933,052             | 2,795,048                                |
| Other   | 5,712,681                                  | 4,177,973             | 4,449,239                                |
|   | <u>275,544,823</u>                         | <u>274,982,074</u>    | <u>272,002,055</u>                       |
| <b>Expenses</b>                               |  |                       |  |
| Liquid waste                                  | 118,965,048                                | 127,872,580           | 118,430,964                              |
| Solid waste                                   | 96,040,013                                 | 95,453,017            | 89,631,945                               |
| Corporate costs                               | 20,203,652                                 | 20,259,392            | 18,692,616                               |
|   | <u>235,208,713</u>                         | <u>243,584,989</u>    | <u>226,755,525</u>                       |
| <b>Annual surplus</b>                         | 40,336,110                                 | 31,397,085            | 45,246,530                               |
| <b>Accumulated surplus, beginning of year</b> | 899,778,473                                | 899,778,473           | 854,531,943                              |
| <b>Accumulated surplus, end of year</b>       | <u>\$ 940,114,583</u>                      | <u>\$ 931,175,558</u> | <u>\$ 899,778,473</u>                    |

The accompanying notes are an integral part of these financial statements.

  
 \_\_\_\_\_ Treasurer

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

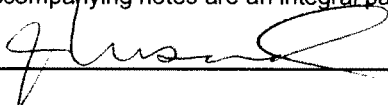
## Exhibit C

### Statement of Changes in Net Debt

Year ended December 31, 2009, with comparative figures for 2008

|  | 2009<br>Budget<br>(unaudited -<br>note 12) | 2009<br>Actual     | 2008<br>Actual<br>(restated -<br>note 2) |
|--|--|--------------------|--|
| <b>Annual surplus</b>                        | \$ 40,336,110                              | \$ 31,397,085      | \$ 45,246,530                            |
| <b>Change in tangible capital assets:</b>    |  |                    |  |
| Acquisition of tangible capital assets       | (160,364,808)                              | (28,344,524)       | (38,631,019)                             |
| Amortization of tangible capital assets      | -  | 23,465,507         | 24,375,191                               |
|  | <u>(160,364,808)</u>                       | <u>(4,879,017)</u> | <u>(14,255,828)</u>                      |
| <b>Change in other non-financial assets:</b> |  |                    |  |
| Acquisition of prepaid expenses              | -  | -                  | (345,034)                                |
| Use of prepaid expenses                      | -  | -                  | 343,409                                  |
| Acquisition of inventories of supplies       | -  | (1,043,518)        | (2,856,572)                              |
| Consumption of inventories of supplies       | -  | 1,259,616          | 2,732,475                                |
|  | <u>-</u>                                   | <u>216,098</u>     | <u>(125,722)</u>                         |
| <b>Changes in net debt</b>                   | (120,028,698)                              | 26,734,166         | 30,864,980                               |
| <b>Net debt, beginning of year</b>           | (86,395,437)                               | (86,395,437)       | (117,260,417)                            |
| <b>Net debt, end of year</b>                 | \$ (206,424,135)                           | \$ (59,661,271)    | \$ (86,395,437)                          |

The accompanying notes are an integral part of these financial statements.

  
\_\_\_\_\_  
Treasurer

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Exhibit D

### Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009                | 2008<br>(restated - note 2) |
|---|---------------------|-----------------------------|
| <b>Cash provided by (used in):</b>                    |                     |                             |
| <b>Operating activities:</b>                          |                     |                             |
| Annual surplus  | \$ 31,397,085       | \$ 45,246,530               |
| Items not involving cash:                             |                     |                             |
| Amortization  | 23,465,507          | 24,375,191                  |
| Sinking fund income                                   | (14,573,620)        | (12,929,369)                |
| Change in non-cash assets and liabilities:            | -                   | -                           |
| Accounts receivable                                   | 7,220,657           | 9,834,848                   |
| Advances to Greater Vancouver Regional District       | (31,331,738)        | (34,294,508)                |
| Accounts payable and accrued liabilities              | 4,484,386           | (2,671,482)                 |
| Change in employee future benefits                    | 191,188             | 904,272                     |
| Change in landfill closure and post-closure liability | 3,130,717           | 1,100,309                   |
| Interest accrued on long-term debt                    | 101,718             | (478,425)                   |
| Deferred revenue                                      | 7,288,218           | 15,062,880                  |
| Inventories of supplies                               | 216,098             | (124,097)                   |
| Prepaid expenses                                      | -                   | (1,625)                     |
| <b>Net change in cash from operating activities</b>   | <b>31,590,216</b>   | <b>46,024,524</b>           |
| <b>Capital activities:</b>                            |                     |                             |
| Cash used to acquire tangible capital assets          | (28,344,524)        | (38,631,019)                |
| <b>Net change in cash from capital activities</b>     | <b>(28,344,524)</b> | <b>(38,631,019)</b>         |
| <b>Financing activities</b>                           |                     |                             |
| Long-term debenture debt issued                       | 20,000,000          | 15,000,000                  |
| Debt reserve fund                                     | (451,861)           | (497,695)                   |
| Sinking fund payments                                 | (22,757,958)        | (21,936,685)                |
| <b>Net change in cash from financing activities</b>   | <b>(3,209,819)</b>  | <b>(7,434,380)</b>          |
| <b>Net change in cash and cash equivalents</b>        | <b>35,873</b>       | <b>(40,875)</b>             |
| <b>Cash and cash equivalents, beginning of year</b>   | <b>60,624</b>       | <b>101,499</b>              |
| <b>Cash and cash equivalents, end of year</b>         | <b>\$ 96,497</b>    | <b>\$ 60,624</b>            |

The accompanying notes are an integral part of these financial statements.

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 1

December 31, 2009, with comparative figures for 2008

---

The Greater Vancouver Sewerage and Drainage District (the "District") was established by an Act of the same name in 1956. Its two primary responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the Greater Vancouver Regional District ("GVRD"), and the disposal of solid waste both for the municipalities of the GVRD and the public. The District owns and operates a number of wastewater treatment plants and a related collection network connected to the municipal collection systems, and several solid waste facilities including a waste to energy facility. Its Board of Directors comprises the same councilors and mayors as appointed to the GVRD Board by the participating municipalities. The member municipalities under the Act are jointly and severally liable for its debts.

## 1. Significant accounting policies

The District's financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the District are as follows:

### (a) Basis of Accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the legal obligation to pay.

### (b) Government Transfers:

Government transfers relating to the construction of assets are recognized as revenue in the period in which events giving rise to the assistance occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### (c) Deferred revenue:

Deferred revenue represents licenses, permits and other fees which have been collected, but for which the related services or obligations have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed or obligations have been met.

### (d) Sinking fund and interest income:

Sinking fund and interest income is reported as revenue in the period earned. When required, interest income earned on deferred revenue is added to and forms part of the deferred revenue balance.

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 2

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### (e) Debenture issue costs:

Debenture issue costs are recorded as a charge against operations as incurred.

### (f) Cash equivalents:

Cash equivalents include highly liquid financial instruments with a term to maturity of ninety days or less at the date of acquisition. Cash equivalents are recorded at the lower of cost plus accrued interest and market value.

### (g) Due from Greater Vancouver Regional District:

In order to improve cash management, the general practice of the Greater Vancouver Districts and the Metro Vancouver Housing Corporation ("MVHC") is to accumulate investments in a pooled account held by the GVRD. The investments consist of highly liquid money market instruments.

### (h) Employee future benefits:

The District and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

The District also provides certain post-employment benefits including accumulated banked sick and vacation pay, retirement severance and Worker's Compensation top-up benefits for employees pursuant to certain policies and union agreements. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

### (i) Landfill closure and post-closure liability:

The estimated current obligation of landfill closure and post-closure costs is recognized as a liability. This liability is recognized based on estimated future expenses, estimated inflation, and the proportion of the total capacity of the landfill used as of the date of the statement of financial position. The change in this liability during the year is recorded as a charge to operations. These estimates are reviewed and adjusted annually.

### (j) 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 tangible capital assets, excluding Solid Waste equipment, land and landfill sites, are amortized on a straight line basis over their estimated useful lives, as follows:

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 3

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

(j) Non-financial assets (continued):

| <b>Asset</b>                                    | <b>Useful Life - Years</b> |
|---|----------------------------|
| Infrastructure                                  |                            |
| • Utilities (pumping stations, mains)           | 25 - 100                   |
| • IT (computer systems, communication networks) | 5                          |
| Vehicles  | 10 - 20                    |
| Machinery, Equipment, Furniture and Fixtures    | 5 - 20                     |

i. Landfill sites

Landfill sites are amortized using the units of production method based upon capacity used during the year.

ii. Equipment in the Solid Waste Function

Equipment in the Solid Waste function is amortized using the hours of use.

iii. Annual amortization

Annual amortization begins when the asset is acquired and is charged over its useful life. Assets under construction are not amortized until the asset is available for productive use.

iv. Contributions of tangible capital assets:

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

v. Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

vii. Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 4

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

(j) Non-financial assets (continued):

ii) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of weighted-average cost and replacement cost. Cattle inventories are valued at the lower of cost or net realizable value.

(k) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results. Significant areas requiring the use of management's judgement relates to the landfill closure and post closure liability and the employee future benefit liability.

In addition, the District's implementation of the Public Sector Accounting Handbook PS3150 (note 2) has required management to make estimates of historical cost of certain assets and useful lives of tangible capital assets.

These estimates and assumptions are based on management's best information and judgment and may differ from actual results.

(m) Segmented information:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Definitions of the District's segments and their related financial information is presented in note 13.

## 2. Prior period adjustments and changes in accounting policies

The District made retroactive adjustments to the 2008 comparative figures as follows:

(a) Financial Statement Presentation and Tangible Capital Assets:

The District has implemented PSAB sections 1200 *Financial Statement Presentation* and 3150 *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In addition to significant changes in the presentation of the financial statements, the adoption of these two PSAB sections has resulted in the following two accounting changes:

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 5

December 31, 2009, with comparative figures for 2008

---

## 2. Prior period adjustments and changes in accounting policies (continued)

### i) Prepaid expenses:

In prior years, PSAB required that expenses relating to a future period be expensed in the year the expense was paid. PSAB 1200 now requires that these expenses be recorded as prepaid expenses in the non-financial asset category of the Statement of Financial Position. The 2008 financial statements have been adjusted to record prepaid expenses in the Statement of Financial Position and to reflect a change in accounting policy. This adjustment was applied retrospectively and has resulted in an increase in Accumulated Surplus for the years ended December 31, 2008 and 2007 of \$345,034 and \$343,409, respectively

### ii) Tangible capital assets:

In prior years, tangible capital asset additions were recorded as expenses in the year of acquisition or construction. With the adoption of Section 3150, governments are now required to record and amortize their tangible capital assets in their financial statements. The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The District applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset.

When replacement cost was used as the valuation method, appropriate indices were used, such as Engineering News Record ("ENR") or Consumer Price Index ("CPI") in order to deflate the replacement cost to an estimated historical cost at the year of acquisition.

The District used the following methods to value the cost of each major category of tangible capital assets:

| <b>Asset Category</b>                        | <b>Valuation Method</b>             | <b>Index used</b>                    |
|--|-------------------------------------|--------------------------------------|
| Land   | Historical cost & replacement value | District's custom derived land index |
| Infrastructure – utilities                   | Historical cost                     | Not applicable                       |
| Infrastructure – information technology      | Historical cost & replacement value | CPI                                  |
| Vehicles                                     | Historical cost                     | Not applicable                       |
| Machinery, equipment, furniture and fixtures | Historical cost                     | Not applicable                       |
| Construction in progress                     | Historical cost                     | Not applicable                       |



# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 6

December 31, 2009, with comparative figures for 2008

---

## 2. Prior period adjustments and changes in accounting policies (continued)

The above changes have been applied retroactively and prior periods have been restated. The impact of these changes on accumulated surplus is as follows:

|   | 2009           | 2008           |
|---|----------------|----------------|
| Accumulated surplus, beginning of year:             |                |                |
| Capital fund balance                                | \$ (4,170,841) | \$ (7,182,474) |
| Reserve funds                                       | 399,664,410    | 356,811,063    |
| Investment in non-financial assets                  | 857,632,372    | 835,462,385    |
| Accumulated surplus, as previously reported         | 1,253,014,941  | 1,185,090,974  |
| Net adjustment for tangible capital assets          | (353,581,502)  | (330,902,440)  |
| Prepaid expenses recorded as non-financial asset    | 345,034        | 343,409        |
| Accumulated surplus, beginning of year, as restated | \$ 899,778,473 | \$ 854,531,943 |

The net impact of these changes on Annual surplus for 2008 is as follows:

### Annual surplus for 2008:

|   |               |
|---|---------------|
| Excess of revenue over expenses, as previously reported       | \$ 30,864,980 |
| Assets capitalized but previously expensed                    | 38,631,019    |
| Amortization expense not previously recorded                  | (24,375,191)  |
| Change in non-financial assets previously reported as expense | 125,722       |
| Annual surplus, as restated                                   | \$ 45,246,530 |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 7

December 31, 2009, with comparative figures for 2008

---

### 3. Debt reserve fund

The District is required to pay into a debt reserve fund administered by the Municipal Finance Authority of British Columbia (MFA), an amount equal to one-half the average annual instalment of principal and interest relative to any borrowing incurred in connection with the issue by the MFA of its debentures in order to secure the balance of its liability to the GVRD. This amount may be paid either in full or in an amount equal to 1% of the principal amount borrowed together with a non-interest bearing demand note for the balance. The District remits cash deposits and demand notes to the GVRD with respect to these funds borrowed to finance the capital requirements of the District through the GVRD and the MFA. At December 31, 2009 the District's portion of the debt reserve fund administered by the MFA on behalf of the District comprised \$9,242,126 (2008 - \$8,790,265) in cash deposits. In addition, \$23,978,850 (2008 - \$23,266,439) in demand notes were outstanding and become payable in the event of default of certain debentures as at December 31, 2009.

If, at any time, the GVRD does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the GVRD are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position. The cash amounts of these transactions will be repaid with interest to the ultimate borrower when the final instalments under the respective loan agreements have been made.

### 4. Employee future benefits

Under the terms of the various collective agreements and compensation policies, the District provides its employees with sick days and certain employee benefits on termination and retirement. These include days severance based on years of service, days vacation based on years of service, Worker's Compensation top-up, and a full year's vacation entitlement in the year of retirement.

The District uses an actuarial valuation to determine estimated value of post-employment benefits.

Information about liabilities for the District's employee benefit plans is as follows:

|   | 2009         | 2008         |
|---|--------------|--------------|
| Accrued benefit obligation:             |              |              |
| Balance, beginning of year              | \$ 5,242,981 | \$ 5,479,140 |
| Current service cost                    | 508,836      | 420,942      |
| Interest cost                           | 347,216      | 261,699      |
| Workers' compensation top-up benefit    | (76,856)     | 47,094       |
| Benefits paid                           | (572,727)    | (709,608)    |
| Actuarial gain                          | 44,665       | (256,286)    |
| Accrued benefit obligation, end of year | \$ 5,494,114 | \$ 5,242,981 |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 8

December 31, 2009, with comparative figures for 2008

---

## 4. Employee future benefits (continued)

Actuarial gains and losses are amortized over eleven years, being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

|  | 2009         | 2008         |
|--|--------------|--------------|
| Accrued benefit obligation:            |              |              |
| Balance, end of year                   | \$ 5,494,114 | \$ 5,242,981 |
| Unamortized actuarial gain             | 280,441      | 340,386      |
| Accrued benefit liability, end of year | \$ 5,774,555 | \$ 5,583,367 |

The significant actuarial assumptions adopted in measuring the District's accrued benefit obligation are as follows:

|                                    | 2009  | 2008  |
|------------------------------------|-------|-------|
| Discount rates                     | 5.00% | 5.25% |
| Expected future inflation rates    | 2.50% | 2.50% |
| Expected wage and salary increases | 2.50% | 2.50% |

## 5. Landfill closure and post-closure costs:

The District is responsible for its pro rata share of closure and post-closure costs with respect to waste disposal of four landfill sites.

The Coquitlam and Port Mann Landfills are now closed and it is anticipated that post-closure reserve funds will be adequate to cover any potential costs relating to these landfills.

The post-closure costs related to the Cache Creek Landfill are financed by the tipping fee. The landfill permit associated with the Cache Creek landfill obligates the Village of Cache Creek and a third party service provider to undertake closure and post-closure activities. In accordance with an agreement with the Village of Cache Creek, the District agrees to contribute quarterly, in trust, to a Post Closure Maintenance and Repair Fund at rates consistent with the operational certificate for the landfill issued by the Province. While this agreement indemnifies the Village for any post closure liabilities it may incur which are not covered by this fund, it is anticipated that the fund is sufficient to cover such costs.

In accordance with an agreement with the City of Vancouver for the use of the Vancouver landfill located in Delta, BC, the District is responsible for 22.61% of the closure and post-closure liability. The present value of the District's estimated future liability for these expenses is recognized as the landfill site's capacity is used and the reported liability of \$14,615,246 (2008 - \$11,484,529) represents its portion of the estimated total closure and post-closure costs recorded as at December 31, 2009. This liability and annual expense 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. A discount rate of 5.00% was used.

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 9

December 31, 2009, with comparative figures for 2008

---

## 5. Landfill closure and post-closure costs (continued):

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the Vancouver landfill. The Vancouver landfill site is expected to reach its capacity in 2056 and at year end the estimate of the remaining capacity is 17,106,931 tonnes, which is 51.78% of the site's total capacity.

## 6. Deferred revenue

- (a) The GVS&DD Act restricts the District to applying money raised from development cost charges to funding sewer capital projects, including the repayment of debt raised to fund such projects.

Continuity of deferred revenue is as follows:

|                                   | 2009           | 2008           |
|-----------------------------------|----------------|----------------|
| Balance, beginning of year        | \$ 130,509,043 | \$ 115,446,163 |
| Development cost charges received | 10,739,524     | 17,349,397     |
| Interest earned                   | 3,234,229      | 4,644,889      |
| Total revenue                     | 144,482,796    | 137,440,449    |
| Amounts spent                     | 6,685,535      | 6,931,406      |
| Balance, end of year              | \$ 137,797,261 | \$ 130,509,043 |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 10

December 31, 2009, with comparative figures for 2008

---

## 7. Long term debt

(a) Currently, all borrowings for the District are entered into with the MFA by the GVRD on the District's behalf, although the District maintains the right to finance debt without MFA involvement.

Every debt incurred and every debenture or other security issued by the District under the Greater Vancouver Sewerage and Drainage District Act is a direct, joint and several obligation and liability of the District and each and every member municipality.

Debt servicing requirements comprising principal repayments and interest are charged against revenue as incurred.

(b) Long-term debt (net of sinking funds) reported on the statement of financial position includes varying maturities up to 2024, with interest rates ranging from 3.15% to 9.50%.

(c) Principal and sinking fund payments due within the next five years and thereafter are as follows:

|                               |                |
|-------------------------------|----------------|
| 2010                          | \$ 23,791,000  |
| 2011                          | 20,793,900     |
| 2012                          | 16,270,700     |
| 2013                          | 12,028,700     |
| 2014                          | 7,391,400      |
| Thereafter                    | 31,353,900     |
|                               | <hr/>          |
| Estimated sinking fund income | 111,629,600    |
|                               | <hr/>          |
| Total                         | \$ 179,790,837 |

Sinking fund installments are invested by MFA and earn income which, together with principal payments, are expected to be sufficient to retire the debt issues at maturity.

(d) Sinking funds for all issues are administered by the MFA.

Where sinking fund debentures were issued to finance internal sewerage and drainage facilities for specific member municipalities, the share of any sinking fund surplus remaining after the related debenture obligations have been redeemed is apportioned to such member municipalities in the ratio in which they participated in the debenture issue.

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 11

December 31, 2009, with comparative figures for 2008

## 8. Tangible Capital Assets:

The continuity of tangible capital assets for the current year is as follows:

|  | Balance at December 31, 2008 |               | Additions | Cost       |    | Disposals | Balance at December 31, 2009 | Accumulated amortization |    |   | Balance at December 31, 2009 | Net book value December 31, 2009 |    |             |
|--|------------------------------|---------------|-----------|------------|----|-----------|------------------------------|--------------------------|----|---|------------------------------|----------------------------------|----|-------------|
|  |                              |               |           |            |    |           |                              |                          |    |   |                              |                                  |    |             |
| Land                                       | \$                           | 63,698,596    | \$        | 757,000    | \$ | -         | \$                           | 64,455,596               | \$ | - | \$                           | -                                | \$ | 64,455,596  |
| Infrastructure                             |                              |               |           |            |    |           |                              |                          |    |   |                              |                                  |    |             |
| Utilities                                  |                              | 1,178,345,404 |           | 15,646,942 |    | -         | 1,193,992,346                |                          |    |   | 23,004,961                   |                                  |    | 818,415,558 |
| Information technology                     |                              | 4,336,002     |           | -          |    | -         | 4,336,002                    |                          |    |   | 7,430                        |                                  |    | 3,716       |
| Vehicles                                   |                              | 504,868       |           | -          |    | -         | 504,868                      |                          |    |   | 29,139                       |                                  |    | 72,842      |
| Machinery, equipment, furniture & fixtures |                              | 27,319,574    |           | (848,896)  |    | -         | 26,470,678                   |                          |    |   | 423,977                      |                                  |    | 9,817,948   |
| Assets under construction                  |                              | 82,296,183    |           | 12,789,478 |    | -         | 95,085,661                   |                          |    |   | -                            |                                  |    | 95,085,661  |
|  |                              | 1,356,500,627 |           | 28,344,524 |    | -         | 1,384,845,151                |                          |    |   | 23,465,507                   |                                  |    | 987,851,321 |

For comparative purposes, the continuity of tangible capital assets for the prior year is as follows:

|  | Balance at December 31, 2007 |               | Additions | Cost        |    | Disposals | Balance at December 31, 2008 | Disposals  | Amortization Expense | Balance at December 31, 2008 | Net book value December 31, 2008 |            |  |             |
|--|------------------------------|---------------|-----------|-------------|----|-----------|------------------------------|------------|----------------------|------------------------------|----------------------------------|------------|--|-------------|
|  |                              |               |           |             |    |           |                              |            |                      |                              |                                  |            |  |             |
| Land                                       | \$                           | 48,698,596    | \$        | 15,000,000  | \$ | -         | \$                           | 63,698,596 | \$                   | -                            | \$                               | 63,698,596 |  |             |
| Infrastructure                             |                              |               |           |             |    |           |                              |            |                      |                              |                                  |            |  |             |
| Utilities                                  |                              | 1,156,034,126 |           | 22,311,278  |    | -         | 1,178,345,404                |            |                      |                              | 22,613,254                       |            |  | 825,773,577 |
| Information technology                     |                              | 4,336,002     |           | -           |    | -         | 4,336,002                    |            |                      |                              | 7,430                            |            |  | 11,146      |
| Vehicles                                   |                              | 504,868       |           | -           |    | -         | 504,868                      |            |                      |                              | -                                |            |  | 101,981     |
| Machinery, equipment, furniture & fixtures |                              | 24,803,000    |           | 2,516,574   |    | -         | 27,319,574                   |            |                      |                              | 1,754,507                        |            |  | 11,090,821  |
| Assets under construction                  |                              | 83,493,016    |           | (1,196,833) |    | -         | 82,296,183                   |            |                      |                              | -                                |            |  | 82,296,183  |
|  |                              | 1,317,869,608 |           | 38,631,019  |    | -         | 1,356,500,627                |            |                      |                              | 24,375,191                       |            |  | 982,972,304 |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 12

December 31, 2009, with comparative figures for 2008

## 8. Tangible Capital Assets (continued)

### (a) Assets under construction

Assets under construction with a cost of \$95,085,661 (2008 - \$ 82,296,183) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair value at the date of contribution.

### (c) Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$nil ( 2008 - \$nil).

## 9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

|  | 2009<br>Actual        | 2008<br>Actual        |
|--|-----------------------|-----------------------|
| <b>Operating</b>                             | \$ -                  | \$ -                  |
| <b>Capital and other funds</b>               | 12,038,472            | (3,825,807)           |
| <b>Investment in tangible capital assets</b> | 485,962,315           | 501,083,298           |
|  | <b>498,000,787</b>    | <b>497,257,491</b>    |
| <b>Reserves</b>                              |                       |                       |
| <b>Designated reserves</b>                   |                       |                       |
| Capital building and equipment replacement   | 12,272,573            | 10,794,265            |
| MFA Sinking fund                             | 322,098,169           | 284,766,611           |
| District sinking fund                        | 35,117,286            | 34,278,231            |
| Waste to energy facility                     | 3,379,479             | 3,298,732             |
| Landfill post closure                        | 2,179,857             | 2,127,774             |
| Sustainability Innovation funds              | 14,744,130            | 11,710,289            |
| Other  | 11,564,977            | 9,717,954             |
| <b>Non-designated reserves</b>               |                       |                       |
| Liquid waste operating                       | 33,199,258            | 36,143,718            |
| Solid waste operating                        | (1,380,958)           | 9,683,408             |
|  | <b>433,174,771</b>    | <b>402,520,982</b>    |
| <b>Accumulated surplus, end of year</b>      | <b>\$ 931,175,558</b> | <b>\$ 899,778,473</b> |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 13

December 31, 2009, with comparative figures for 2008

---

## 10. Commitments

As at December 31, 2009, the Board of Directors has authorized a total of approximately \$307,007,000 (2008 - \$209,000,000) relating to outstanding projects of which approximately \$127,388,000 has been expended to December 31, 2009.

## 11. Contingencies

### (a) Lawsuits:

As at December 31, 2009 there were various lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. It is not possible to predict the outcome of these lawsuits at this time. Management is of the opinion that losses, if any, in connection with these lawsuits can be sufficiently funded by reserve funds.

### (b) Environmental Regulations:

The District is subject to environmental regulations which cover different aspects of its operations. These regulations may require future expenses to meet applicable standards and subject the District to possible penalties for past violations. Any amounts required to meet obligations will be charged to operations or capitalized, as appropriate. No amounts can be estimated at this time and therefore no liabilities have been recorded at December 31, 2009.

### (c) Self Insurance Fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the District, other Greater Vancouver Districts and the MVHC.

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The District, other Greater Vancouver Districts and the MVHC contribute to the fund depending on the fund's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims incurred annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These estimates are changed as additional information becomes known during the course of claims settlement. In management's opinion, losses, if any, are sufficiently funded by the self insurance fund.

### (d) Municipal Pension Plan:

The District and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local governments.



# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 14

December 31, 2009, with comparative figures for 2008

## 11. Contingencies (continued)

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 \$438,000,000 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 District paid \$3,719,187 for employer contributions to the plan during the year ended December 31, 2009 (2008 - \$3,317,553). The employee's contributions amounted to \$3,431,022 (2008 - \$3,083,426).

### (e) First Nations Negotiations:

The District is currently involved in negotiations with first nations bands regarding compensation for the use of their land on which District assets reside. The compensation associated with these negotiations cannot be reasonably determined at this time and therefore no liabilities have been recorded at December 31, 2009.

## 12. Budget information

The unaudited budget information presented in these financial statements is based upon the 2009 operating and capital budgets approved by the District's Board. Amortization was not contemplated on development of the budget and, as such, has not been included. The schedule below reconciles the approved budget to the budget figures reported in these financial statements.

|   | 2009<br>Solid Waste | 2009<br>Sewer        | 2009<br>Budget       |
|---|---------------------|----------------------|----------------------|
| <b>Revenues</b>   |                     |                      |                      |
| Operating revenue per published budget                                | \$ 104,169,895      | \$ 173,342,693       | \$ 277,512,588       |
| Reserve interest  | 939,546             | 1,201,494            | 2,141,040            |
| Less items not included in revenue for financial statement purposes:  |                     |                      |                      |
| Contributions from reserves   | -                   | (4,108,805)          | (4,108,805)          |
| <b>Total revenue</b>  | <b>105,109,441</b>  | <b>170,435,382</b>   | <b>275,544,823</b>   |
| <b>Expenses</b>   |                     |                      |                      |
| Operating expenses per published budget                               | 104,169,895         | 173,342,693          | 277,512,588          |
| Less items not included in expenses for financial statement purposes: |                     |                      |                      |
| Debt principal payments   | (1,904,607)         | (21,831,631)         | (23,736,238)         |
| Contributions to reserve funds  | (2,102,200)         | (1,127,000)          | (3,229,200)          |
| Contribution to capital   | -                   | (15,338,437)         | (15,338,437)         |
| <b>Total expenses</b>   | <b>100,163,088</b>  | <b>135,045,625</b>   | <b>235,208,713</b>   |
| <b>Annual surplus (Exhibit B)</b>                                     | <b>\$ 4,946,353</b> | <b>\$ 35,389,757</b> | <b>\$ 40,336,110</b> |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

Notes to Financial Statements, page 15

December 31, 2009, with comparative figures for 2008

## 13. Segmented Information

The District's primary responsibilities are the collection, treatment and discharge of liquid waste for the municipalities of the Greater Vancouver Regional District (GVRD) and the disposal of solid waste both for the municipalities of the GVRD and the public. For management reporting purposes, the District's operations and activities are organized and reported by these two primary areas of service.

The information reported in the segmented information does not include \$2,628,052 (2008 - \$2,126,280) of salaries and benefits directly attributable to the construction of tangible capital assets which have been included in the cost of tangible capital assets in the Statement of Financial Position.

The services disclosed in the Segmented Information are as follows:

### *Liquid Waste Management Services*

The Liquid Waste Management Service is responsible for the collection, treatment and discharge of liquid waste for member municipalities. It operates a number of wastewater treatment plants and a related collection network connected to the member municipalities' systems.

### *Solid Waste Management Services*

The Solid Waste Management Service is responsible for the disposal of solid waste both for the member municipalities and the public. It owns and operates several solid waste facilities including a waste to energy facility.

|  | Liquid<br>Waste      | Solid<br>Waste         | 2009<br>Total        | 2008<br>Total        |
|--|----------------------|------------------------|----------------------|----------------------|
| <b>Revenue</b>                                   |                      |                        |                      |                      |
| Sewerage and drainage levy                       | \$ 158,596,933       | \$ -                   | \$ 158,596,933       | \$ 150,892,698       |
| Tipping fees                                     | -                    | 75,853,321             | 75,853,321           | 79,776,094           |
| Steam and electricity sales                      | -                    | 10,288,057             | 10,288,057           | 11,143,015           |
| Development cost charges                         | 6,685,535            | -                      | 6,685,535            | 6,931,406            |
| Trucked liquid waste fees                        | 1,747,824            | -                      | 1,747,824            | 1,612,591            |
| Source control fees                              | 286,724              | -                      | 286,724              | 279,771              |
| Sinking fund and interest income                 | 16,702,448           | 643,259                | 17,345,707           | 16,917,241           |
| User fees, recoveries and other revenue          | 2,254,894            | 1,923,079              | 4,177,973            | 4,449,239            |
|  | 186,274,358          | 88,707,716             | 274,982,074          | 272,002,055          |
| <b>Expenses</b>                                  |                      |                        |                      |                      |
| Salaries and benefits                            | 39,141,473           | 4,381,602              | 43,523,075           | 37,544,721           |
| Consulting, contracted and professional services | 9,035,877            | 73,246,390             | 82,282,267           | 80,260,924           |
| Asset purchase and maintenance                   | 8,290,737            | 1,736,674              | 10,027,411           | 12,347,341           |
| Materials and supplies                           | 12,191,022           | 365,260                | 12,556,282           | 12,203,045           |
| Utilities, permits and taxes                     | 8,946,402            | 485,611                | 9,432,013            | 7,909,724            |
| Corporate costs                                  | 16,124,476           | 4,134,916              | 20,259,392           | 18,692,616           |
| Internal services                                | -                    | 1,061,923              | 1,061,923            | 1,694,814            |
| Other  | 8,227,009            | 7,717,063              | 15,944,072           | 6,635,858            |
| Amortization of tangible capital assets          | 19,026,181           | 4,439,326              | 23,465,507           | 24,375,191           |
| Interest on long-term debt                       | 23,013,879           | 2,019,168              | 25,033,047           | 25,091,291           |
|  | 143,997,056          | 99,587,933             | 243,584,989          | 226,755,525          |
| <b>Annual surplus (deficit)</b>                  | <b>\$ 42,277,302</b> | <b>\$ (10,880,217)</b> | <b>\$ 31,397,085</b> | <b>\$ 45,246,530</b> |

# **GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT**

Notes to Financial Statements, page 16

December 31, 2009, with comparative figures for 2008

---

## **14. Comparative figures**

Certain comparative figures for the year ended December 31, 2008 have been reclassified to conform with the presentation adopted in the current year.



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION TO THE BOARD**

To the Board of Administration of the  
Greater Vancouver Sewerage and Drainage District

We have audited and reported separately herein on the financial statements of the Greater Vancouver Sewerage and Drainage District (the "District") as at and for the year ended December 31, 2009 in accordance with Canadian generally accepted auditing standards.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole in accordance with Canadian generally accepted accounting principles. The current year's supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Chartered Accountants

Burnaby, Canada

March 31, 2010

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Schedule 1 Schedule of Operating Fund

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget     | 2009<br>Actual     | 2008<br>Actual     |
|---|--------------------|--------------------|--------------------|
| <b>Revenue</b>                              |                    |                    |                    |
| Sewerage and drainage levy                  | \$ 158,616,203     | \$ 158,596,933     | \$ 150,892,698     |
| Tipping fees                                | 89,435,767         | 75,853,321         | 79,776,094         |
| Steam and electricity sales                 | 10,911,872         | 10,288,057         | 11,143,015         |
| Development cost charges                    | 6,839,758          | 6,685,535          | 6,931,406          |
| Trucked liquid waste fees                   | 1,616,462          | 1,747,824          | 1,612,591          |
| Source control fees                         | 271,040            | 286,724            | 279,771            |
| User fees, recoveries and other revenue     | 5,712,681          | 3,980,530          | 4,449,239          |
|   | <b>273,403,783</b> | <b>257,438,924</b> | <b>255,084,814</b> |
| <b>Expenses</b>                             |                    |                    |                    |
| Liquid waste                                | 93,001,367         | 85,681,865         | 76,340,161         |
| Solid waste                                 | 91,197,235         | 88,994,523         | 82,256,266         |
| Corporate costs                             | 20,203,652         | 20,259,392         | 18,692,616         |
| Interest on long-term debt                  | 30,806,459         | 25,033,047         | 25,091,291         |
| Amortization of tangible capital assets     | -                  | 23,465,507         | 24,375,191         |
|   | <b>235,208,713</b> | <b>243,434,334</b> | <b>226,755,525</b> |
| <b>Annual surplus, operating fund</b>       | <b>38,195,070</b>  | <b>14,004,590</b>  | <b>28,329,289</b>  |
| <b>Application of surplus and transfers</b> |                    |                    |                    |
| Transfers from (to):                        |                    |                    |                    |
| Capital                                     | (15,338,437)       | (15,585,189)       | (14,642,228)       |
| Investment in non-financial assets          | -                  | 23,465,507         | 24,373,566         |
| Reserve funds for:                          |                    |                    |                    |
| Sinking and debt retirement funds           | (23,736,238)       | (22,757,958)       | (22,963,987)       |
| Reserves - Operating results                | -                  | 2,056,952          | (9,607,006)        |
| Reserves                                    | 879,605            | (1,183,902)        | (5,489,634)        |
| <b>Change in operating fund</b>             | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>Operating fund, beginning of year</b>    | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>Operating fund, end of year</b>          | <b>\$ -</b>        | <b>\$ -</b>        | <b>\$ -</b>        |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Schedule 2

### Schedule of Capital and Other Funds

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget | 2009<br>Actual | 2008<br>Actual |
|---|----------------|----------------|----------------|
| <b>Revenue</b>                                    |                |                |                |
| Interest on debt reserve fund                     | \$ -           | \$ 251,861     | \$ 235,195     |
| Other income                                      | -              | 197,443        | -              |
|   | -              | 449,304        | 235,195        |
| <b>Expenses</b>                                   |                |                |                |
| Debenture expense                                 | -              | 150,655        | -              |
| <b>Annual surplus, capital fund</b>               | -              | 298,649        | 235,195        |
| <b>Tangible capital assets transactions</b>       |                |                |                |
| <b>Financing</b>                                  |                |                |                |
| Debenture debt issued                             | 134,829,496    | 20,000,000     | 15,000,000     |
| Transfers from:                                   |                |                |                |
| Operating fund                                    | 15,338,437     | 15,585,189     | 14,642,228     |
| Reserve funds                                     | 10,196,875     | 8,324,965      | 11,765,229     |
|   | 160,364,808    | 43,910,154     | 41,407,457     |
| <b>Less</b>                                       |                |                |                |
| Acquisition of tangible capital assets            | 160,364,808    | 28,344,524     | 38,631,019     |
| Change in prepaid expenses                        | -              | -              | (1,625)        |
|   | 160,364,808    | 28,344,524     | 38,629,394     |
|   | -              | 15,565,630     | 2,778,063      |
| <b>Change in capital and other funds</b>          | -              | 15,864,279     | 3,013,258      |
| <b>Capital and other funds, beginning of year</b> | (3,480,773)    | (3,825,807)    | (6,839,065)    |
| <b>Capital and other funds, end of year</b>       | \$ (3,480,773) | \$ 12,038,472  | \$ (3,825,807) |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Schedule 3 Schedule of Reserve Fund

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget | 2009<br>Actual | 2008<br>Actual |
|---|----------------|----------------|----------------|
| <b>Revenue</b>                              |                |                |                |
| Interest allocated to reserves              | \$ 2,141,040   | \$ 1,681,191   | \$ 2,559,853   |
| Sinking fund and debt retirement income     | -              | 15,412,655     | 14,122,193     |
|   | 2,141,040      | 17,093,846     | 16,682,046     |
| <b>Annual surplus, reserve fund</b>         | 2,141,040      | 17,093,846     | 16,682,046     |
| <b>Application of surplus and transfers</b> |                |                |                |
| Capital fund                                | (10,196,875)   | (8,324,965)    | (11,765,229)   |
| Operating funds for:                        |                |                |                |
| Sinking and debt retirement funds           | 23,736,238     | 22,757,958     | 22,963,987     |
| Reserves - operating results                | -              | (2,056,952)    | 9,607,006      |
| Reserves                                    | (879,605)      | 1,183,902      | 5,489,634      |
|   | 12,659,758     | 13,559,943     | 26,295,398     |
| <b>Change in reserve fund</b>               | 14,800,798     | 30,653,789     | 42,977,444     |
| <b>Reserve fund, beginning of year</b>      | 402,520,982    | 402,520,982    | 359,543,538    |
| <b>Reserve fund, end of year</b>            | \$ 417,321,780 | \$ 433,174,771 | \$ 402,520,982 |

# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Schedule 4

### Schedule of Investment in Tangible Capital Assets

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Actual        | 2008<br>Actual        |
|---|-----------------------|-----------------------|
| <b>Invested in tangible capital assets is calculated as follows</b> |                       |                       |
| Tangible capital assets   | \$ 987,851,321        | \$ 982,972,304        |
| Amounts financed by:  |                       |                       |
| Long-term debt  | (501,889,006)         | (481,889,006)         |
|   | <u>\$ 485,962,315</u> | <u>\$ 501,083,298</u> |
| <b>Change in the investment in tangible capital assets</b>          |                       |                       |
| Acquisition of tangible capital assets                              | \$ 28,344,524         | \$ 38,631,019         |
| Less amortization of tangible capital assets                        | (23,465,507)          | (24,375,191)          |
|   | <u>4,879,017</u>      | <u>14,255,828</u>     |
| <b>Less funding of tangible capital assets</b>                      |                       |                       |
| Debenture debt issued   | 20,000,000            | 15,000,000            |
|   | <u>20,000,000</u>     | <u>15,000,000</u>     |
| <b>Change in investment in tangible capital assets</b>              | (15,120,983)          | (744,172)             |
| <b>Investment in tangible capital assets, beginning of year</b>     | 501,083,298           | 501,827,470           |
| <b>Investment in tangible capital assets, end of year</b>           | <u>\$ 485,962,315</u> | <u>\$ 501,083,298</u> |

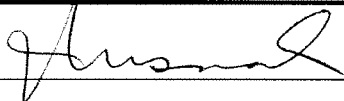


# GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT

## Schedule 5 Debenture Debt

December 31, 2009 with comparative figures for 2008

| Issue number                      | By-law number | Interest rate - % | Maturity Date      | Debentures authorized to be issued | Debenture debt outstanding |             |
|-----------------------------------|---------------|-------------------|--------------------|------------------------------------|----------------------------|-------------|
|                                   |               |                   |                    |                                    | 2009                       | 2008        |
| Sinking fund debentures:          |               |                   |                    |                                    |                            |             |
| 99                                | 168           | 9.500             | January 9, 2012    | 33,000,000 \$                      | 33,000,000 \$              | 33,000,000  |
| 105A                              | 813A          | 8.000             | December 1, 2010   | 19,000,000                         | 15,520,592                 | 15,520,592  |
| 105B                              | 813A          | 8.000             | December 1, 2010   | 41,000,000                         | 33,144,512                 | 33,144,512  |
| 105C                              | 813B          | 8.000             | December 1, 2010   | 20,000,000                         | 14,540,000                 | 14,540,000  |
| 106A                              | 813C          | 7.775             | June 1, 2011       | 4,352,127                          | 4,144,339                  | 4,144,339   |
| 106B                              | 813C          | 7.775             | June 1, 2011       | 3,495,935                          | 3,329,025                  | 3,329,025   |
| 106C                              | 813C          | 7.775             | June 1, 2011       | 5,012,535                          | 4,773,216                  | 4,773,216   |
| 106D                              | 813C          | 7.775             | June 1, 2011       | 17,955,967                         | 17,098,676                 | 17,098,676  |
| 106E                              | 813C          | 7.775             | June 1, 2011       | 7,250,000                          | 5,311,008                  | 5,311,008   |
| 106F                              | 813C          | 7.775             | June 1, 2011       | 11,233,436                         | 10,327,638                 | 10,327,638  |
| 107                               | 813D          | 7.421             | September 25, 2011 | 15,000,000                         | 15,000,000                 | 15,000,000  |
| 109                               | 853/813       | 5.850             | November 5, 2012   | 70,000,000                         | 70,000,000                 | 70,000,000  |
| 110                               | 853           | 5.550             | March 24, 2013     | 45,065,544                         | 45,065,544                 | 45,065,544  |
| 111A                              | 853           | 5.550             | September 24, 2013 | 28,100,000                         | 28,100,000                 | 28,100,000  |
| 111B                              | 853           | 5.550             | September 24, 2013 | 26,900,000                         | 26,900,000                 | 26,900,000  |
| 112                               | 853           | 3.150             | December 1, 2014   | 15,706,000                         | 15,706,000                 | 15,706,000  |
| 113                               | 899           | 3.150             | June 1, 2015       | 10,000,000                         | 10,000,000                 | 10,000,000  |
| 114                               | 853/899       | 3.150             | December 1, 2015   | 5,000,000                          | 5,000,000                  | 5,000,000   |
| 115                               | 899           | 5.920             | June 1, 2011       | 21,928,456                         | 21,928,456                 | 21,928,456  |
| 115                               | 899           | 5.920             | June 1, 2016       | 25,800,000                         | 25,800,000                 | 25,800,000  |
| 115                               | 899           | 5.920             | June 1, 2016       | 18,200,000                         | 18,200,000                 | 18,200,000  |
| 116                               | 966           | 5.370             | December 3, 2017   | 10,000,000                         | 10,000,000                 | 10,000,000  |
| 117                               | 966           | 5.491             | June 3, 2018       | 10,000,000                         | 10,000,000                 | 10,000,000  |
| 118                               | 966           | 4.775             | October 3, 2018    | 4,000,000                          | 4,000,000                  | 4,000,000   |
| 119                               | 966           | 4.860             | April 22, 2019     | 10,000,000                         | 10,000,000                 | 10,000,000  |
| 120                               | 216           | 4.430             | October 19, 2021   | 10,000,000                         | 10,000,000                 | 10,000,000  |
| 121                               | 216           | 5.150             | November 20, 2023  | 15,000,000                         | 15,000,000                 | 15,000,000  |
| 122                               | 216           | 4.130             | October 13, 2024   | 20,000,000                         | 20,000,000                 | -           |
| Total sinking fund debenture debt |               |                   |                    | \$ 523,000,000 \$                  | 501,889,006 \$             | 481,889,006 |



Treasurer

Financial Statements of

**GREATER VANCOUVER  
WATER DISTRICT**

Year ended December 31, 2009



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT TO THE BOARD

To the Board of Administration of the  
Greater Vancouver Water District

We have audited the statement of financial position of the Greater Vancouver Water District (the "District") as at December 31, 2009 and the statements of operations and changes in net debt, and cash flows for the year then ended. These financial statements are the responsibility of the District'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 financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Burnaby, Canada

March 31, 2010

# GREATER VANCOUVER WATER DISTRICT

## Index to Financial Statements

December 31, 2009

---

|                                 | <b>Exhibit</b> |
|---------------------------------|----------------|
| Statement of Financial Position | A              |
| Statement of Operations         | B              |
| Statement of Change in Net Debt | C              |
| Statement of Cash Flows         | D              |
| Notes to Financial Statements   |                |

---

|  | <b>Schedule</b> |
|--|-----------------|
|--|-----------------|

---

Schedules of:

|                                       |   |
|---------------------------------------|---|
| Operating Fund                        | 1 |
| Capital and Other Funds               | 2 |
| Reserve Fund                          | 3 |
| Investment in Tangible Capital Assets | 4 |
| Debenture Debt                        | 5 |

# GREATER VANCOUVER WATER DISTRICT

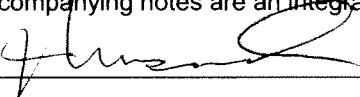
## Exhibit A Statement of Financial Position

December 31, 2009, with comparative figures for 2008

|  | 2009                 | 2008<br>(restated-note 2) |
|--|----------------------|---------------------------|
| <b>Financial Assets</b>                      |                      |                           |
| Cash and cash equivalents                    | \$ 16,699            | \$ 16,861                 |
| Accounts receivable                          | 31,508,495           | 33,984,631                |
| Due from Greater Vancouver Regional District | 35,905,193           | 11,290,526                |
| Debt reserve fund (note 3)                   | 11,201,315           | 9,512,171                 |
|  | <u>78,631,702</u>    | <u>54,804,189</u>         |
| <b>Liabilities</b>                           |                      |                           |
| Accounts payable and accrued liabilities     | 42,263,750           | 53,264,685                |
| Employee future benefits (note 4)            | 3,232,290            | 3,243,822                 |
| Interest accrued on long-term debt           | 7,368,975            | 6,583,658                 |
| Deferred revenue (note 5)                    | 4,273,538            | 4,172,580                 |
| Long-term debt (note 6)                      |                      |                           |
| Debenture debt                               | 844,994,000          | 704,994,000               |
| Less: Sinking funds                          | (240,238,796)        | (194,917,890)             |
| Net long-term debt                           | <u>604,755,204</u>   | <u>510,076,110</u>        |
|  | <u>661,893,757</u>   | <u>577,340,855</u>        |
| <b>Net Debt</b> (Exhibit C)                  | (583,262,055)        | (522,536,666)             |
| <b>Non-Financial Assets</b>                  |                      |                           |
| Tangible capital assets (note 7)             | 1,274,654,224        | 1,140,894,804             |
| Inventories of supplies                      | 1,241,969            | 882,451                   |
|  | <u>1,275,896,193</u> | <u>1,141,777,255</u>      |
| <b>Accumulated surplus</b> (Exhibit B)       | \$ 692,634,138       | \$ 619,240,589            |

Commitments and contingencies (notes 9 and 11)  
Subsequent events (note 10)  
Budget information (note 12)

The accompanying notes are an integral part of these financial statements.

  
\_\_\_\_\_  
Treasurer

# GREATER VANCOUVER WATER DISTRICT

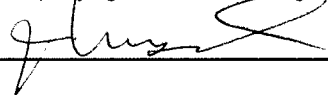
## Exhibit B

### Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget<br>(unaudited -<br>note 12) | 2009<br>Actual     | 2008<br>Actual<br>(restated - note 2) |
|---|--|--------------------|---------------------------------------|
| <b>Revenue</b>                                  |  |                    |                                       |
| Metered sale of water                           | \$ 176,189,922                             | \$ 178,610,988     | \$ 149,113,310                        |
| Sinking fund and debt retirement income         | -  | 10,246,937         | 8,387,386                             |
| Interest income                                 | 259,823                                    | 886,369            | 1,027,963                             |
| Transfer from other Greater Vancouver Districts | 3,105,718                                  | 2,026,910          | 1,063,071                             |
| Other   | 3,224,119                                  | 4,025,358          | 5,260,684                             |
|   | <u>182,779,582</u>                         | <u>195,796,562</u> | <u>164,852,414</u>                    |
| <b>Expenses</b>                                 |  |                    |                                       |
| Water operating programs                        | 113,848,348                                | 104,649,648        | 92,243,165                            |
| Corporate costs                                 | 18,675,193                                 | 17,753,365         | 13,361,440                            |
|   | <u>132,523,541</u>                         | <u>122,403,013</u> | <u>105,604,605</u>                    |
| <b>Annual surplus</b>                           | 50,256,041                                 | 73,393,549         | 59,247,809                            |
| <b>Accumulated surplus, beginning of year</b>   | 619,240,589                                | 619,240,589        | 559,992,780                           |
| <b>Accumulated surplus, end of year</b>         | \$ 669,496,630                             | \$ 692,634,138     | \$ 619,240,589                        |

The accompanying notes are an integral part of these financial statements.

  
\_\_\_\_\_  
Treasurer

# GREATER VANCOUVER WATER DISTRICT

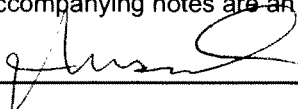
## Exhibit C

### Statement of Change in Net Debt

Year ended December 31, 2009 with comparative figures for 2008

|   | 2009<br>Budget<br>(unaudited -<br>note 12) | 2009<br>Actual          | 2008<br>Actual<br>(restated -<br>note 2) |
|---|--|-------------------------|--|
| <b>Annual surplus</b>                       | \$ 50,256,041                              | \$ 73,393,549           | \$ 59,247,809                            |
| <b>Change in tangible capital assets</b>    |  |                         |  |
| Acquisition of tangible capital assets      | (257,057,743)                              | (142,825,180)           | (125,547,652)                            |
| Amortization of tangible capital assets     | -  | 9,065,760               | 8,256,700                                |
|   | <u>(257,057,743)</u>                       | <u>(133,759,420)</u>    | <u>(117,290,952)</u>                     |
| <b>Change in other non-financial assets</b> |  |                         |  |
| Acquisition of inventories of supplies      | -  | (1,241,969)             | (882,451)                                |
| Consumption of inventories of supplies      | -  | 882,451                 | 819,396                                  |
|   | <u>-</u>                                   | <u>(359,518)</u>        | <u>(63,055)</u>                          |
| <b>Change in net debt</b>                   | (206,801,702)                              | (60,725,389)            | (58,106,198)                             |
| <b>Net debt, beginning of year</b>          | <u>(522,536,666)</u>                       | <u>(522,536,666)</u>    | <u>(464,430,468)</u>                     |
| <b>Net debt, end of year</b>                | \$ <u>(729,338,368)</u>                    | \$ <u>(583,262,055)</u> | \$ <u>(522,536,666)</u>                  |

The accompanying notes are an integral part of these financial statements.

  
\_\_\_\_\_  
Treasurer

# GREATER VANCOUVER WATER DISTRICT

## Exhibit D

### Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Actual       | 2008<br>Actual<br>(restated -<br>note 2) |
|---|----------------------|--|
| <b>Cash provided by (used in):</b>                  |                      |  |
| <b>Operating activities:</b>                        |                      |  |
| Annual surplus (deficit)                            | \$ 73,393,549        | \$ 59,247,809                            |
| Items not involving cash:                           |                      |  |
| Amortization  | 9,065,760            | 8,256,700                                |
| Transfer of equipment recovery                      | -                    | 612,150                                  |
| Sinking fund income                                 | (10,093,036)         | (8,158,312)                              |
| Change in non-cash assets and liabilities:          |                      |  |
| Accounts receivable                                 | 2,476,136            | (1,485,514)                              |
| Due from Greater Vancouver Regional District        | (24,614,667)         | 23,311,677                               |
| Accounts payable and accrued liabilities            | (11,000,935)         | (373,178)                                |
| Deferred revenue                                    | 100,958              | 153,401                                  |
| Interest accrued on long-term debt                  | 785,317              | 80,030                                   |
| Inventories of supplies                             | (359,518)            | (63,055)                                 |
| Change in employee future benefits                  | (11,532)             | 884,639                                  |
| <b>Net change in cash from operating activities</b> | <b>39,742,032</b>    | <b>82,466,347</b>                        |
| <b>Capital activities:</b>                          |                      |  |
| Cash used to acquire tangible capital assets        | (142,825,180)        | (125,547,652)                            |
| <b>Net change in cash from capital activities</b>   | <b>(142,825,180)</b> | <b>(125,547,652)</b>                     |
| <b>Financing activities:</b>                        |                      |  |
| Long-term debenture debt issued                     | 140,000,000          | 75,630,930                               |
| Debt reserve fund                                   | (1,689,144)          | (1,122,701)                              |
| Sinking fund payments                               | (35,227,870)         | (31,450,779)                             |
| <b>Net change in cash from financing activities</b> | <b>103,082,986</b>   | <b>43,057,450</b>                        |
| <b>Net change in cash and cash equivalents</b>      | <b>(162)</b>         | <b>(23,855)</b>                          |
| Cash and cash equivalents, beginning of year        | 16,861               | 40,716                                   |
| <b>Cash and cash equivalents, end of year</b>       | <b>\$ 16,699</b>     | <b>\$ 16,861</b>                         |

The accompanying notes are an integral part of these financial statements.



# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 1

December 31, 2009, with comparative figures for 2008

---

The Greater Vancouver Water District (the "District") was established by an Act of the same name in 1924. Its primary responsibility is the supply of potable water to its member municipalities. Its Board of Directors comprises the same councillors and mayors as appointed to the Greater Vancouver Regional District ("GVRD") Board by the participating municipalities. The District owns or holds under a 999-year lease from the Province an extensive closed watershed network as its source of supply. It owns a series of dams, reservoirs, water treatment plants and a distribution network connecting to the municipal distribution systems. The member municipalities under the Act are jointly and severally liable for its debts.

## 1. Significant accounting policies

The District's financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the District are as follows:

(a) Basis of Accounting:

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the legal obligation to pay.

(b) Government Transfers:

Government transfers relating to the construction of assets are recognized as revenue in the period in which events giving rise to the assistance occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(c) Deferred revenue:

Deferred revenue represents grants which have been collected, but for which the related services or obligations have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed or obligations have been met.

(d) Sinking fund and interest income:

Sinking fund and interest income is reported as revenue in the period earned. When required, interest income earned on deferred revenue is added to and forms part of the deferred revenue balance.

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 2

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### (e) Debenture issue costs:

Debenture issue costs are recorded as a charge against operations as incurred.

### (f) Due from (to) other Greater Vancouver Districts:

In order to improve cash management, the general practice of the Greater Vancouver Districts and the Metro Vancouver Housing Corporation ("MVHC") is to accumulate short-term investments in a pooled account held by the GVRD. The investments consist of highly liquid money market instruments.

### (g) Employee future benefits:

The District and its employees make contributions to the Municipal Pension Plan. As this is a multi-employer plan, contributions are expensed as incurred.

The District also provides certain post-employment benefits including accumulated banked sick and vacation pay, retirement severance and Worker's Compensation top-up benefits for employees pursuant to certain policies and union agreements. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

### (h) 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 tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 3

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### (h) Non-financial assets (continued):

| <b>Asset</b>                                 | <b>Useful Life - Years</b> |
|--|----------------------------|
| Buildings                                    | 25 - 40                    |
| Infrastructure                               | 50 - 150                   |
| Vehicles                                     | 5 - 10                     |
| Machinery, Equipment, Furniture and Fixtures | 5 - 20                     |

#### i. Annual amortization

Annual amortization begins when the asset is acquired and is charged over its useful life. Assets under construction are not amortized until the asset is available for productive use.

#### ii. Contributions of tangible capital assets:

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

#### iii. Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

#### iv. Interest capitalization:

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

### ii) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of weighted-average cost and replacement cost. Cattle inventories are valued at the lower of cost or net realizable value.

### (i) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results. Significant areas requiring the use of management's judgement relates to the employee future benefit liability.

In addition, the District's implementation of the PS3150 (note 2) has required management to make estimates of historical cost of certain assets and useful lives of tangible capital assets.

Actual results could differ from these estimates.

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 4

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### (j) Segmented information:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Since the supply of potable water is the main activity of the District, additional disclosure is not required.

## 2. Prior period adjustments and changes in accounting policies

### Financial Statement Presentation and Tangible Capital Assets:

The District has implemented PSAB sections 1200 *Financial Statement Presentation* and 3150 *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements.

In prior years, tangible capital asset additions were recorded as expenses in the year of acquisition or construction. With the adoption of Section 3150, governments are now required to record and amortize their tangible capital assets in their financial statements. The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The District applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset.

When replacement cost was used as the valuation method, appropriate indices were used, such as Engineering News Record ("ENR") or Consumer Price Index ("CPI") in order to deflate the replacement cost to an estimated historical cost at the year of acquisition.

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 5

December 31, 2009, with comparative figures for 2008

## 2. Prior period adjustments and changes in accounting policies (continued)

The District used the following methods to value the cost of each major category of tangible capital assets:

| <b>Asset Category</b>                        | <b>Valuation Method</b>               | <b>Index used</b>                    |
|--|---------------------------------------|--------------------------------------|
| Land   | Historical cost and replacement value | District's custom derived land index |
| Infrastructure – utilities                   | Historical cost and replacement value | ENR                                  |
| Buildings                                    | Historical cost and replacement value | ENR                                  |
| Machinery, equipment, furniture and fixtures | Historical cost and replacement value | ENR                                  |
| Construction in progress                     | Historical cost                       | Not applicable                       |

The above changes have been applied retroactively and prior periods have been restated. The impact of these changes on accumulated surplus is as follows:

|   | <b>2009</b>     | <b>2008</b>     |
|---|-----------------|-----------------|
| Accumulated surplus, beginning of year:             |                 |                 |
| Capital fund balance                                | \$ (50,964,803) | \$ (16,602,618) |
| Reserve funds                                       | 231,069,325     | 178,570,258     |
| Investment in non-financial assets                  | 531,657,376     | 482,396,458     |
| Accumulated surplus, as previously reported         | 711,761,898     | 644,364,098     |
| Vehicle amortization adjustment                     | (612,150)       | (612,150)       |
| Net adjustment for tangible capital assets          | (91,909,159)    | (83,759,168)    |
| Accumulated surplus, beginning of year, as restated | \$ 619,240,589  | \$ 559,992,780  |

The net impact of these changes on Annual surplus for 2008 is as follows:

### Annual surplus for 2008:

|  |                 |
|--|-----------------|
| Deficiency of revenue over expenses, as previously reported    | \$ (57,494,048) |
| Capital assets previously recorded as expenses                 | 125,547,652     |
| Amortization expense not previously recorded                   | (8,256,700)     |
| Vehicle amortization adjustment                                | (612,150)       |
| Change in non-financial assets previously reported as expenses | 63,055          |
| Annual surplus, as restated                                    | \$ 59,247,809   |

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 6

December 31, 2009, with comparative figures for 2008

---

### 3. Debt reserve fund

The District is required to pay into a debt reserve fund administered by the MFA, an amount equal to one-half the average annual installment of principal and interest relative to any borrowing incurred in connection with the issue by the MFA of its debentures in order to secure the balance of its liability to the GVRD. This amount may be paid either in full or in an amount equal to 1% of the principal amount borrowed together with a non-interest bearing demand note for the balance. The District remits cash deposits and demand notes to the GVRD with respect to these funds borrowed to finance the capital requirements of the District through the GVRD and the MFA. At December 31, 2009 the District's portion of the debt reserve fund administered by the MFA on behalf of the District comprised \$11,201,315 (2008 - \$9,512,171) in cash deposits. In addition, \$33,997,330 (2008 - \$28,768,308) in demand notes were outstanding and become payable in the event of default of certain debentures.

If, at any time, the GVRD does not have sufficient funds to meet payments or sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the GVRD are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund, and therefore have not been recorded in the statement of financial position. The cash amounts of these transactions will be repaid with interest to the ultimate borrower when the final installments under the respective loan agreements have been made.

### 4. Employee future benefits

Under the terms of the various collective agreements and compensation policies, the District provides its employees with sick days and certain employee benefits on termination and retirement. These include days severance based on years of service, days vacation based on years of service, Worker's Compensation top-up, and a full year's vacation entitlement in the year of retirement.

The District uses an actuarial valuation to determine estimated value of post-employment benefits.

Information about liabilities for the District's employee benefit plans is as follows:

|   | <b>2009</b>         | <b>2008</b>         |
|---|---------------------|---------------------|
| Accrued benefit obligation:             |                     |                     |
| Balance, beginning of year              | \$ 3,046,065        | \$ 3,183,268        |
| Current service cost                    | 221,932             | 244,559             |
| Interest cost                           | 151,440             | 152,042             |
| Workers' compensation top-up            | (43,020)            | 27,361              |
| Benefits paid                           | (320,582)           | (412,268)           |
| Actuarial gain                          | 19,481              | (148,897)           |
| Accrued benefit obligation, end of year | <b>\$ 3,075,315</b> | <b>\$ 3,046,065</b> |

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 7

December 31, 2009, with comparative figures for 2008

## 4. Employee future benefits (continued)

Actuarial gains and losses are amortized over eleven years, being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

|  | 2009         | 2008         |
|--|--------------|--------------|
| Accrued benefit obligation:            |              |              |
| Balance, end of year                   | \$ 3,075,315 | \$ 3,046,065 |
| Unamortized actuarial gain             | 156,975      | 197,757      |
| Accrued benefit liability, end of year | \$ 3,232,290 | \$ 3,243,822 |

The significant actuarial assumptions adopted in measuring the District's accrued benefit obligation are as follows:

|                                    | 2009  | 2008  |
|------------------------------------|-------|-------|
| Discount rates                     | 5.00% | 5.25% |
| Expected future inflation rates    | 2.50% | 2.50% |
| Expected wage and salary increases | 2.50% | 2.50% |

## 5. Deferred revenue

In 2002, the Seymour-Capilano Filtration Plant Project received approval for a maximum \$100,000,000 in grant funding under the green local government component of the Canada / British Columbia Infrastructure Program. In 2003, \$40,000,000 of the grant was received in advance. As at December 31, 2009, the full amount of the grant has been received and applied as funding against the project. Included in deferred revenue is \$4,273,538 (2008 - \$4,172,580) which represents interest earned on unspent funds.

Continuity of deferred revenue is as follows:

|                            | 2009         | 2008         |
|----------------------------|--------------|--------------|
| Balance, beginning of year | \$ 4,172,580 | \$ 4,019,179 |
| Interest earned            | 100,958      | 153,401      |
| Balance, end of year       | \$ 4,273,538 | \$ 4,172,580 |

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 8

December 31, 2009, with comparative figures for 2008

---

## 6. Long term debt

- (a) Currently, all borrowings for the District are obtained from the Municipal Finance Authority ("MFA") by the GVRD on the District's behalf, although the District maintains the right to finance debt without MFA involvement.

Every debt incurred and every debenture or other security issued by the District under the Greater Vancouver Water District Act is a direct, joint and several obligation and liability of the District and each and every member municipality.

Debt servicing requirements comprising sinking fund contributions, serial repayments and interest are funded as incurred by revenue earned during the year.

- (b) Long-term debt (net of sinking funds) reported on the statement of financial position includes varying maturities up to 2024, with interest rates ranging from 3.15% to 9.50%.
- (c) Principal payments and sinking fund installments due within the next five years and thereafter are as follows:

|                               | <b>Total<br/>Payments</b> |
|-------------------------------|---------------------------|
| 2010                          | \$ 42,460,000             |
| 2011                          | 41,301,000                |
| 2012                          | 39,320,000                |
| 2013                          | 38,594,000                |
| 2014                          | 36,277,000                |
| Thereafter                    | 219,958,000               |
|                               | 417,910,000               |
| Estimated sinking fund income | 186,845,204               |
| <b>Total</b>                  | <b>\$ 604,755,204</b>     |

Sinking fund installments are invested by MFA and earn income which, together with principal payments, are expected to be sufficient to retire the debt issues at maturity.

- (d) Sinking fund

Sinking funds for all issues are administered by the MFA.

Where sinking fund debentures were issued to finance internal water facilities for specific member municipalities, the share of any sinking fund surplus or deficit remaining after the related debenture obligations have been redeemed is apportioned to such member municipalities in the ratio in which they participated in the debenture issue.



# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 9

December 31, 2009, with comparative figures for 2008

## 7. Tangible Capital Assets:

| The continuity of tangible capital assets for the current year is as follows: |                              |              |           |                              |             |                      |                              |             |                      |                              |           |                                  |
|---|------------------------------|--------------|-----------|------------------------------|-------------|----------------------|------------------------------|-------------|----------------------|------------------------------|-----------|----------------------------------|
|   | Cost                         |              |           | Accumulated amortization     |             |                      | Net book value               |             |                      |                              |           |                                  |
|   | Balance at December 31, 2008 | Additions    | Disposals | Balance at December 31, 2009 | Disposals   | Amortization Expense | Balance at December 31, 2009 | Disposals   | Amortization Expense | Balance at December 31, 2009 | Disposals | Net book value December 31, 2009 |
| Land  | \$ 19,350,091                | \$ 2,535,121 | \$ -      | \$ 21,885,212                | \$ -        | \$ -                 | \$ -                         | \$ -        | \$ -                 | \$ -                         | \$ -      | \$ 21,885,212                    |
| Infrastructure  | 585,771,732                  | 63,747,134   | -         | 649,518,866                  | 124,734,655 | 7,969,693            | 132,704,348                  | 124,734,655 | 7,969,693            | 132,704,348                  | -         | 516,814,518                      |
| Buildings   | 23,135,277                   | 11,910,009   | -         | 35,045,286                   | 11,587,568  | 921,888              | 12,509,456                   | 11,587,568  | 921,888              | 12,509,456                   | -         | 22,535,830                       |
| Machinery, equipment, furniture & fixtures                                    | 2,576,128                    | 178,640      | -         | 2,754,768                    | 1,734,889   | 174,179              | 1,909,068                    | 1,734,889   | 174,179              | 1,909,068                    | -         | 845,700                          |
| Assets under construction   | 648,118,688                  | 64,454,276   | -         | 712,572,964                  | -           | -                    | -                            | -           | -                    | -                            | -         | 712,572,964                      |
|   | 1,278,951,916                | 142,825,180  | -         | 1,421,777,096                | 138,057,112 | 9,065,760            | 147,122,872                  | 138,057,112 | 9,065,760            | 147,122,872                  | -         | 1,274,654,224                    |

| For comparative purposes, the continuity of tangible capital assets for the prior year is as follows: |                              |             |           |                              |             |                      |                              |             |                      |                              |           |                                  |
|---|------------------------------|-------------|-----------|------------------------------|-------------|----------------------|------------------------------|-------------|----------------------|------------------------------|-----------|----------------------------------|
|   | Cost                         |             |           | Accumulated amortization     |             |                      | Net book value               |             |                      |                              |           |                                  |
|   | Balance at December 31, 2007 | Additions   | Disposals | Balance at December 31, 2008 | Disposals   | Amortization Expense | Balance at December 31, 2008 | Disposals   | Amortization Expense | Balance at December 31, 2008 | Disposals | Net book value December 31, 2008 |
| Land  | \$ 19,350,091                | \$ -        | \$ -      | \$ 19,350,091                | \$ -        | \$ -                 | \$ -                         | \$ -        | \$ -                 | \$ -                         | \$ -      | \$ 19,350,091                    |
| Infrastructure  | 569,001,718                  | 16,770,014  | -         | 585,771,732                  | 117,414,485 | 7,320,170            | 124,734,655                  | 117,414,485 | 7,320,170            | 124,734,655                  | -         | 461,037,077                      |
| Buildings   | 23,135,277                   | -           | -         | 23,135,277                   | 10,839,368  | 748,200              | 11,587,568                   | 10,839,368  | 748,200              | 11,587,568                   | -         | 11,547,709                       |
| Machinery, equipment, furniture & fixtures  | 2,469,136                    | 106,992     | -         | 2,576,128                    | 1,546,559   | 188,330              | 1,734,889                    | 1,546,559   | 188,330              | 1,734,889                    | -         | 841,239                          |
| Assets under construction   | 539,448,042                  | 108,670,646 | -         | 648,118,688                  | -           | -                    | -                            | -           | -                    | -                            | -         | 648,118,688                      |
|   | 1,153,404,264                | 125,547,652 | -         | 1,278,951,916                | 129,800,412 | 8,256,700            | 138,057,112                  | 129,800,412 | 8,256,700            | 138,057,112                  | -         | 1,140,894,804                    |

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 10

December 31, 2009, with comparative figures for 2008

## 7. Tangible Capital Assets (continued)

### (a) Assets under construction

Assets under construction with a cost of \$712,572,964 (2008 - \$ 648,118,688) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### (b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution.

### (c) Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$ nil ( 2008 - \$nil).

## 8. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

|  | 2009<br>Actual        | 2008<br>Actual        |
|--|-----------------------|-----------------------|
| <b>Operating Capital and other funds</b>     | \$ -                  | \$ -                  |
| <b>Investment in tangible capital assets</b> | (24,054,569)          | (48,611,991)          |
|  | 429,660,224           | 435,900,804           |
|  | <u>405,605,655</u>    | <u>387,288,813</u>    |
| <b>Reserves</b>                              |                       |                       |
| <b>Designated reserves</b>                   |                       |                       |
| Office building capital improvements         | 1,770,839             | 1,689,394             |
| Security enhancements                        | 85,566                | 84,177                |
| Sustainability innovation fund               | 3,884,793             | 3,081,324             |
| Equipment replacement                        | 41,956                | 59,641                |
| MFA sinking fund                             | 240,238,796           | 194,921,885           |
| District sinking fund                        | 6,608,477             | 6,450,581             |
| <b>Non-designated reserve</b>                |                       |                       |
| Operating reserve                            | 34,398,056            | 25,664,774            |
|  | <u>287,028,483</u>    | <u>231,951,776</u>    |
| <b>Accumulated surplus, end of year</b>      | <b>\$ 692,634,138</b> | <b>\$ 619,240,589</b> |

## 9. Commitments

As at December 31, 2009, the Board of Directors has authorized a total of approximately \$1,509,000,000 (2008 - \$1,253,000,000) relating to outstanding projects, of which \$858,000,000 has been expended to December 31, 2009.

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 11

December 31, 2009, with comparative figures for 2008

---

## 10. Contingencies

### (a) Lawsuits:

As at December 31, 2009 there were various lawsuits pending against the District arising in the ordinary course of business. The District has retained legal counsel to defend against these lawsuits. It is not possible to predict the outcome of these lawsuits at this time. Management is of the opinion that the losses, if any, in connection with these lawsuits can be sufficiently funded by reserve funds.

### (b) Environmental regulations:

The District is subject to environmental regulations which cover different aspects of its operations. These regulations may require future expenses to meet applicable standards and subject the District to possible penalties for past violations. Any amounts required to meet obligations will be charged to operations or capitalized, as appropriate. No amounts can be estimated at this time and therefore, no liabilities have been recorded at December 31, 2009.

### (c) Self insurance fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the District, other Greater Vancouver Districts and the MVHC.

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The District, other Greater Vancouver Districts and the MVHC contribute to the fund depending on the fund's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These estimates are changed as additional information becomes known during the course of claims settlement. In management's opinion, losses, if any, are sufficiently funded by the self insurance fund.

### (d) Municipal Pension Plan:

The District and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 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 \$438,000,000 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 unfunded liability to individual employers. The District paid \$2,081,804 for employer contributions to the plan during the year ended December 31, 2009 (2008 - \$1,927,430). The employee's contributions amounted to \$1,920,505 (2008 - \$1,791,407).

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 12

December 31, 2009, with comparative figures for 2008

---

## 11. Subsequent event

On March 31, 2010 the District issued debt through the MFA for \$50 million maturing in 2025.

## 12. Budget information

The unaudited budget information presented in these financial statements is based upon the 2009 operating and capital budgets approved by the District's Board. Amortization was not contemplated on development of the budget and, as such, has not been included. The schedule below reconciles the approved budget to the budget figures reported in these financial statements.

|   | <b>2009<br/>Budget</b> |
|---|------------------------|
| <b>Revenue</b>  |                        |
| Operating revenue per published budget                                | \$ 179,778,869         |
| Reserve interest  | 259,823                |
| Add building operations budget transfer from Regional District        | 3,788,441              |
| Less items not included in revenue for financial statement purposes:  |                        |
| Transfers from reserve funds  | (1,047,551)            |
| <b>Total revenue</b>  | <b>182,779,582</b>     |
| <b>Expenses</b>   |                        |
| Operating expenses per published budget                               | \$ 179,778,869         |
| Add building operations budget transfer from Regional District        | 4,211,204              |
| Less items not included in expenses for financial statement purposes: |                        |
| Debt principal payments   | (35,987,504)           |
| Contribution to capital fund  | (14,698,028)           |
| Transfer to reserve funds   | (781,000)              |
| <b>Total expenses</b>   | <b>132,523,541</b>     |
| <b>Annual budgeted surplus per Exhibit B</b>                          | <b>\$ 50,256,041</b>   |

# GREATER VANCOUVER WATER DISTRICT

Notes to Financial Statements, page 13

December 31, 2009, with comparative figures for 2008

---

## 13. Classification of expenses by object

The Schedule of Operating Fund Activities represents the expenses by function; the following classifies those same expenses by object. The salaries and benefits reported below do not include \$7,952,380 (2008 - \$9,930,999) of salaries and benefits directly attributable to the construction of tangible capital assets which have been included in the cost of tangible capital assets in the Statement of Financial Position.

|  | <b>2009</b>    | <b>2008</b>    |
|--|----------------|----------------|
| Salaries and benefits                            | \$ 30,387,517  | \$ 23,171,506  |
| Consulting, contracted and professional services | 7,181,209      | 7,471,770      |
| Asset purchases and maintenance                  | 4,458,466      | 2,147,538      |
| Materials and supplies                           | 7,799,789      | 8,362,527      |
| Utilities, permits and taxes                     | 3,198,722      | 3,281,191      |
| Corporate costs                                  | 15,763,668     | 13,361,184     |
| Internal services                                | 1,452,516      | 1,045,987      |
| Interest on long-term debt                       | 39,428,567     | 33,531,846     |
| Amortization of tangible capital assets          | 9,065,760      | 8,256,700      |
| Other  | 3,666,799      | 4,974,356      |
|  | \$ 122,403,013 | \$ 105,604,605 |

---

## 14. Comparative figures

Certain comparative figures for the year ended December 31, 2008 have been reclassified to conform with the presentation adopted in the current year.



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION TO THE BOARD**

To the Board of Administration of the  
Greater Vancouver Water District

We have audited and reported separately herein on the financial statements of the Greater Vancouver Water District (the "District") as at and for the year ended December 31, 2009 in accordance with Canadian generally accepted auditing standards.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole in accordance with Canadian generally accepted accounting principles. The current year's supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants

Burnaby, Canada

March 31, 2010

# GREATER VANCOUVER WATER DISTRICT

## Schedule 1 Schedule of Operating Fund

Year ended December 31, 2009, with comparative figures for 2008

|  | 2009<br>Budget      | 2009<br>Actual      | 2008<br>Actual      |
|--|---------------------|---------------------|---------------------|
| <b>Revenue</b>   |                     |                     |                     |
| Metered sale of water                                    | \$ 176,189,922      | \$ 178,610,988      | \$ 149,113,310      |
| Transfer from other Greater Vancouver Districts          | 3,105,718           | 2,026,910           | 1,277,589           |
| Other revenues   | 3,224,119           | 4,025,358           | 5,260,684           |
|  | <u>182,519,759</u>  | <u>184,663,256</u>  | <u>155,651,583</u>  |
| <b>Expenses</b>  |                     |                     |                     |
| Water Operations:  |                     |                     |                     |
| Regional planning and sustainable initiatives            | 283,568             | 211,836             | 200,707             |
| Water innovation   | 130,856             | 123,461             | -                   |
| Water drinking water residuals                           | 407,791             | 244,398             | 22,996              |
| Seymour-Capilano filtration plant                        | 8,725,148           | 6,216,096           | 3,866,313           |
| System operation and maintenance                         | 9,156,354           | 7,605,141           | 8,677,643           |
| Quality control  | 2,549,637           | 2,487,630           | 2,231,482           |
| Water operations and maintenance technical support       | 2,618,779           | 537,848             | 858,516             |
| Water supply metering and billing                        | 609,718             | 494,928             | 225,048             |
| Water treatment engineering                              | 1,122,468           | 1,299,728           | 1,010,369           |
| Source water treatment                                   | 5,029,190           | 3,971,224           | 3,909,011           |
| Secondary disinfection                                   | 1,021,601           | 849,258             | 827,394             |
| Water planning   | 894,028             | 894,073             | 810,633             |
| Lower Seymour Conservation Reserve and watershed tours   | 1,550,761           | 1,672,715           | 1,336,146           |
| Watershed operations                                     | 3,238,811           | 2,980,096           | 3,013,869           |
| Watershed general  | 829,262             | 840,727             | 956,528             |
| Watershed protection and security                        | 1,946,666           | 2,155,456           | 2,339,023           |
| Water operating contingency                              | 500,000             | -                   | -                   |
| Water engineering and construction operating             | 5,884,988           | 4,949,998           | 4,266,420           |
| Water security enhancements                              | 87,123              | 671                 | 106,855             |
| Water system analysis and environmental management       | 1,778,333           | 1,744,649           | 1,326,394           |
| Water SCADA  | 7,511,198           | 5,924,871           | 2,639,341           |
| Water maintenance  | 8,124,223           | 7,539,477           | 7,873,705           |
| Administration   | 3,729,063           | 3,554,211           | 3,388,994           |
| Interest on long-term debt                               | 46,118,782          | 38,235,396          | 33,531,846          |
| Amortization of tangible capital assets                  | -                   | 9,065,760           | 8,256,700           |
| Water operating programs                                 | <u>113,848,348</u>  | <u>103,599,648</u>  | <u>- 91,675,933</u> |
| Corporate costs:   |                     |                     |                     |
| Head Office building operations                          | 2,842,701           | 2,941,674           | -                   |
| Head Office building capital maintenance                 | 1,129,763           | 108,962             | -                   |
| Other corporate costs                                    | 14,702,729          | 14,702,729          | 13,361,440          |
| Corporate costs  | <u>18,675,193</u>   | <u>17,753,365</u>   | <u>13,361,440</u>   |
|  | <u>132,523,541</u>  | <u>121,353,013</u>  | <u>105,037,373</u>  |
| <b>Annual surplus, operating fund</b>                    | <b>49,996,218</b>   | <b>63,310,243</b>   | <b>50,614,210</b>   |
| <b>Application of surplus and transfers</b>              |                     |                     |                     |
| Transfers (to) from:                                     |                     |                     |                     |
| Capital  | (14,698,028)        | (15,200,326)        | (13,658,814)        |
| Investment in non-financial assets                       | -                   | 9,065,760           | 8,256,700           |
| Reserve funds:   |                     |                     |                     |
| Sinking and debt retirement requirements                 | (35,987,504)        | (35,227,870)        | (31,913,013)        |
| Reserves - Operating results                             | -                   | (21,807,916)        | (13,801,768)        |
| Reserves   | 689,314             | (139,891)           | 502,685             |
|  | <u>(49,996,218)</u> | <u>(63,310,243)</u> | <u>(50,614,210)</u> |
| <b>Change in accumulated surplus from operating fund</b> | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>Operating fund, beginning of year</b>                 | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>Operating fund, end of year</b>                       | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |

# GREATER VANCOUVER WATER DISTRICT

## Schedule 2

### Schedule of Capital and Other Funds

Year ended December 31, 2009, with comparative figures for 2008

|   | 2009<br>Budget  | 2009<br>Actual  | 2008<br>Actual  |
|---|-----------------|-----------------|-----------------|
| <b>Revenue</b>                                    |                 |                 |                 |
| Interest on debt reserve fund                     | \$ -            | \$ 279,721      | \$ 366,592      |
|   | -               | 279,721         | 366,592         |
| <b>Expenses</b>                                   |                 |                 |                 |
| Debenture expense                                 | -               | 1,050,000       | 567,232         |
|   | -               | 1,050,000       | 567,232         |
| <b>Annual surplus (deficit)</b>                   | -               | (770,279)       | (200,640)       |
| <b>Tangible capital asset transactions</b>        |                 |                 |                 |
| <b>Financing</b>                                  |                 |                 |                 |
| Debenture debt issued                             | 229,407,160     | 140,000,000     | 75,630,930      |
| Transfers from:                                   |                 |                 |                 |
| Operating   | 14,698,028      | 15,200,326      | 13,658,814      |
| Reserves  | 12,952,555      | 12,952,555      | 1,484,213       |
|   | 257,057,743     | 168,152,881     | 90,773,957      |
| Less acquisition of tangible capital assets       | 257,057,743     | 142,825,180     | 125,547,652     |
|   | -               | 25,327,701      | (34,773,695)    |
| <b>Change in capital and other funds</b>          | -               | 24,557,422      | (34,974,335)    |
| <b>Capital and other funds, beginning of year</b> | (48,611,991)    | (48,611,991)    | (13,637,656)    |
| <b>Capital and other funds, end of year</b>       | \$ (48,611,991) | \$ (24,054,569) | \$ (48,611,991) |



# GREATER VANCOUVER WATER DISTRICT

## Schedule 3

### Schedule of Reserve Fund Activity

Year ended December 31, 2009, with comparative figures for 2008

|  | 2009<br>Budget | 2009<br>Actual | 2008<br>Actual |
|--|----------------|----------------|----------------|
| <b>Revenue</b>   |                |                |                |
| Interest allocated to reserves                             | \$ 259,823     | \$ 606,648     | \$ 661,371     |
| Sinking fund and debt retirement income                    | -              | 10,246,937     | 8,387,386      |
|  | 259,823        | 10,853,585     | 9,048,757      |
| <b>Expenses</b>  |                |                |                |
| Transfer to Greater Vancouver Regional District            | -              | -              | 214,518        |
| <b>Annual surplus (deficit)</b>                            | 259,823        | 10,853,585     | 8,834,239      |
| <b>Application of surplus and transfers</b>                |                |                |                |
| Capital  | (12,952,555)   | (12,952,555)   | (1,484,213)    |
| Operating for:   |                |                |                |
| Sinking and debt retirement                                | 35,987,504     | 35,227,870     | 31,913,013     |
| Reserves - operating results                               | -              | 21,807,916     | 13,801,768     |
| Reserves   | 689,314        | 139,891        | (502,685)      |
|  | 23,724,263     | 44,223,122     | 43,727,883     |
| <b>Change in accumulated surplus from reserve activity</b> | 23,984,086     | 55,076,707     | 52,562,122     |
| <b>Reserve fund, beginning of year</b>                     | 231,951,776    | 231,951,776    | 179,389,654    |
| <b>Reserve fund, end of year</b>                           | \$ 255,935,862 | \$ 287,028,483 | \$ 231,951,776 |

# GREATER VANCOUVER WATER DISTRICT

## Schedule 4

### Schedule of Investment in Tangible Capital Assets

Year ended December 31, 2009, with comparative figures for 2008

|  | <b>2009</b>           |    | <b>2008</b>        |
|--|-----------------------|----|--------------------|
|  | <b>Actual</b>         |    | <b>Actual</b>      |
| <b>Invested in tangible capital assets is calculated as follows</b>      |                       |    |                    |
| Tangible capital assets  | \$ 1,274,654,224      | \$ | 1,140,894,804      |
| Amounts financed by:   |                       |    |                    |
| Long-term debt   | (844,994,000)         |    | (704,994,000)      |
|  | <u>\$ 429,660,224</u> | \$ | <u>435,900,804</u> |
| <b>Change in the investment in tangible capital assets is as follows</b> |                       |    |                    |
| Acquisition of tangible capital assets                                   | 142,825,180           |    | 125,547,652        |
| Less amortization  | (9,065,760)           |    | (8,256,700)        |
|  | <u>133,759,420</u>    |    | <u>117,290,952</u> |
| <b>Funding of tangible capital assets</b>                                |                       |    |                    |
| Debenture debt issued  | 140,000,000           |    | 75,630,930         |
| Advances from Greater Vancouver Regional District                        | -                     |    | -                  |
|  | <u>140,000,000</u>    |    | <u>75,630,930</u>  |
| <b>Change in investment in tangible capital assets</b>                   | (6,240,580)           |    | 41,660,022         |
| <b>Investment in tangible capital assets, beginning of year</b>          | 435,900,804           |    | 394,240,782        |
| <b>Investment in tangible capital assets, end of year</b>                | <u>\$ 429,660,224</u> | \$ | <u>435,900,804</u> |

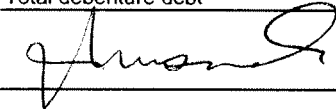
# GREATER VANCOUVER WATER DISTRICT

## Schedule 5

### Schedule of Debenture Debt

December 31, 2009, with comparative figures for 2008

| Issue number            | By-law number | Interest rate - % | Maturity date      | Debentures authorized to be issued | Debenture debt outstanding |                |
|-------------------------|---------------|-------------------|--------------------|------------------------------------|----------------------------|----------------|
|                         |               |                   |                    |                                    | 2009                       | 2008           |
| Sinking fund debentures |               |                   |                    |                                    |                            |                |
| 56                      | 204           | 9.50              | January 9, 2012    | 24,000,000                         | \$ 24,000,000              | \$ 24,000,000  |
| 66                      | 215           | 8.00              | December 1, 2010   | 25,000,000                         | 25,000,000                 | 25,000,000     |
| 67                      | 813A          | 7.75              | June 1, 2011       | 10,000,000                         | 10,000,000                 | 10,000,000     |
| 68                      | 813B          | 7.42              | September 25, 2011 | 15,000,000                         | 15,000,000                 | 15,000,000     |
| 71A                     | 813           | 5.83              | November 5, 2022   | 14,294,000                         | 14,294,000                 | 14,294,000     |
| 71B                     | 853           | 5.83              | November 5, 2022   | 706,000                            | 706,000                    | 706,000        |
| 72                      | 217A          | 5.55              | March 24, 2013     | 15,000,000                         | 15,000,000                 | 15,000,000     |
| 73                      | 217B          | 5.55              | September 24, 2013 | 35,000,000                         | 35,000,000                 | 35,000,000     |
| 74                      | 217C          | 5.49              | June 1, 2014       | 15,000,000                         | 15,000,000                 | 15,000,000     |
| 75                      | 217D          | 5.99              | December 1, 2014   | 54,294,000                         | 54,294,000                 | 54,294,000     |
| 76                      | 228           | 5.92              | June 1, 2016       | 10,449,070                         | 10,449,070                 | 10,449,070     |
| 77                      | 946           | 5.491             | June 3, 2018       | 12,800,000                         | 12,800,000                 | 12,800,000     |
| 78PB                    | 994           | 4.775             | October 3, 2018    | 200,000,000                        | 200,000,000                | 200,000,000    |
| 79A                     | 919R          | 4.620             | April 22, 2011     | 6,700,000                          | 6,700,000                  | 6,700,000      |
| 79 BB                   | 946           | 4.860             | April 22, 2019     | 8,548,000                          | 8,548,000                  | 8,548,000      |
| 79C                     | 946           | 4.860             | April 22, 2019     | 1,972,000                          | 1,972,000                  | 1,972,000      |
| 80                      | 946           | 4.975             | December 02, 2019  | 37,000,000                         | 37,000,000                 | 37,000,000     |
| 81                      | 946           | 4.170             | October 13, 2020   | 3,600,000                          | 3,600,000                  | 3,600,000      |
| 82                      | 946           | 4.660             | April 19, 2021     | 15,630,930                         | 15,630,930                 | 15,630,930     |
| 82                      | 994           | 4.660             | April 19, 2021     | 4,369,070                          | 4,369,070                  | 4,369,070      |
| 83                      | 994           | 4.430             | October 19, 2021   | 40,000,000                         | 40,000,000                 | 40,000,000     |
| 84                      | 994           | 4.820             | December 1, 2022   | 80,000,000                         | 80,000,000                 | 80,000,000     |
| 85                      | 994           | 4.650             | April 23, 2023     | 40,000,000                         | 40,000,000                 | 40,000,000     |
| 86                      | 994           | 5.150             | November 20, 2023  | 35,630,930                         | 35,630,930                 | 35,630,930     |
| 87                      | 1073          | 4.900             | June 3, 2024       | 60,000,000                         | 60,000,000                 | -              |
| 88                      | 1073          | 4.130             | October 13, 2024   | 80,000,000                         | 80,000,000                 | -              |
| Total debenture debt    |               |                   |                    | \$ 844,994,000                     | \$ 844,994,000             | \$ 704,994,000 |


  
 \_\_\_\_\_ Treasurer

Financial Statements of

**METRO VANCOUVER  
HOUSING CORPORATION**

Year ended December 31, 2009

## METRO VANCOUVER HOUSING CORPORATION ("MVHC")

### MANAGEMENT REPORT

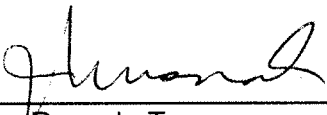
The Financial Statements contained in this report have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The corporation's internal auditors have the responsibility for assessing the management systems and practices of the corporation.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Financial Information Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of Metro Vancouver Housing Corporation

  
\_\_\_\_\_  
Jim Rusnak, Treasurer

Date: April 8, 2010



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT TO THE SHAREHOLDER

To the Shareholder of the  
Metro Vancouver Housing Corporation

We have audited the statement of financial position of the Metro Vancouver Housing Corporation (the "Corporation") as at December 31, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Burnaby, Canada

March 31, 2010

# METRO VANCOUVER HOUSING CORPORATION

## Index to Financial Statements

December 31, 2009

|   | <b>Exhibit</b> |
|---|----------------|
| Statement of Financial Position                   | A              |
| Statement of Operations and Changes in Net Assets | B              |
| Statement of Cash Flows                           | C              |
| Notes to Financial Statements                     |                |

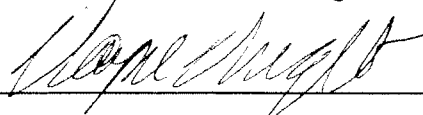
|  | <b>Schedule</b> |
|--|-----------------|
| Capital Assets                                     | 1               |
| Mortgages and Debentures Payable                   | 2               |
| Rental Property Operations Revenue and Expenditure | 3               |


**METRO VANCOUVER HOUSING CORPORATION**  
**Exhibit A**  
**Statement of Financial Position**  
**December 31, 2009 with comparative figures for 2008**

|  | Revenue Fund | Capital Fund   | Capital Reserve Fund | Replacement Reserve Fund | Rental Subsidy Reserve Fund | Total 2009     | Total 2008     |
|--|--------------|----------------|----------------------|--------------------------|-----------------------------|----------------|----------------|
| <b>Assets</b>  |              |                |                      |                          |                             |                |                |
| <b>Current Assets</b>  |              |                |                      |                          |                             |                |                |
| Accounts receivable  | \$ 585,174   | \$ -           | \$ -                 | \$ -                     | \$ -                        | \$ 585,174     | \$ 465,610     |
| Prepaid expenses   | 290,172      | -              | -                    | -                        | -                           | 290,172        | 285,254        |
| Due from British Columbia Housing Management Commission      | -            | -              | -                    | -                        | -                           | -              | 124,671        |
|  | 875,346      | -              | -                    | -                        | -                           | 875,346        | 875,535        |
| <b>Other Assets</b>  |              |                |                      |                          |                             |                |                |
| Due from British Columbia Housing Management Commission      | -            | 153,422        | -                    | -                        | -                           | 153,422        | 152,156        |
| Due from (to) Greater Vancouver Regional District            | 9,110,497    | (768,072)      | 8,920,907            | 11,179,647               | 2,069,981                   | 30,512,960     | 33,936,077     |
| Prepaid land leases [note 3]                                 | -            | 7,561,239      | -                    | -                        | -                           | 7,561,239      | 7,973,253      |
|  | 9,110,497    | 6,946,589      | 8,920,907            | 11,179,647               | 2,069,981                   | 38,227,621     | 42,061,486     |
| <b>Capital Assets [note 4]</b>                               |              |                |                      |                          |                             |                |                |
|  | -            | 111,950,944    | -                    | -                        | -                           | 111,950,944    | 117,573,217    |
|  | \$ 9,985,843 | \$ 118,897,533 | \$ 8,920,907         | \$ 11,179,647            | \$ 2,069,981                | \$ 151,053,911 | \$ 160,510,238 |
| <b>Liabilities and Net Assets</b>                            |              |                |                      |                          |                             |                |                |
| <b>Current Liabilities</b>                                   |              |                |                      |                          |                             |                |                |
| Accounts payable   | \$ 884,393   | \$ -           | \$ -                 | \$ 1,682,124             | \$ -                        | \$ 2,566,517   | \$ 1,749,524   |
| Employee future benefits [note 6]                            | 448,232      | -              | -                    | -                        | -                           | 448,232        | 478,801        |
| Accrued debt interest charges                                | 1,066,007    | -              | -                    | -                        | -                           | 1,066,007      | 1,111,364      |
| Due to British Columbia Housing Management Commission        | 123,198      | -              | -                    | -                        | -                           | 123,198        | 1,156          |
| Due to Canada Mortgage & Housing Corporation [note 10(f)]    | -            | -              | -                    | -                        | 581,615                     | 581,615        | 267,683        |
| Deferred revenue [note 7]                                    | 305,876      | -              | -                    | -                        | -                           | 305,876        | 340,970        |
| Tenants' security deposits [note 7]                          | 1,579,712    | -              | -                    | -                        | -                           | 1,579,712      | 1,511,911      |
| Mortgage and debentures payable, current portion [note 5(a)] | -            | 21,823,731     | -                    | -                        | -                           | 21,823,731     | 13,994,459     |
|  | 4,407,418    | 21,823,731     | -                    | 1,682,124                | 581,615                     | 28,494,888     | 19,455,868     |
| Mortgage and debentures payable [note 5]                     | -            | 122,631,411    | -                    | -                        | -                           | 122,631,411    | 140,041,411    |
| <b>Net Assets (Deficiency)</b>                               |              |                |                      |                          |                             |                |                |
| Share capital [note 8]                                       | -            | 2,000          | -                    | -                        | -                           | 2,000          | 2,000          |
| Invested in capital assets [note 9]                          | -            | (32,504,198)   | -                    | -                        | -                           | (32,504,198)   | (36,462,652)   |
| Externally restricted [note 1(b)(ii)]                        | 5,578,425    | -              | -                    | 9,497,523                | 1,488,366                   | 16,564,314     | 22,998,055     |
| Internally restricted  | -            | 6,944,589      | 8,920,907            | -                        | -                           | 15,865,496     | 14,475,557     |
| Total net assets   | 5,578,425    | (25,557,609)   | 8,920,907            | 9,497,523                | 1,488,366                   | (72,388)       | 1,012,960      |
|  | \$ 9,985,843 | \$ 118,897,533 | \$ 8,920,907         | \$ 11,179,647            | \$ 2,069,981                | \$ 151,053,911 | \$ 160,510,238 |

Contingencies [note 10]

See accompanying notes to financial statements.

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director



# METRO VANCOUVER HOUSING CORPORATION

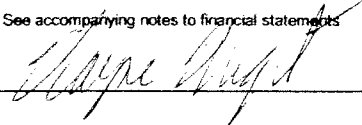
Exhibit B

Statement of Operations and Changes in Net Assets

Year ended December 31, 2009 with comparative figures for 2008

|   | Rental Operations   |                        | Restricted Funds     |                          |                             | 2009               | 2008                |
|---|---------------------|------------------------|----------------------|--------------------------|-----------------------------|--------------------|---------------------|
|   | 2009 Actual         | Capital Fund           | Capital Reserve Fund | Replacement Reserve Fund | Rental Subsidy Reserve Fund |                    |                     |
| <b>Revenue</b>  |                     |                        |                      |                          |                             |                    |                     |
| Property rentals  | \$ 29,548,547       | \$ -                   | \$ -                 | \$ -                     | \$ -                        | \$ 29,548,547      | \$ 28,932,573       |
| Canada Mortgage and Housing Corporation mortgage assistance [note 2]            | 3,091,410           | -                      | -                    | -                        | -                           | 3,091,410          | 3,267,221           |
| British Columbia Housing Management Commission rent subsidy assistance [note 2] | 2,147,194           | -                      | -                    | -                        | -                           | 2,147,194          | 2,399,533           |
| British Columbia Housing Management Commission operating subsidy                | 106,777             | -                      | -                    | -                        | -                           | 106,777            | 129,621             |
| Section 95 operating surplus  | -                   | -                      | 251,683              | -                        | -                           | 251,683            | 299,874             |
| Interest  | 148,508             | 35,109                 | 145,367              | 297,852                  | 40,586                      | 667,422            | 1,254,936           |
| Other   | 582,911             | -                      | -                    | -                        | -                           | 582,911            | 357,232             |
| Net gain on sale/disposal of property   | -                   | -                      | -                    | -                        | -                           | -                  | 141,888             |
|   | <b>35,625,347</b>   | <b>35,109</b>          | <b>397,050</b>       | <b>297,852</b>           | <b>40,586</b>               | <b>36,395,944</b>  | <b>36,782,678</b>   |
| <b>Expenses</b>   |                     |                        |                      |                          |                             |                    |                     |
| Advertising   | 41,319              | -                      | -                    | -                        | -                           | 41,319             | 49                  |
| Amortization of capital assets  | 5,936,682           | -                      | -                    | -                        | -                           | 5,936,682          | 5,908,696           |
| Amortization of prepaid land leases   | 412,014             | -                      | -                    | -                        | -                           | 412,014            | 193,644             |
| Contracted services   | 346,403             | -                      | -                    | -                        | -                           | 346,403            | 276,158             |
| Doubtful accounts expense   | 109,783             | -                      | -                    | -                        | -                           | 109,783            | 28,135              |
| Garbage removal   | 612,798             | -                      | -                    | -                        | -                           | 612,798            | 539,869             |
| Insurance   | 650,683             | -                      | -                    | -                        | -                           | 650,683            | 647,443             |
| Land and building rental  | 203,865             | -                      | -                    | -                        | -                           | 203,865            | 204,524             |
| Landscape maintenance   | 694,570             | -                      | -                    | -                        | -                           | 694,570            | 1,026,551           |
| Management fee  | 3,580,873           | -                      | -                    | -                        | -                           | 3,580,873          | 3,511,038           |
| Materials and supplies  | 64,938              | -                      | -                    | -                        | -                           | 64,938             | 39,098              |
| Other services and supplies   | 143,080             | -                      | -                    | -                        | -                           | 143,080            | 117,406             |
| Painting and cleaning   | 867,873             | -                      | -                    | -                        | -                           | 867,873            | 876,984             |
| Property taxes and licenses   | 1,919,149           | -                      | -                    | -                        | -                           | 1,919,149          | 1,836,291           |
| Repairs and maintenance   | 1,669,462           | -                      | 3,355,654            | 3,891,128                | -                           | 8,916,244          | 8,647,361           |
| Security  | 65,104              | -                      | -                    | -                        | -                           | 65,104             | 105,752             |
| Site management   | 2,672,734           | -                      | -                    | -                        | -                           | 2,672,734          | 2,259,026           |
| Utilities   | 2,814,465           | -                      | -                    | -                        | -                           | 2,814,465          | 2,818,050           |
|   | <b>22,805,795</b>   | <b>-</b>               | <b>3,355,654</b>     | <b>3,891,128</b>         | <b>-</b>                    | <b>30,052,577</b>  | <b>29,036,075</b>   |
| <b>Other expenses</b>   |                     |                        |                      |                          |                             |                    |                     |
| British Columbia Housing Management Commission operating reserve adjustment     | 268,628             | -                      | -                    | -                        | -                           | 268,628            | 47,180              |
| Property disposal reserve payment   | -                   | -                      | -                    | -                        | -                           | -                  | 213,704             |
| Subsidy surplus repayment   | 581,615             | -                      | -                    | -                        | -                           | 581,615            | 277,686             |
| Interest expense [note 5(b)]  | 6,578,471           | -                      | -                    | -                        | -                           | 6,578,471          | 7,342,689           |
|   | <b>7,428,714</b>    | <b>-</b>               | <b>-</b>             | <b>-</b>                 | <b>-</b>                    | <b>7,428,714</b>   | <b>7,881,259</b>    |
|   | <b>30,234,509</b>   | <b>-</b>               | <b>3,355,654</b>     | <b>3,891,128</b>         | <b>-</b>                    | <b>37,481,291</b>  | <b>36,917,334</b>   |
| <b>Excess (deficiency) of revenue over expenses</b>                             | <b>5,390,838</b>    | <b>35,109</b>          | <b>(2,958,604)</b>   | <b>(3,593,276)</b>       | <b>40,586</b>               | <b>(1,085,347)</b> | <b>(134,656)</b>    |
| Transfer (to) from reserves   | -                   | 304,219                | (976,935)            | 672,716                  | -                           | -                  | -                   |
| Transfer from (to) capital reserve  | (9,580,728)         | 9,580,728              | -                    | -                        | -                           | -                  | -                   |
| Contribution from (to) capital reserve  | (532,056)           | -                      | 532,056              | -                        | -                           | -                  | -                   |
| Contribution from (to) replacement reserve                                      | (1,909,627)         | -                      | 332,926              | 1,576,701                | -                           | -                  | -                   |
| Amortization transfer   | 6,348,696           | (6,348,696)            | -                    | -                        | -                           | -                  | -                   |
|   | <b>(5,673,715)</b>  | <b>3,536,251</b>       | <b>(111,953)</b>     | <b>2,249,417</b>         | <b>-</b>                    | <b>-</b>           | <b>-</b>            |
| <b>Net assets, beginning of year</b>  | <b>5,861,302</b>    | <b>(29,130,969)</b>    | <b>11,991,464</b>    | <b>10,841,382</b>        | <b>1,447,780</b>            | <b>1,010,959</b>   | <b>1,145,615</b>    |
| <b>Net assets, end of year</b>  | <b>\$ 5,578,425</b> | <b>\$ (25,559,609)</b> | <b>\$ 8,920,907</b>  | <b>\$ 9,497,523</b>      | <b>\$ 1,488,366</b>         | <b>\$ (74,388)</b> | <b>\$ 1,010,959</b> |

See accompanying notes to financial statements




Director

# METRO VANCOUVER HOUSING CORPORATION

## Exhibit C

### Statement of Cash Flows

Year ended December 31, 2009 with comparative figures for 2008

|   | Revenue Fund | Capital Fund | Capital Reserve Fund | Replacement Reserve Fund | Rental Subsidy Reserve Fund | Total 2009     | Total 2008   |
|---|--------------|--------------|----------------------|--------------------------|-----------------------------|----------------|--------------|
| <b>Cash provided by (used in):</b>                                |              |              |                      |                          |                             |                |              |
| <b>Operations</b>   |              |              |                      |                          |                             |                |              |
| Excess (deficiency) of revenue over expenses                      | \$ 5,390,838 | \$ 35,109    | \$ (2,958,604)       | \$ (3,593,276)           | \$ 40,586                   | \$ (1,085,347) | \$ (134,656) |
| Items not affecting cash:   |              |              |                      |                          |                             |                |              |
| Net gain on disposition of property                               | -            | -            | -                    | -                        | -                           | -              | (141,688)    |
| Amortization  | 6,348,696    | -            | -                    | -                        | -                           | 6,348,696      | 6,102,340    |
|   | 11,739,534   | 35,109       | (2,958,604)          | (3,593,276)              | 40,586                      | 5,263,349      | 5,825,996    |
| Net changes in other non-cash operating balances                  | (126,509)    | -            | -                    | 775,801                  | 313,932                     | 963,224        | (301,092)    |
|   | 11,613,025   | 35,109       | (2,958,604)          | (2,817,475)              | 354,518                     | 6,226,573      | 5,524,904    |
| <b>Financing</b>  |              |              |                      |                          |                             |                |              |
| Reserve transfers   | (12,022,411) | 9,580,728    | (111,953)            | 2,553,636                | -                           | -              | -            |
| Capital assets funding  | -            | 304,219      | -                    | (304,219)                | -                           | -              | -            |
| Mortgage principal repayment                                      | -            | (9,434,046)  | -                    | -                        | -                           | (9,434,046)    | (8,938,905)  |
| Debenture repayment   | -            | (146,681)    | -                    | -                        | -                           | (146,681)      | (135,615)    |
| Advances (to) from British Columbia Housing Management Commission | 246,713      | (1,267)      | -                    | -                        | -                           | 245,446        | 45,722       |
| Advances (to) from Greater Vancouver Regional District            | 162,673      | (23,653)     | 3,070,557            | 568,058                  | (354,518)                   | 3,423,117      | 3,855,500    |
|   | (11,613,025) | 279,300      | 2,958,604            | 2,817,475                | (354,518)                   | (5,912,164)    | (5,173,298)  |
| <b>Investing</b>  |              |              |                      |                          |                             |                |              |
| Addition to rental properties                                     | -            | (10,190)     | -                    | -                        | -                           | (10,190)       | (10,583)     |
| Addition to fixtures  | -            | (304,219)    | -                    | -                        | -                           | (304,219)      | (341,023)    |
|   | -            | (314,409)    | -                    | -                        | -                           | (314,409)      | (351,606)    |
| Decrease in cash  | -            | -            | -                    | -                        | -                           | -              | -            |
| Cash, beginning and end of year                                   | \$ -         | \$ -         | \$ -                 | \$ -                     | \$ -                        | \$ -           | \$ -         |

See accompanying notes to financial statements.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 1

December 31, 2009, with comparative figures for 2008

---

The Metro Vancouver Housing Corporation ("MVHC") is a wholly-owned subsidiary of the Greater Vancouver Regional District ("GVRD"). The MVHC is incorporated under the Business Corporations Act (British Columbia) as a not-for-profit corporation for the purpose of supplying public rental accommodation, and is exempt from income taxes.

## 1. Significant accounting policies

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, as recommended by the Canadian Institute of Chartered Accountants. The significant accounting policies are summarized below:

(a) CICA Handbook Section 1400, *General Standards of Financial Statement Presentation*, requires management to assess and disclose an entity's ability to continue as a going concern. Management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon MVHC's ability to continue as a going concern.

(b) Basis of presentation:

The MVHC follows the restricted fund method of accounting for and presentation of restricted contributions. Accordingly, the transactions of the MVHC are recorded in five funds as follows:

### i) Revenue Fund

The Revenue Fund reflects the MVHC's assets, liabilities and transactions relating to the ongoing rental operations. Funds relating to the accumulation of surpluses for Section 27 (a federal funding program which requires economic or breakeven rents) and Homes BC ([note 2(e)], a provincial program that provides funding for interim construction financing, operating subsidies and rent subsidies) are recognized as externally restricted net assets and retained to offset future operating deficits in these projects. Homes BC surplus funds may be used for other purposes as approved by the British Columbia Housing Management Commission ("BCHMC"). In the event that surpluses exceed the maximum of \$500 per unit, BCHMC may require that excess funds be repaid [note 10(f)].

### ii) Capital Fund

The Capital Fund reflects the MVHC's investment in capital assets and related financing activities. Contributions of or for the acquisition or construction of capital assets are recorded as revenue in the capital fund upon receipt provided required conditions have been met.

### iii) Capital Reserve Fund

The Capital Reserve fund comprises MVHC funds accumulated from the gain on disposition of properties, annual capital replacement reserve from operations of MVHC properties, MVHC operating reserves, certain non-rental income and designated surpluses for water ingress repairs. During 2009, all externally restricted funds of \$2.9 million were spent on water ingress repairs. Remaining funds held are internally restricted and can be used for water ingress repairs, to cover deficits in funding programs or for other MVHC projects.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 2

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### iv) Replacement Reserve Fund

Under operating agreements entered into with Canada Mortgage and Housing Corporation ("CMHC") and BCHMC, a reserve is required to be provided from rental operations for the replacement of equipment and specified building components. In accordance with CMHC agreements, from the inception of a project, a maximum of 1% per annum of the original construction cost of the building is permitted as a provision against rental revenue for the purpose of calculating the operating income or loss. With approval of CMHC, contributions may be adjusted from time to time based on an asset life cycle analysis. Expenditures from this reserve require approval by CMHC and are restricted to the replacement of equipment and specified building components.

In accordance with BCHMC agreements, reserve contributions are based on approved projected capital repairs and replacements for each project. The annual contribution is allowed as a provision for the purpose of calculating the operating income or loss upon which assistance is based.

### v) Rental Subsidy Reserve Fund

A rental subsidy reserve pursuant to Section 95 of the National Housing Act ("NHA") may be provided from rental operations to a cumulative maximum of \$500 per unit. The use of this fund is restricted to meeting future subsidy requirements over and above the maximum assistance [note 10(f)].

### (c) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts in the statements and the disclosure of contingent liabilities. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results. Significant areas requiring the use of management's judgment relates to the employee future benefit liability.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 3

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### (d) Rental properties:

#### i) Cost:

The MVHC capitalizes, at cost, all housing rental property expenditures, including interest and property taxes incurred to the date of completion of the project.

#### ii) Repairs and maintenance:

Costs of repairs and maintenance are charged to operations. Costs of additions and replacements of rental properties and components thereof that extend or enhance the service potential of the assets are capitalized. Upon retirement or disposal of rental properties, the cost and related accumulated amortization are removed from the accounts and any gain or loss is reflected in net operating revenue for the year.

#### iii) Contributions:

Contributions received under financing agreements with respect to construction or acquisition of rental properties are recorded as revenue when received under the restricted fund method.

#### iv) Amortization:

Amortization is provided on a straight-line basis over the following periods:

|  |          |
|--|----------|
| Prepaid land leases (with the exception of Habitat Villa & Walnut Gardens; property reverts to lessor on lease expiration) | 60 years |
| Habitat Villa (property reverts to lessor on lease expiration)   | 50 years |
| Walnut Gardens (property reverts to lessor on lease expiration)  | 42 years |
| Rental buildings (with the exception of Manor House and the Regal Hotel)   | 35 years |
| Manor House and the Regal Hotel (older properties)   | 25 years |
| Fixtures   | 6 years  |

### (e) Due from (to) Greater Vancouver Regional District:

In order to improve cash management, the general practice of the Greater Vancouver Districts and the MVHC is to accumulate investments in a pooled account held by the GVRD. The investments consist of highly liquid money market instruments.

### (f) Revenue recognition:

Revenue is recorded in the period in which transactions or events giving rise to the revenue occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the MVHC discharges its obligations that led to the receipt of funds.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 4

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

### (g) Employee future benefits:

The MVHC and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, the MVHC's contributions are expensed as incurred.

The MVHC also provides certain post-employment benefits including accumulated banked sick and vacation pay, retirement severance and Worker's Compensation top-up benefits for employees pursuant to certain policies and union agreements. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

### (h) Deferred revenue and refundable deposits:

Deferred revenues represent security deposits and subsidy revenues which have been collected, but for which the related services or obligations have yet to be performed. These amounts will be recognized as revenues or refunded in the fiscal year the services are performed or obligations have been met.

### (i) Financial Instruments:

MVHC applies the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments – Recognition and Measurement, CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation, and CICA Handbook Section 3865, Hedges. Under these standards, all financial instruments, including derivatives, are included on the balance sheet and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments is dependent upon the classification of each instrument.

The standard requires that all financial assets be classified as either held for trading (HFT), available for sale (AFS), held-to-maturity (HTM) or loans and receivables. Financial liabilities are classified as either held for trading or other financial liabilities.

HFT financial instruments are measured at fair value and all gains and losses are included in excess of revenues over expenses in the period in which they arise. AFS financial instruments are measured at fair value with revaluation gains and losses recorded as changes in net assets until the instrument is removed from the balance sheet. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as normal purchase and sale. All changes in the fair value of derivatives are recognized as revenue/expense unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 5

December 31, 2009, with comparative figures for 2008

---

## 1. Significant accounting policies (continued)

MVHC classifies its financial instruments as follows:

Held-to-Maturity – Accounts receivable, Due from BCHMC; Due from CMHC; Due from GVRD; Mortgages and debentures payable; Employee future benefits

Other financial liabilities – Accounts payable; Accrued debt interest charges; Due to CMHC; Tenant's security deposits.

MVHC does not currently hold any financial assets classified as held for trading or available for sale.

MVHC does not currently have any financial derivatives.

### (j) Capital disclosures:

CICA Handbook Section 1535, *Capital Disclosures*, requires quantitative disclosure about what is regarded as capital and disclosure of information with respect to the objectives, policies and processes used by MVHC to manage capital. Disclosures is also required for the nature of its externally imposed capital requirements and whether the entity has complied with them, and if not, the consequences. These disclosures are included in Note 11 to the financial statements.

### (k) Adoption of accounting standards:

The not-for-profit accounting standards have been re-issued by the CICA providing further guidance relating to financial statement presentation, capital assets, reporting controlled and related entities and disclosure on related party transactions. The revisions to the standards became effective for MVHC's fiscal year ending December 31, 2009. Adoption of the new standards has not had any significant impact on MVHC's financial statements.

### (l) Future accounting changes:

The PSAB recently approved changes to the scope of public sector accounting standards. Under the proposed framework, MVHC is expected to be classified as a government not-for-profit organization as at January 1, 2011. Government not-for-profit organizations will be required to adopt PSAB with additional specific not-for-profit standards. MVHC is considering the impact of the changes in accounting framework on its financial statements.

## 2. Senior Government Assistance

In 2007, the CMHC devolved its operations relating to MVHC to BCHMC. Section 27 and Section 95 funding programs are now managed and administered by BCHMC. Provisions in the original operating agreements with CMHC remain intact for these portfolios but BCHMC directly provides the related government assistance. Details of senior government assistance are as follows:

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 6

December 31, 2009, with comparative figures for 2008

---

## 2. Senior Government Assistance (continued)

### (a) CMHC mortgage assistance on NHA Section 95 projects:

The MVHC entered into agreements with the CMHC pursuant to Section 95 of the NHA whereby CMHC provides mortgage assistance to the MVHC which reduces the interest cost to not less than 2% on all mortgages payable.

The mortgage assistance on a project is reduced by repaying CMHC any surplus funds from rental operations after allowing for:

- (i) the provision of a rental subsidy reserve to a cumulative maximum of \$500 per rental property unit, and
- (ii) the allocation of the annual operating surplus on a housing project, after providing the full rental subsidy reserve, to operating deficits of other projects.

### (b) CMHC financing assistance on NHA Section 27 projects:

Under the terms of certain financing agreements pursuant to Section 27 of the NHA, the MVHC financed five rental properties by issuing 49 year debentures on each project at an effective interest rate of 8%, which was less than the market rate of interest prevailing at the time the financing agreements were entered into.

### (c) CMHC mortgage insurance:

Pursuant to Section 6 of the NHA, CMHC has undertaken to insure mortgages payable by the MVHC.

### (d) NHA Section 82.1(a) and 82.1(b) subsidy:

Rental supplements are authorized under Section 82.1(a) and 82.1(b) of the NHA and are funded jointly by BCHMC on behalf of the both the Federal Government the Province of British Columbia.

### (e) Homes BC Projects:

The MVHC has entered into agreements with BCHMC under the Provincially funded Homes BC Program. BCHMC provides rent subsidy assistance for Rent Geared to Income ("RGI") units based on the difference between the tenant rent contribution and the BCHMC approved economic rents. BCHMC also provides assistance for non RGI units equal to the difference between the BCHMC approved economic rents and the BCHMC approved low-end of market rents. Assistance received for non RGI units is repayable under certain circumstances [note 10(d)].

## 3. Prepaid Land Leases

---

|       | <b>Cost</b>   | <b>Accumulated<br/>Amortization</b> | <b>2009<br/>Net Book<br/>Value</b> | <b>2008<br/>Net Book<br/>Value</b> |
|-------|---------------|-------------------------------------|------------------------------------|------------------------------------|
| Total | \$ 11,618,633 | \$ 4,057,394                        | \$ 7,561,239                       | \$ 7,973,253                       |

---



# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 7

December 31, 2009, with comparative figures for 2008

## 4. Capital Assets

|           | Cost           | Accumulated<br>Amortization | 2009<br>Net Book<br>Value | 2008<br>Net Book<br>Value |
|-----------|----------------|-----------------------------|---------------------------|---------------------------|
| Land      | \$ 48,051,740  | \$ -                        | \$ 48,051,740             | \$ 48,051,740             |
| Buildings | 196,157,241    | 133,105,353                 | 63,051,888                | 68,690,788                |
| Fixtures  | 5,290,188      | 4,477,082                   | 813,106                   | 806,670                   |
| WIP       | 34,210         | -                           | 34,210                    | 24,019                    |
| Total     | \$ 249,533,379 | \$ 137,582,435              | \$ 111,950,944            | \$ 117,573,217            |

## 5. Mortgages and Debentures Payable

### (a) Mortgages and debentures payable

The current portion of mortgages and debentures payable consists of the payments due within one year, including the outstanding balance for any mortgages to be renewed in that year. All mortgages are, however, expected to be renegotiated on a long-term basis. Annual principal repayments due within the next five years and thereafter are as follows:

|            | Assuming<br>no renewal<br>of mortgages | Assuming long-<br>term renewal of<br>mortgages |
|------------|--|--|
| 2010       | \$ 21,823,731                          | \$ 9,972,205                                   |
| 2011       | 52,499,967                             | 10,423,716                                     |
| 2012       | 5,348,484                              | 10,875,934                                     |
| 2013       | 5,563,646                              | 11,337,371                                     |
| 2014       | 11,777,713                             | 11,813,750                                     |
|            | 97,013,541                             | 54,422,976                                     |
| Thereafter | 47,441,601                             | 90,032,166                                     |
|            | \$ 144,455,142                         | \$ 144,455,142                                 |

Mortgages payable with respect to projects constructed pursuant to Section 95 of the NHA are collateralized by specific charges on rental properties as well as a general assignment of rents and a chattel mortgage on the fixtures and equipment. Properties funded by BCHMC mortgages are collateralized by a general assignment of rents and the benefit of all covenants and agreements included in any lease.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 8

December 31, 2009, with comparative figures for 2008

## 5. Mortgages and Debentures Payable (continued)

(b) Interest expense

|                            | 2009                | 2008                |
|----------------------------|---------------------|---------------------|
| Interest charges incurred: |                     |                     |
| Mortgages                  | \$ 5,915,901        | \$ 6,585,677        |
| Debentures                 | 572,793             | 584,762             |
| Other                      | 89,777              | 172,250             |
|                            | <u>\$ 6,578,471</u> | <u>\$ 7,342,689</u> |

The rates of interest payable on the principal amounts of mortgages and debentures range from 2.17% to 11.0%.

## 6. Employee Future Benefits

Under the terms of the various collective agreements and compensation policies, the MVHC provides its employees with sick days and certain employee benefits on termination and retirement. These include days severance based on years of service, days vacation based on years of service, Worker's Compensation top-up, and a full year's vacation entitlement in the year of retirement, irrespective of the actual retirement date.

The MVHC uses an actuarial valuation to determine estimated value of post-employment benefits.

Information about liabilities for the MVHC's employee benefit plans is as follows:

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| Accrued benefit obligation:             |                   |                   |
| Balance, beginning of year              | \$ 449,612        | \$ 469,863        |
| Current service cost                    | 15,408            | 36,098            |
| Interest cost                           | 10,514            | 22,442            |
| Workers' compensation top-up            | (5,966)           | 4,039             |
| Benefits paid                           | (44,456)          | (60,852)          |
| Actuarial gain                          | 1,352             | (21,978)          |
| Accrued benefit obligation, end of year | <u>\$ 426,464</u> | <u>\$ 449,612</u> |

Actuarial gains and losses are amortized over 11 years, being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| Accrued benefit obligation:            |                   |                   |
| Balance, end of year                   | \$ 426,464        | \$ 449,612        |
| Unamortized actuarial gain             | 21,768            | 29,189            |
| Accrued benefit liability, end of year | <u>\$ 448,232</u> | <u>\$ 478,801</u> |

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 9

December 31, 2009, with comparative figures for 2008

## 6. Employee Future Benefits (continued)

The significant actuarial assumptions adopted in measuring the MVHC's accrued benefit obligation are as follows:

|                                    | 2009  | 2008  |
|------------------------------------|-------|-------|
| Discount rates                     | 5.00% | 5.25% |
| Expected future inflation rates    | 2.50% | 2.50% |
| Expected wage and salary increases | 2.50% | 2.50% |

## 7. Deferred revenue and refundable deposits

Deferred revenue and refundable deposits are made up of the following:

|                               | 2009        | 2008        |
|-------------------------------|-------------|-------------|
| Deferred revenue              | \$ 305,876  | \$ 340,970  |
| MVHC tenant security deposits | 1,579,712   | 1,511,911   |
| Total                         | \$1,885,588 | \$1,852,881 |

Continuity of deferred revenue is as follows:

|   | 2009         | 2008         |
|---|--------------|--------------|
| Balance, beginning of year                | \$ 1,852,881 | \$ 1,697,653 |
| Other deposits and contributions received | 12,927,891   | 11,708,073   |
| Total revenue                             | 14,780,772   | 13,405,726   |
| Contributions and deposits used           | 12,895,184   | 11,552,845   |
| Balance, end of year                      | \$1,885,588  | \$1,852,881  |

## 8. Share Capital

Authorized and issued 2,000 common shares with a par value of \$1 per share.

## 9. Invested in Capital Assets

a) Invested in capital assets is calculated as follows:

|                                    | 2009            | 2008            |
|------------------------------------|-----------------|-----------------|
| Capital assets                     | \$ 111,950,944  | \$ 117,573,217  |
| Amounts financed by long-term debt | (144,455,142)   | (154,035,870)   |
|                                    | \$ (32,504,198) | \$ (36,462,653) |

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 10

December 31, 2009, with comparative figures for 2008

## 9. Invested in Capital Assets (continued)

b) Excess of revenue over expenses:

|                                | 2009           | 2008           |
|--------------------------------|----------------|----------------|
| Amortization of capital assets | \$ (5,936,682) | \$ (5,908,696) |

c) Change in net assets invested in capital assets:

|  | 2009         | 2008         |
|--|--------------|--------------|
| Purchase of capital assets                 | \$ 314,409   | \$ 351,606   |
| Disposal of capital assets, net book value | -            | (376,875)    |
| Payment of long-term debt                  | 9,580,728    | 9,593,083    |
|  | \$ 9,895,137 | \$ 9,567,814 |

## 10. Contingencies:

(a) Lawsuits:

At December 31, 2009, there were various lawsuits pending against the MVHC arising in the ordinary course of business. The MVHC has retained legal counsel to defend against these lawsuits. It is not possible to predict the outcome of these lawsuits at this time. Management is of the opinion that losses, if any, resulting from these lawsuits will not have a material impact on the financial statements.

(b) Self insurance fund:

A self insurance fund has been established to cover losses resulting from uninsured liability exposures of the Greater Vancouver Districts and the MVHC.

Each year a review is undertaken to determine if it would be beneficial to purchase liability insurance. The GVRD and related Districts and the MVHC contribute to the fund depending on the fund's adequacy to cover retained liability risk.

An estimate is made for all costs of investigating and settlement of claims incurred annually and an adjustment is made to the fund to maintain an adequate balance to cover potential losses. These adjustments are changed as additional information becomes known during the course of claims settlement.

(c) Municipal Pension Plan:

The MVHC and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local governments.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 11

December 31, 2009, with comparative figures for 2008

---

## 10. Contingencies (continued)

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 approximately \$438,000,000 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 MVHC paid \$288,691 for employer contributions to the plan during the year ended December 31, 2009 (2008 - \$284,497). The employee's contributions amounted to \$266,323 (2008 - \$264,419).

### (d) BC Homes Repayable Assistance:

The cumulative non-RGI assistance is contingently repayable to BCHMC in the event that the total rent contribution in any year exceeds the economic rent of the suites occupied by non-RGI tenants. Annual repayments would be based on the amount by which non-RGI tenant contributions exceed economic rents, which take into account repayment of debt. In management's opinion, such an event will not occur until the mortgages on these properties mature, which is in approximately 20 years. Consequently, no provision has been made in these financial statements.

### (e) Water ingress repairs:

Based on professional building assessments conducted between 1999 and 2005, eleven of MVHC's section 95 properties were identified as having systemic water ingress issues. Estimated costs to complete remaining water ingress work is \$4.2 million (2008 - \$15.3 million) and will be funded out of the capital reserve fund. Some buildings have been re-evaluated and repairs are no longer considered systemic. Repairs to these buildings will be funded within existing capital replacement reserve planning.

### (f) Rental Subsidy Reserve:

The MVHC's Section 95 portfolio has a cumulative maximum allowable rental subsidy reserve of \$500 per unit plus interest. Any excess reserves are repayable to BCHMC, who now manage and administer the portfolio on behalf of CMHC. This portfolio holds 2,263 units as at December 31, 2009. The maximum allowable reserve is \$1,131,500, plus cumulative interest of \$356,866 for a total of \$1,488,366.

As at December 31, 2008, the reserve had excess funds of \$267,683 which had been recorded as a liability. In 2009, BCHMC approved the transfer of the excess to the Water Ingress Reserve to fund cost of repairs.

As at December 31, 2009, the reserve's current year excess is \$581,615. BCHMC will perform an annual review to determine whether funds will be repaid or approved for transfer to reserve. If approved, transfers will occur in the year of assessment.

# METRO VANCOUVER HOUSING CORPORATION

Notes to Financial Statements, page 12

December 31, 2009, with comparative figures for 2008

---

## 10. Contingencies (continued)

(g) Section 27 and 95 Portfolios:

Under the terms of the operating agreements, the funding partner performs a review of expenditures applied against the Section 27 and 95 portfolios. The funding partner has the authority to deem certain expenditures ineligible as a charge against property revenues. Management is of the opinion that the outcome and amount of an assessment is undeterminable. Should the funding partner deem amounts ineligible, the amount will be funded from existing reserves in the year of assessment.

## 11. Capital disclosures

MVHC's capital currently consists of its deficiency in net assets and mortgage and debentures payable. The accounting accumulated amortization charged against capital assets currently exceeds the amount paid down on the mortgages and debentures payable. Over time this trend will reverse thereby eliminating the deficiency. MVHC's objective when managing capital is to safeguard its assets and to ensure that adequate capital is managed for future requirements. There are currently external restrictions with respect to MVHC's capital. External restrictions are presented on the Statement of Financial position in the Replacement Reserve Fund and Rental Subsidy Reserve Fund.



**KPMG LLP**  
**Chartered Accountants**  
Metrotower II  
Suite 2400 - 4720 Kingsway  
Burnaby BC V5H 4N2

Telephone (604) 527-3600  
Fax (604) 527-3636  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION TO THE SHAREHOLDER**

To the Shareholder of the  
Metro Vancouver Housing Corporation

We have audited and reported separately herein on the financial statements of the Metro Vancouver Housing Corporation (the "Corporation") as at and for the year ended December 31, 2009 in accordance with Canadian generally accepted auditing standards.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole in accordance with Canadian generally accepted accounting principles. The current year's supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Chartered Accountants

Burnaby, Canada

March 31, 2010

**METRO VANCOUVER HOUSING CORPORATION**  
**Schedule 1 (Page 1 of 2)**  
**Capital Assets**  
December 31, 2009 with comparative figures for 2008

**Rental Properties**

| Rental Property                  | Completion Date | Lease Expiry Date | Land         |            |                    |              | Net Book Value           |            |            |
|----------------------------------|-----------------|-------------------|--------------|------------|--------------------|--------------|--------------------------|------------|------------|
|                                  |                 |                   | Building     | Freehold   | Leasehold Interest | Total Cost   | Accumulated Amortization | 2009       | 2008       |
| <b>Vancouver</b>                 |                 |                   |              |            |                    |              |                          |            |            |
| Semin Terrace                    | 1-Jun-1977      | 1-Jun-2036        | \$ 1,186,903 | \$ -       | \$ -               | \$ 1,186,903 | \$ (1,119,080)           | \$ 67,823  | \$ 101,735 |
| Grandview Gardens                | 1-May-1977      | 1-Jun-2036        | 791,595      | -          | -                  | 791,595      | (746,361)                | 45,234     | 67,851     |
| Kelly Court                      | 1-Dec-1979      | 1-Mar-2039        | 1,599,221    | -          | -                  | 1,599,221    | (1,416,452)              | 182,769    | 228,461    |
| Earle Adams                      | 1-May-1979      | 1-Sep-2038        | 3,335,816    | -          | -                  | 3,335,816    | (2,954,580)              | 381,236    | 476,545    |
| Euclid Square                    | 1-May-1979      | 1-Sep-2038        | 1,026,683    | -          | -                  | 1,026,683    | (909,347)                | 117,336    | 146,670    |
|                                  |                 |                   | 7,940,218    | -          | -                  | 7,940,218    | (7,145,820)              | 794,398    | 1,021,262  |
| <b>Total Section 27 Projects</b> |                 |                   | 7,940,218    | -          | -                  | 7,940,218    | (7,145,820)              | 794,398    | 1,021,262  |
| <b>Burnaby</b>                   |                 |                   |              |            |                    |              |                          |            |            |
| Eastburn Square                  | 1-Feb-1984      | -                 | 1,725,987    | 590,000    | -                  | 2,315,987    | (1,282,162)              | 1,033,825  | 1,083,139  |
| Ran Beamish Place                | 1-May-1984      | -                 | 7,835,052    | 2,440,000  | -                  | 10,275,052   | (5,820,324)              | 4,454,728  | 4,678,586  |
| Greystone Village                | 1-Feb-1984      | -                 | 6,364,308    | 1,650,000  | -                  | 8,014,308    | (4,727,771)              | 3,286,537  | 3,468,374  |
|                                  |                 |                   | 15,925,347   | 4,680,000  | -                  | 20,605,347   | (11,830,257)             | 8,775,090  | 9,230,099  |
| <b>Coquitlam</b>                 |                 |                   |              |            |                    |              |                          |            |            |
| Park Court                       | 1-Jun-1979      | -                 | 600,140      | 241,675    | -                  | 841,815      | (531,552)                | 310,263    | 327,409    |
| Le Chateau Place                 | 1-Jan-1980      | -                 | 511,741      | 716,466    | -                  | 1,228,207    | (438,635)                | 277,831    | 292,452    |
| Ozada Villa                      | 1-Sep-1982      | -                 | 3,402,558    | 797,442    | -                  | 4,200,000    | (2,722,047)              | 1,477,953  | 1,575,169  |
| Malaspina Village                | 1-Oct-1982      | -                 | 4,195,513    | 1,811,212  | -                  | 6,006,725    | (3,356,411)              | 2,650,314  | 2,770,186  |
|                                  |                 |                   | 8,709,952    | 3,055,054  | -                  | 11,765,006   | (7,048,645)              | 4,716,361  | 4,965,216  |
| <b>Delta</b>                     |                 |                   |              |            |                    |              |                          |            |            |
| Evergreen                        | 1-Dec-1982      | -                 | 2,115,358    | 723,242    | -                  | 2,838,600    | (1,692,287)              | 1,146,313  | 1,206,752  |
| Lynden Court                     | 1-Jan-1983      | -                 | 3,080,268    | 1,374,497  | -                  | 4,454,765    | (2,376,206)              | 2,078,559  | 2,166,566  |
|                                  |                 |                   | 5,195,626    | 2,097,739  | -                  | 7,293,365    | (4,068,493)              | 3,224,872  | 3,373,318  |
| <b>New Westminster</b>           |                 |                   |              |            |                    |              |                          |            |            |
| London Square                    | 1-Jan-1983      | -                 | 3,401,529    | 1,003,764  | -                  | 4,405,293    | (2,624,037)              | 1,781,256  | 1,878,443  |
| McBride Place                    | 1-Jan-1985      | -                 | 5,929,641    | 1,520,000  | -                  | 7,449,641    | (4,235,458)              | 3,214,183  | 3,383,601  |
|                                  |                 |                   | 9,331,170    | 2,523,764  | -                  | 11,854,934   | (6,859,495)              | 4,995,439  | 5,262,044  |
| <b>North Vancouver</b>           |                 |                   |              |            |                    |              |                          |            |            |
| Walnut Gardens                   | 1-Jan-1985      | 1-May-2026        | 1,606,883    | -          | -                  | 1,606,883    | (1,147,773)              | 459,110    | 505,022    |
| Pinewood Place                   | 1-Oct-1985      | -                 | 2,728,568    | 1,450,000  | -                  | 4,178,568    | (1,948,977)              | 2,229,591  | 2,307,550  |
|                                  |                 |                   | 4,335,451    | 1,450,000  | -                  | 5,785,451    | (3,096,750)              | 2,688,701  | 2,812,572  |
| <b>Port Moody</b>                |                 |                   |              |            |                    |              |                          |            |            |
| Moray Place                      | 1-May-1983      | -                 | 3,784,132    | 921,868    | -                  | 4,706,000    | (2,919,187)              | 1,786,813  | 1,894,931  |
|                                  |                 |                   | 3,784,132    | 921,868    | -                  | 4,706,000    | (2,919,187)              | 1,786,813  | 1,894,931  |
| <b>Richmond</b>                  |                 |                   |              |            |                    |              |                          |            |            |
| Adelaide Court                   | 1-Sep-1982      | 1-Mar-2042        | 3,984,361    | -          | -                  | 3,984,361    | (3,187,489)              | 796,872    | 910,711    |
| Maple Vine Court                 | 1-Apr-1983      | -                 | 4,851,665    | 1,305,835  | -                  | 6,157,500    | (3,742,713)              | 2,414,787  | 2,553,406  |
| Knightsbridge I                  | 1-Mar-1983      | -                 | 4,742,854    | 2,056,646  | -                  | 6,799,500    | (3,658,773)              | 3,140,727  | 3,276,237  |
| Knightsbridge II                 | 1-Mar-1984      | -                 | 4,446,142    | 1,618,500  | -                  | 6,064,642    | (3,302,848)              | 2,761,794  | 2,888,826  |
| Moffatt Park                     | 1-Jul-1984      | -                 | 1,251,741    | 583,700    | -                  | 1,835,441    | (929,865)                | 905,576    | 941,340    |
|                                  |                 |                   | 19,276,763   | 5,564,681  | -                  | 24,841,444   | (14,821,688)             | 10,019,756 | 10,570,520 |
| <b>Surrey</b>                    |                 |                   |              |            |                    |              |                          |            |            |
| Guildford Glen                   | 1-Jul-1981      | -                 | 3,821,696    | 611,795    | -                  | 4,433,491    | (3,166,548)              | 1,266,943  | 1,376,134  |
| Kingston Gardens 1 2 and 3       | 1-Jul-1981      | -                 | 6,446,660    | 1,615,155  | -                  | 8,061,815    | (5,341,518)              | 2,720,297  | 2,904,487  |
| Kingston Gardens 4               | 1-Oct-1981      | -                 | 2,865,273    | 808,400    | -                  | 3,673,673    | (2,374,083)              | 1,299,590  | 1,381,455  |
| Somerset Gardens                 | 1-Jul-1982      | -                 | 3,159,149    | 1,731,846  | -                  | 4,890,995    | (2,527,319)              | 2,363,676  | 2,453,937  |
| Epsom Downs                      | 1-Jul-1982      | -                 | 8,258,944    | 1,760,624  | -                  | 10,019,568   | (6,607,155)              | 3,412,413  | 3,648,383  |
| Sutton Place                     | 1-Oct-1982      | -                 | 5,212,355    | 1,711,895  | -                  | 6,924,250    | (4,169,884)              | 2,754,366  | 2,903,290  |
| Deer Park Lane                   | 1-Jul-1982      | -                 | 1,956,839    | 945,652    | -                  | 2,902,491    | (1,565,471)              | 1,337,020  | 1,392,930  |
| Somerset Gardens 2               | 1-Jul-1982      | -                 | 2,508,244    | 1,409,715  | -                  | 3,917,959    | (2,006,595)              | 1,911,364  | 1,983,028  |
| Somerset Gardens 1               | 1-Nov-1979      | -                 | 2,377,622    | 1,109,378  | -                  | 3,487,000    | (2,105,894)              | 1,381,106  | 1,449,038  |
|                                  |                 |                   | 36,606,782   | 11,704,460 | -                  | 48,311,242   | (29,864,467)             | 18,446,775 | 19,492,682 |



**METRO VANCOUVER HOUSING CORPORATION**  
**Schedule 1 (Page 2 of 2)**  
**Capital Assets**  
December 31, 2009 with comparative figures for 2008

| Rental Property                         | Completion Date | Lease Expiry Date | Land               |                   |                    | Total Cost            | Accumulated Amortization | Net Book Value        |                       |
|---|-----------------|-------------------|--------------------|-------------------|--------------------|-----------------------|--------------------------|-----------------------|-----------------------|
|   |                 |                   | Building           | Freehold          | Leasehold Interest |                       |                          | 2009                  | 2008                  |
| <b>Vancouver</b>                        |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Habitat Village                         | 1-Nov-1979      | 1-Mar-2039        | 1,306,153          | -                 | -                  | 1,306,153             | (1,156,878)              | 149,275               | 186,593               |
| Tivoli Gardens                          | 1-May-1982      | 1-Mar-2042        | 8,510,371          | -                 | -                  | 8,510,371             | (6,808,297)              | 1,702,074             | 1,945,227             |
| Ashdown Garden                          | 1-Dec-1982      | -                 | 1,711,695          | 900,845           | -                  | 2,612,540             | (1,369,356)              | 1,243,184             | 1,292,090             |
| Heather Place                           | 1-Jan-1983      | -                 | 5,127,580          | 2,464,092         | -                  | 7,591,672             | (3,955,562)              | 3,636,110             | 3,782,612             |
| Strathearn Court                        | 1-May-1984      | -                 | 4,852,527          | 2,800,000         | -                  | 7,652,527             | (3,604,734)              | 4,047,793             | 4,186,436             |
| Hemlock Court                           | 1-Dec-1984      | -                 | 1,236,991          | 480,000           | -                  | 1,716,991             | (918,907)                | 798,084               | 833,426               |
| Hugh Bird Residence                     | 1-Dec-1981      | 1-Sep-2040        | 2,829,727          | -                 | -                  | 2,829,727             | (2,344,631)              | 485,096               | 565,945               |
| Franklin Street                         | 1-Jan-1982      | -                 | -                  | -                 | -                  | -                     | -                        | -                     | -                     |
|   |                 |                   | 25,575,044         | 6,644,937         | -                  | 32,219,981            | (20,158,365)             | 12,061,616            | 12,792,329            |
| <b>Total Section 95 Projects</b>        |                 |                   | <b>128,740,267</b> | <b>38,642,503</b> | <b>-</b>           | <b>167,382,770</b>    | <b>(100,667,347)</b>     | <b>66,715,423</b>     | <b>70,393,711</b>     |
| <b>Richmond</b>                         |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Cedarwood Place                         | 1-Jan-1988      | 1-Mar-2047        | 2,533,493          | -                 | -                  | 2,533,493             | (1,592,482)              | 941,011               | 1,013,397             |
| Alderwood Place                         | 1-Jul-1992      | 1-Jul-2051        | 4,014,802          | -                 | -                  | 4,014,802             | (2,064,755)              | 1,950,047             | 2,064,756             |
|   |                 |                   | 6,548,295          | -                 | -                  | 6,548,295             | (3,657,237)              | 2,891,058             | 3,078,153             |
| <b>Total Seniors Projects</b>           |                 |                   | <b>6,548,295</b>   | <b>-</b>          | <b>-</b>           | <b>6,548,295</b>      | <b>(3,657,237)</b>       | <b>2,891,058</b>      | <b>3,078,153</b>      |
| <b>Coquitlam</b>                        |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Chateau de Ville                        | 1-Jun-2000      | 1-Jun-2060        | 9,534,902          | -                 | 2,500,000          | 12,034,902            | (2,724,259)              | 9,310,643             | 9,583,069             |
|   |                 |                   | 9,534,902          | -                 | 2,500,000          | 12,034,902            | (2,724,259)              | 9,310,643             | 9,583,069             |
| <b>Maple Ridge</b>                      |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Fraserwood                              | 1-Dec-2000      | 1-Dec-2060        | 4,958,710          | -                 | 537,867            | 5,496,577             | (1,418,886)              | 4,077,691             | 4,219,284             |
|   |                 |                   | 4,958,710          | -                 | 537,867            | 5,496,577             | (1,418,886)              | 4,077,691             | 4,219,284             |
| <b>Port Moody</b>                       |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Inlet Centre                            | 1-Oct-2003      | 1-Oct-2063        | 10,791,852         | -                 | -                  | 10,791,852            | (2,161,060)              | 8,630,792             | 8,939,035             |
|   |                 |                   | 10,791,852         | -                 | -                  | 10,791,852            | (2,161,060)              | 8,630,792             | 8,939,035             |
| <b>Richmond</b>                         |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Odlinwood                               | 1-Aug-2001      | 1-Aug-2061        | 5,918,979          | -                 | -                  | 5,918,979             | (1,519,825)              | 4,399,154             | 4,568,352             |
| Maplewood                               | 1-May-2002      | 1-Dec-2062        | 3,406,469          | -                 | -                  | 3,406,469             | (779,698)                | 2,626,771             | 2,724,059             |
|   |                 |                   | 9,325,448          | -                 | -                  | 9,325,448             | (2,299,523)              | 7,025,925             | 7,292,411             |
| <b>Vancouver</b>                        |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Claude Douglas                          | 1-Dec-2001      | 1-Dec-2061        | 2,813,371          | -                 | 520,000            | 3,333,371             | (722,435)                | 2,610,936             | 2,691,357             |
|   |                 |                   | 2,813,371          | -                 | 520,000            | 3,333,371             | (722,435)                | 2,610,936             | 2,691,357             |
| <b>Total Homes BC Projects</b>          |                 |                   | <b>37,424,283</b>  | <b>-</b>          | <b>3,557,867</b>   | <b>40,982,150</b>     | <b>(9,326,163)</b>       | <b>31,655,987</b>     | <b>32,725,156</b>     |
| <b>New Westminster</b>                  |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Crown Manor                             | 29-Nov-2002     | -                 | 1,210,846          | 610,000           | -                  | 1,820,846             | (287,754)                | 1,533,092             | 1,567,281             |
|   |                 |                   | 1,210,846          | 610,000           | -                  | 1,820,846             | (287,754)                | 1,533,092             | 1,567,281             |
| <b>North Vancouver</b>                  |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| St Andrews Place                        | 1-Oct-1976      | -                 | 402,826            | 77,701            | -                  | 480,527               | (391,317)                | 89,210                | 100,720               |
| Manor House                             | 18-Sep-1998     | -                 | 1,556,724          | 2,585,190         | -                  | 4,141,914             | (747,228)                | 3,394,686             | 3,456,955             |
|   |                 |                   | 1,959,550          | 2,662,891         | -                  | 4,622,441             | (1,138,545)              | 3,483,896             | 3,557,675             |
| <b>Port Coquitlam</b>                   |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Meridian Village                        | 1-May-1976      | -                 | 6,777,618          | 943,844           | -                  | 7,721,462             | (6,583,972)              | 1,137,490             | 1,331,137             |
| Prairie                                 |                 |                   | 34,209             | -                 | -                  | 34,209                | -                        | 34,209                | 24,019                |
| Welcher Avenue                          |                 |                   | 55,202             | 815,749           | -                  | 870,951               | -                        | 870,951               | 870,951               |
|   |                 |                   | 6,867,029          | 1,759,593         | -                  | 8,626,622             | (6,583,972)              | 2,042,650             | 2,226,107             |
| <b>Richmond</b>                         |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Minato West                             | 1-Oct-1977      | -                 | 3,864,975          | 452,980           | -                  | 4,317,955             | (3,644,119)              | 673,836               | 784,264               |
|   |                 |                   | 3,864,975          | 452,980           | -                  | 4,317,955             | (3,644,119)              | 673,836               | 784,264               |
| <b>Vancouver</b>                        |                 |                   |                    |                   |                    |                       |                          |                       |                       |
| Regal Hotel                             | 1-Mar-2000      | -                 | 1,635,988          | 365,906           | -                  | 2,001,894             | (654,396)                | 1,347,498             | 1,412,938             |
|   |                 |                   | 1,635,988          | 365,906           | -                  | 2,001,894             | (654,396)                | 1,347,498             | 1,412,938             |
| <b>Total GVHC Projects</b>              |                 |                   | <b>15,538,388</b>  | <b>5,851,370</b>  | <b>-</b>           | <b>21,389,758</b>     | <b>(12,308,786)</b>      | <b>9,080,972</b>      | <b>9,548,265</b>      |
| <b>Total Rental Properties</b>          |                 |                   | <b>196,191,451</b> | <b>44,493,873</b> | <b>3,557,867</b>   | <b>244,243,191</b>    | <b>(133,105,353)</b>     | <b>111,137,838</b>    | <b>116,766,547</b>    |
| <b>Total Fixtures (all properties)</b>  |                 |                   | <b>-</b>           | <b>-</b>          | <b>-</b>           | <b>5,290,188</b>      | <b>(4,477,082)</b>       | <b>813,106</b>        | <b>806,670</b>        |
| <b>Capital Assts, December 31, 2009</b> |                 |                   |                    |                   |                    | <b>\$ 249,533,379</b> | <b>\$ (137,582,435)</b>  | <b>\$ 111,950,944</b> | <b>\$ 117,573,217</b> |

# METRO VANCOUVER HOUSING CORPORATION

Schedule 2 (Page 1 of 2)

Mortgages and Debentures Payable

December 31, 2009, with comparative figures for 2008

| Rental Property                 | Interest Rate - % | Renewal Date      | Maturity Date        | 2009         | 2008       |
|---------------------------------|-------------------|-------------------|----------------------|--------------|------------|
| <b>NHA Section 95 projects:</b> |                   |                   |                      |              |            |
| Mortgages payable:              |                   |                   |                      |              |            |
| Adelaide Court                  | 3.680             |                   | September 1, 2017 \$ | 2,069,997 \$ | 2,296,993  |
| Ashdown Gardens                 | 3.680             |                   | December 1, 2017     | 1,157,487    | 1,279,865  |
| Deer Park                       | 4.590             | August 1, 2011    | June 1, 2017         | 1,304,696    | 1,447,471  |
| Eastburn Square                 | 4.280             | April 1, 2011     | February 1, 2019     | 1,150,971    | 1,251,588  |
| Epsom Downs                     | 4.590             | August 1, 2011    | July 1, 2017         | 4,548,379    | 5,039,665  |
| Evergreen Downs                 | 3.680             |                   | December 1, 2017     | 1,291,515    | 1,428,064  |
| Greystone Village               | 4.280             | April 1, 2011     | February 1, 2019     | 4,006,290    | 4,356,515  |
| Guildford Glen                  | 3.680             |                   | August 1, 2016       | 1,749,772    | 1,977,477  |
| Habitat Villa                   | 4.280             | April 1, 2011     | February 1, 2015     | 554,426      | 648,412    |
| Heather Place                   | 3.680             |                   | January 1, 2018      | 3,443,185    | 3,802,897  |
| Hemlock Court                   | 4.280             | April 1, 2011     | December 1, 2019     | 960,357      | 1,035,879  |
| Hugh Bird Residence             | 2.170             | March 1, 2014     | December 15, 2016    | 817,376      | 923,566    |
| Kingston Gardens I ,II, III     | 3.680             |                   | August 1, 2016       | 3,139,764    | 3,548,352  |
| Kinston Gardens IV              | 3.680             |                   | October 1, 2016      | 1,468,417    | 1,654,258  |
| Knightsbridge I                 | 4.280             | April 1, 2011     | March 1, 2018        | 3,145,478    | 3,457,360  |
| Knightsbridge II                | 4.280             | April 1, 2011     | March 1, 2019        | 3,065,080    | 3,330,113  |
| Le Chateau Place                | 4.280             | April 1, 2011     | February 28, 2015    | 225,938      | 264,239    |
| London Square                   | 3.680             |                   | January 1, 2018      | 1,999,392    | 2,208,271  |
| Lynden Court                    | 3.680             |                   | January 1, 2018      | 2,017,247    | 2,227,990  |
| Malaspina Village               | 3.680             |                   | October 1, 2017      | 2,706,384    | 2,999,542  |
| Maple Vine Court                | 4.280             | April 1, 2011     | April 1, 2018        | 2,879,969    | 3,162,143  |
| McBride Place                   | 4.280             | April 1, 2011     | February 1, 2020     | 4,311,238    | 4,643,456  |
| Moffatt Park                    | 4.280             | April 1, 2011     | July 1, 2019         | 995,892      | 1,078,387  |
| Moray Place                     | 4.280             | April 1, 2011     | May 1, 2018          | 2,307,026    | 2,530,408  |
| Ozada Village                   | 3.680             |                   | August 1, 2017       | 1,797,704    | 1,997,300  |
| Park Court                      | 11.000            | June 1, 2014      | June 1, 2014         | 380,175      | 434,693    |
| Pinewood Place                  | 3.680             | December 1, 2018  | October 1, 2020      | 2,288,085    | 2,457,241  |
| Ran Beamish Place               | 4.280             | April 1, 2011     | April 1, 2019        | 5,251,912    | 5,701,138  |
| Somerset Gardens I              | 3.680             |                   | August 1, 2017       | 1,541,912    | 1,713,108  |
| Somerset Gardens II             | 3.680             |                   | August 1, 2017       | 1,743,573    | 1,937,159  |
| Somerset Gardens III            | 4.590             | August 1, 2011    | June 1, 2017         | 2,206,981    | 2,448,495  |
| Strathearn Court                | 4.280             | April 1, 2011     | May 1, 2019          | 4,045,084    | 4,387,377  |
| Sutton Place                    | 3.680             |                   | October 1, 2017      | 3,061,261    | 3,392,860  |
| Tivoli Gardens                  | 4.280             | April 1, 2011     | May 1, 2017          | 4,655,508    | 5,178,621  |
| Walnut Gardens                  | 4.280             | April 1, 2011     | January 1, 2020      | 1,218,770    | 1,313,642  |
| Total NHA Section 95 projects   |                   |                   |                      | 79,507,241   | 87,554,545 |
| <b>NHA Section 27 projects:</b> |                   |                   |                      |              |            |
| Debentures payable to CMHC :    |                   |                   |                      |              |            |
| Earle Adams Village             | 8.000             |                   | July 1, 2028         | 3,159,034    | 3,221,736  |
| Euclid Square                   | 8.000             |                   | September 1, 2028    | 927,957      | 946,376    |
| Grandview Gardens               | 8.000             |                   | September 1, 2026    | 668,819      | 685,006    |
| Kelly Court                     | 8.000             |                   | January 1, 2029      | 1,282,318    | 1,307,770  |
| Semlin Terrace                  | 8.000             |                   | September 1, 2026    | 968,572      | 992,494    |
| Total NHA section 27 projects   |                   |                   |                      | 7,006,700    | 7,153,381  |
| <b>Seniors projects:</b>        |                   |                   |                      |              |            |
| Mortgages payable:              |                   |                   |                      |              |            |
| Alderwood Place                 | 3.540             | September 1, 2018 | July 1, 2027         | 3,907,267    | 4,065,205  |
| Cedarwood Place                 | 4.370             | March 1, 2018     | January 1, 2023      | 1,756,372    | 1,854,098  |
| Total Seniors projects          |                   |                   |                      | 5,663,639    | 5,919,303  |

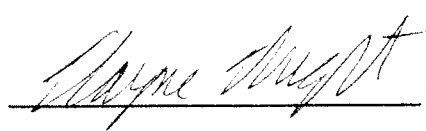
# METRO VANCOUVER HOUSING CORPORATION

Schedule 2 (Page 2 of 2)

Mortgages and Debentures Payable

December 31, 2009, with comparative figures for 2008

| Rental Property                        | Interest Rate - % | Renewal Date     | Maturity Date    | 2009                  | 2008                  |
|--|-------------------|------------------|------------------|-----------------------|-----------------------|
| <b>Homes BC projects:</b>              |                   |                  |                  |                       |                       |
| Mortgages payable:                     |                   |                  |                  |                       |                       |
| Chateau de Ville                       | 7.020             | June 1, 2027     | June 1, 2035     | 10,118,928            | 10,316,040            |
| Claude Douglas                         | 5.100             | November 1, 2014 | November 1, 2014 | 2,975,267             | 3,026,026             |
| Fraserwood                             | 6.545             | December 1, 2010 | December 1, 2010 | 4,731,711             | 4,824,845             |
| Inlet Centre Residences                | 4.914             | October 1, 2010  | October 1, 2010  | 7,359,172             | 7,491,279             |
| Maplewood                              | 5.510             | May 1, 2017      | May 1, 2037      | 3,406,748             | 3,467,072             |
| Odlinwood                              | 5.180             | August 1, 2016   | August 1, 2016   | 6,563,888             | 6,676,313             |
| <b>Total Homes BC projects</b>         |                   |                  |                  | <b>35,155,714</b>     | <b>35,801,573</b>     |
| <b>GVHC projects:</b>                  |                   |                  |                  |                       |                       |
| Mortgages payable:                     |                   |                  |                  |                       |                       |
| Crown Manor                            | 4.500             | July 15, 2014    | July 15, 2014    | 1,113,295             | 1,151,969             |
| Manor House                            | 4.500             | March 15, 2014   | March 15, 2014   | 1,863,982             | 1,928,629             |
| Meridian Village                       | 4.641             | July 1, 2016     | July 1, 2016     | 8,176,269             | 8,392,988             |
| Minato West                            | 4.555             | July 1, 2011     | July 1, 2011     | 4,789,544             | 4,917,903             |
| Regal Place Hotel                      | 4.500             | March 15, 2014   | March 15, 2014   | 661,794               | 684,746               |
| St. Andrews Place                      | 4.555             | July 1, 2011     | July 1, 2011     | 516,964               | 530,831               |
| <b>Total GVHC projects</b>             |                   |                  |                  | <b>17,121,848</b>     | <b>17,607,067</b>     |
| Total mortgages and debentures payable |                   |                  |                  | 144,455,142           | 154,035,870           |
| Less current portion                   |                   |                  |                  | 21,823,731            | 13,994,459            |
|  |                   |                  |                  | <b>\$ 122,631,411</b> | <b>\$ 140,041,411</b> |

 Director

 Director

# METRO VANCOUVER HOUSING CORPORATION

Schedule 3 (Page 1 of 3)

Rental Property Operations Revenue and Expenditure

December 31, 2009 with comparative figures for 2008

| Rental Property                      | No. Units    | Revenue           |                       |                |                   | Expenditure       |                  |                   | Net income (loss) |                  |
|--------------------------------------|--------------|-------------------|-----------------------|----------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|
|                                      |              | Property Rentals  | Government Assistance | Other          | Total             | Operating         | Debt             |                   | 2009              | 2008             |
|                                      |              |                   |                       |                |                   |                   | Interest         | Total             |                   |                  |
| <b>NHA Section 95 projects</b>       |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Burnaby                              |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Eastburn Square                      | 30           | \$ 290,488        | \$ 45,296             | \$ 3,697       | \$ 339,481        | \$ 212,986        | \$ 51,139        | \$ 264,125        | \$ 75,356         | \$ 75,618        |
| Greystone Village                    | 96           | 895,549           | 156,572               | 14,536         | 1,066,657         | 662,238           | 178,003          | 840,241           | 226,416           | 197,211          |
| Ran Beamish Place                    | 122          | 1,179,545         | 199,865               | 15,294         | 1,394,704         | 810,682           | 233,119          | 1,043,801         | 350,903           | 335,582          |
| Coquitlam                            |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Chateau Place                        | 24           | 177,355           | 15,131                | 2,901          | 195,387           | 172,122           | 10,467           | 182,589           | 12,798            | 26,715           |
| Malaspina Village                    | 67           | 609,742           | 84,984                | 7,619          | 702,345           | 469,937           | 104,638          | 574,575           | 127,770           | 129,291          |
| Ozada Village                        | 61           | 465,940           | 60,108                | 7,219          | 533,267           | 443,429           | 69,602           | 513,031           | 20,236            | (10,372)         |
| Park Court                           | 30           | 212,471           | 59,311                | 3,535          | 275,317           | 178,213           | 43,587           | 221,800           | 53,517            | 63,522           |
| Delta                                |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Evergreen Downs                      | 38           | 310,337           | 40,229                | 4,676          | 355,242           | 266,094           | 49,868           | 315,962           | 39,280            | 4,644            |
| Lynden Court                         | 51           | 484,763           | 63,164                | 6,601          | 554,528           | 362,525           | 77,839           | 440,364           | 114,164           | 94,391           |
| New Westminster                      |              | -                 | -                     | -              | -                 | -                 | -                | -                 | -                 | -                |
| London Square                        | 48           | 521,308           | 62,188                | 3,278          | 586,774           | 453,000           | 77,150           | 530,150           | 56,624            | 39,398           |
| McBride Place                        | 94           | 869,723           | 174,523               | 8,339          | 1,052,585         | 718,417           | 190,521          | 908,938           | 143,647           | 141,795          |
| North Vancouver                      |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Pinewood Place                       | 50           | 577,126           | 57,110                | 10,107         | 644,343           | 321,686           | 86,902           | 408,588           | 235,755           | 195,441          |
| Walnut Gardens                       | 26           | 275,266           | 51,067                | 3,558          | 329,891           | 225,011           | 53,882           | 278,893           | 50,998            | 57,466           |
| Port Moody                           |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Moray Place                          | 52           | 494,980           | 96,856                | 7,987          | 599,823           | 394,667           | 103,005          | 497,672           | 102,151           | 100,503          |
| Richmond                             |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Adelaide Court                       | 68           | 689,685           | 68,865                | 12,861         | 771,411           | 497,887           | 80,088           | 577,975           | 193,436           | 139,338          |
| Knightsbridge I                      | 80           | 796,629           | 134,724               | 13,368         | 944,721           | 565,277           | 140,609          | 705,886           | 238,835           | 160,882          |
| Knightsbridge II                     | 80           | 773,179           | 118,274               | 7,738          | 899,191           | 501,380           | 136,117          | 637,497           | 261,694           | 271,152          |
| Maple Vine Court                     | 82           | 738,157           | 121,756               | 9,190          | 869,103           | 554,666           | 128,662          | 683,328           | 185,775           | 153,884          |
| Moffatt Park                         | 21           | 239,902           | 36,931                | 3,065          | 279,898           | 155,936           | 44,143           | 200,079           | 79,819            | 78,356           |
| Surrey                               |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Deer Park Lane                       | 31           | 295,313           | 65,434                | 50             | 360,797           | 311,693           | 62,840           | 374,533           | (13,736)          | 9,932            |
| Epsom Downs                          | 108          | 970,914           | 226,805               | 6,316          | 1,204,035         | 816,352           | 218,912          | 1,035,264         | 168,771           | 131,190          |
| Guildford Glen                       | 79           | 567,242           | 108,685               | 9,078          | 685,005           | 495,516           | 68,409           | 563,925           | 121,080           | 75,323           |
| Kingston Gardens I, II, III          | 144          | 1,045,140         | 116,379               | 20,425         | 1,181,944         | 1,022,581         | 122,754          | 1,145,335         | 36,609            | (37,027)         |
| Kingston Gardens IV                  | 48           | 300,795           | 53,084                | 2,559          | 356,438           | 342,106           | 57,306           | 399,412           | (42,974)          | (15,272)         |
| Somerset Gardens                     | 166          | 1,451,852         | 215,673               | 19,017         | 1,686,542         | 1,189,326         | 233,503          | 1,422,829         | 263,713           | 284,863          |
| Sutton Place                         | 83           | 673,499           | 98,535                | 11,846         | 783,880           | 597,891           | 118,358          | 716,249           | 67,631            | 4,457            |
| Vancouver                            |              |                   |                       |                |                   |                   |                  |                   |                   |                  |
| Ashdown Gardens                      | 30           | 265,564           | 37,148                | 2,742          | 305,454           | 205,356           | 44,693           | 250,049           | 55,405            | 44,250           |
| Franklin Street                      | 34           | -                 | -                     | 0              | 0                 | (2,541)           | -                | (2,541)           | 2,541             | 10,003           |
| Habitat Villa                        | 36           | 543,273           | 35,604                | 2,770          | 581,647           | 288,463           | 25,685           | 314,148           | 267,499           | 279,634          |
| Heather Place                        | 86           | 816,233           | 107,173               | 5,965          | 929,371           | 520,865           | 132,861          | 653,726           | 275,645           | 218,909          |
| Hemlock Court                        | 21           | 212,779           | 38,123                | 1,865          | 252,767           | 154,600           | 42,475           | 197,075           | 55,692            | 59,859           |
| Hugh Bird Residence                  | 65           | 392,992           | 16,496                | 8,993          | 418,481           | 409,684           | 20,678           | 430,362           | (11,881)          | (110,029)        |
| Strathearn Court                     | 96           | 1,010,566         | 153,975               | 6,682          | 1,171,223         | 626,430           | 179,465          | 805,895           | 365,328           | 302,209          |
| Tivoli Gardens                       | 151          | 1,547,301         | 215,858               | 27,081         | 1,790,240         | 981,362           | 209,531          | 1,190,893         | 599,347           | 594,147          |
|                                      | 2,298        | 20,695,608        | 3,135,926             | 270,958        | 24,102,492        | 15,925,837        | 3,396,811        | 19,322,648        | 4,779,844         | 4,107,265        |
| Capital reserve transfer             |              | -                 | -                     | -              | -                 | -                 | -                | -                 | -                 | (10,003)         |
| Rental subsidy reserve transfer      |              | -                 | -                     | -              | -                 | 581,615           | -                | 581,615           | (581,615)         | (251,683)        |
| <b>Total NHA Section 95 projects</b> | <b>2,298</b> | <b>20,695,608</b> | <b>3,135,926</b>      | <b>270,958</b> | <b>24,102,492</b> | <b>16,507,452</b> | <b>3,396,811</b> | <b>19,904,263</b> | <b>4,198,229</b>  | <b>3,845,579</b> |

# METRO VANCOUVER HOUSING CORPORATION

Schedule 3 (Page 2 of 3)

Rental Property Operations Revenue and Expenditure

December 31, 2009 with comparative figures for 2008

| Rental Property                      | No. Units  | Revenue          |                       |                |                  | Expenditure      |                  |                  | Net income (loss) |                  |
|--------------------------------------|------------|------------------|-----------------------|----------------|------------------|------------------|------------------|------------------|-------------------|------------------|
|                                      |            | Property Rentals | Government Assistance | Other          | Total            | Operating        | Debt Interest    | Total            | 2009              | 2008             |
| <b>NHA Section 27 projects</b>       |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Vancouver                            |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Earle Adams Village                  | 105        | 985,485          | 14,516                | 100,932        | 1,100,933        | 611,068          | 257,777          | 868,845          | 232,088           | 205,902          |
| Euclid Square                        | 33         | 288,834          | 12,860                | 24,929         | 326,623          | 190,029          | 75,721           | 265,750          | 60,873            | 56,606           |
| Grandview Gardens                    | 20         | 200,067          | -                     | 5,767          | 205,834          | 141,953          | 54,345           | 196,298          | 9,536             | 24,735           |
| Kelly Court                          | 45         | 239,239          | 144,102               | 13,001         | 396,342          | 283,880          | 104,637          | 388,517          | 7,825             | (8,987)          |
| Semlin Terrace                       | 36         | 309,948          | -                     | 14,299         | 324,247          | 215,757          | 80,313           | 296,070          | 28,177            | 9,306            |
|                                      | 239        | 2,023,573        | 171,478               | 158,928        | 2,353,979        | 1,442,687        | 572,793          | 2,015,480        | 338,499           | 287,562          |
| Receivable from (payable to) BCMHC   |            |                  |                       | (20,719)       | (20,719)         | 178,751          |                  | 178,751          | (199,470)         | -                |
| <b>Total NHA Section 27 projects</b> | <b>239</b> | <b>2,023,573</b> | <b>171,478</b>        | <b>138,210</b> | <b>2,333,261</b> | <b>1,621,438</b> | <b>572,793</b>   | <b>2,194,231</b> | <b>139,030</b>    | <b>287,562</b>   |
| <b>Seniors projects</b>              |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Richmond                             |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Alderwood Place                      | 48         | 282,754          | 195,158               | 5,014          | 482,926          | 413,016          | 140,291          | 553,307          | (70,381)          | (44,907)         |
| Cedarwood Place                      | 73         | 384,016          | 221,572               | 4,902          | 610,490          | 571,343          | 78,348           | 649,691          | (39,201)          | (34,061)         |
|                                      | 121        | 666,770          | 416,730               | 9,916          | 1,093,416        | 984,359          | 218,639          | 1,202,998        | (109,582)         | (78,968)         |
| Receivable from (payable to) BCMHC   |            | -                | -                     | 121,202        | 121,202          | -                | -                | -                | 121,202           | 98,407           |
| <b>Total Seniors projects</b>        | <b>121</b> | <b>666,770</b>   | <b>416,730</b>        | <b>131,118</b> | <b>1,214,618</b> | <b>984,359</b>   | <b>218,639</b>   | <b>1,202,998</b> | <b>11,620</b>     | <b>19,439</b>    |
| <b>Homes BC projects</b>             |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Coquitlam                            |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Chateau de Ville                     | 86         | 680,887          | 306,510               | 20,601         | 1,007,998        | 684,079          | 493,051          | 1,177,130        | (169,132)         | (81,346)         |
| Inlet Centre                         | 96         | 536,290          | 393,041               | 6,351          | 935,682          | 930,924          | 361,389          | 1,292,313        | (356,631)         | (181,127)        |
| Maple Ridge                          |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Fraserwood                           | 48         | 308,622          | 277,013               | 7,240          | 592,875          | 365,248          | 308,840          | 674,088          | (81,213)          | (64,674)         |
| Richmond                             |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Odlinwood                            | 48         | 506,006          | 133,639               | 3,362          | 643,007          | 474,922          | 339,542          | 814,464          | (171,457)         | (141,716)        |
| Maplewood                            | 26         | 260,227          | 66,531                | 1,434          | 328,192          | 259,314          | 159,186          | 418,500          | (90,308)          | (81,996)         |
| Vancouver                            |            |                  |                       |                |                  |                  |                  |                  |                   |                  |
| Claude Douglas                       | 39         | 146,202          | 226,711               | 1,627          | 374,540          | 258,946          | 151,549          | 410,495          | (35,955)          | (63,369)         |
|                                      | 343        | 2,438,234        | 1,403,445             | 40,615         | 3,882,294        | 2,973,433        | 1,813,557        | 4,786,990        | (904,696)         | (614,228)        |
| Receivable from (payable to) BCHMC   |            |                  |                       | 6,293          | 6,293            | -                | -                | -                | 6,293             | 31,214           |
| <b>Total Homes BC projects</b>       | <b>343</b> | <b>2,438,234</b> | <b>1,403,445</b>      | <b>46,908</b>  | <b>3,888,587</b> | <b>2,973,433</b> | <b>1,813,557</b> | <b>4,786,990</b> | <b>(898,403)</b>  | <b>(583,014)</b> |

# METRO VANCOUVER HOUSING CORPORATION

Schedule 3 (Page 3 of 3)

Rental Property Operations Revenue and Expenditure

December 31, 2009 with comparative figures for 2008

| Rental Property                             | No. Units    | Revenue              |                       |                   |                      | Expenditure          |                     |                      | Net income (loss)   |                     |
|---|--------------|----------------------|-----------------------|-------------------|----------------------|----------------------|---------------------|----------------------|---------------------|---------------------|
|   |              | Property Rentals     | Government Assistance | Other             | Total                | Operating            | Debt Interest       | Total                | 2009                | 2008                |
| <b>GVHC projects</b>                        |              |                      |                       |                   |                      |                      |                     |                      |                     |                     |
| Port Coquitlam                              |              |                      |                       |                   |                      |                      |                     |                      |                     |                     |
| Meridian Village                            | 202          | 1,732,356            | 80,784                | 234,286           | 2,047,426            | 1,345,345            | 285,958             | 1,631,303            | 416,123             | 371,567             |
| Welcher Avenue                              | -            | 25,472               | -                     | (6,407)           | 19,065               | 20,240               | -                   | 20,240               | (1,175)             | (4,163)             |
| North Vancouver                             |              |                      |                       |                   |                      |                      |                     |                      |                     |                     |
| Manor House                                 | 50           | 449,749              | -                     | 24,362            | 474,111              | 316,504              | 45,985              | 362,489              | 111,622             | 64,328              |
| St. Andrews Place                           | 15           | 121,252              | -                     | 1,969             | 123,221              | 99,508               | 18,934              | 118,442              | 4,779               | 1,784               |
| Richmond                                    |              |                      |                       |                   |                      |                      |                     |                      |                     |                     |
| Minato West                                 | 110          | 979,463              | 4,488                 | 14,809            | 998,760              | 719,284              | 182,003             | 901,287              | 97,473              | 95,510              |
| Vancouver                                   |              |                      |                       |                   |                      |                      |                     |                      |                     |                     |
| Regal Hotel                                 | 41           | 215,226              | 17,653                | (22,251)          | 210,628              | 312,278              | 16,327              | 328,605              | (117,977)           | (91,877)            |
| New Westminster                             |              |                      |                       |                   |                      |                      |                     |                      |                     |                     |
| Crown Manor                                 | 28           | 200,844              | 8,100                 | 2,702             | 211,646              | 245,871              | 27,466              | 273,337              | (61,691)            | (58,910)            |
|   | 446          | 3,724,362            | 111,025               | 249,470           | 4,084,857            | 3,059,030            | 576,673             | 3,635,703            | 449,154             | 378,239             |
| Transfer from/(to) capital reserve          |              |                      |                       |                   |                      | -                    | -                   | -                    | -                   | -                   |
| <b>Total GVHC projects</b>                  | <b>446</b>   | <b>3,724,362</b>     | <b>111,025</b>        | <b>249,470</b>    | <b>4,084,857</b>     | <b>3,059,030</b>     | <b>576,673</b>      | <b>3,635,703</b>     | <b>449,154</b>      | <b>378,239</b>      |
| <b>Other</b>                                |              |                      |                       |                   |                      |                      |                     |                      |                     |                     |
| Interest on reserves                        |              | -                    | -                     | 6,596             | 6,596                | -                    | -                   | -                    | 6,596               | (20,193)            |
| Depreciation on fixtures for all properties |              | -                    | -                     | -                 | -                    | 297,783              | -                   | 297,783              | (297,783)           | (269,797)           |
| Contribution to replacement reserve         |              | -                    | -                     | -                 | -                    | (1,909,627)          | -                   | (1,909,627)          | 1,909,627           | 1,877,178           |
| Capital reserve transfer                    |              | -                    | -                     | (5,064)           | (5,064)              | 122,168              | -                   | 122,168              | (127,232)           | (231,439)           |
| <b>Total Other</b>                          |              | <b>-</b>             | <b>-</b>              | <b>1,532</b>      | <b>1,532</b>         | <b>(1,489,676)</b>   | <b>-</b>            | <b>(1,489,676)</b>   | <b>1,491,208</b>    | <b>1,355,749</b>    |
| <b>Total</b>                                | <b>3,447</b> | <b>\$ 29,548,547</b> | <b>\$ 5,238,604</b>   | <b>\$ 838,195</b> | <b>\$ 35,625,346</b> | <b>\$ 23,656,036</b> | <b>\$ 6,578,473</b> | <b>\$ 30,234,509</b> | <b>\$ 5,390,838</b> | <b>\$ 5,303,554</b> |