

2010 Annual Municipal Report



CITY OF
CHILLIWACK



**2010 Annual Municipal Report
for the year ended
December 31, 2010**

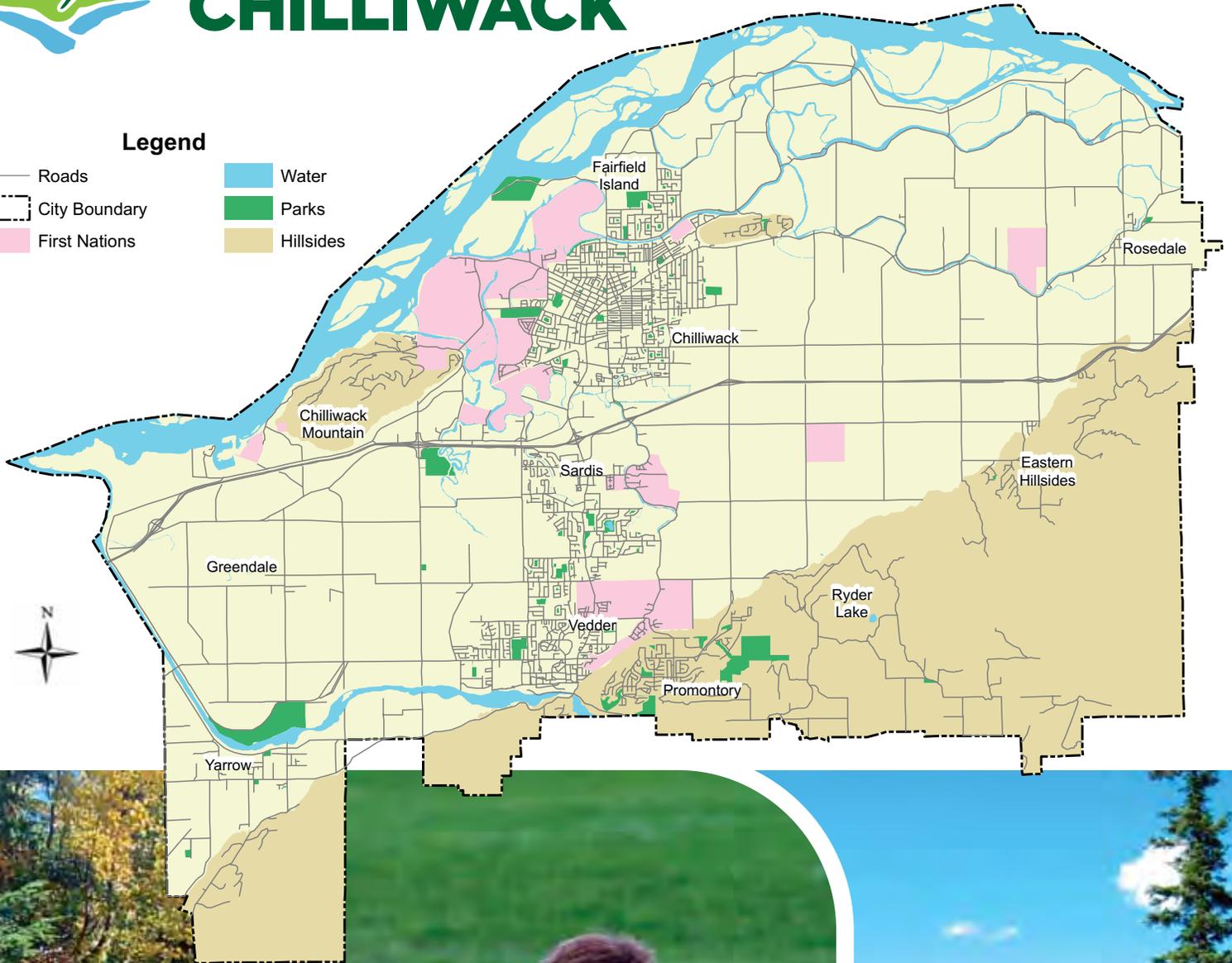




CITY OF CHILLIWACK

Legend

- Roads
- City Boundary
- First Nations
- Water
- Parks
- Hillsides



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Mayor Sharon Gaetz

Mayor Sharon Gaetz has been serving the Chilliwack community since 1997; first as a Councillor and since December 1, 2008 as Mayor. Besides being the Chief Executive Officer of the City of Chilliwack, Mayor Gaetz also serves her community by being a member of:

- ◆ CEPCO (Ex-officio)
- ◆ Fraser Valley Regional District and Vice-Chair Regional Hospital District Board
- ◆ Fraser Valley Regional District Parks Committee
- ◆ Cultus Lake Governance Committee
- ◆ Emergency Executive Committee
- ◆ Union of British Columbia Municipalities Executive
- ◆ Resolutions Committee Chair of UBCM
- ◆ Community Safety Committee Member of UBCM
- ◆ Chilliwack Hospice Society Honourary Board Member



Sue Attrill

Councillor Sue Attrill has been serving the Chilliwack community as a Councillor since December 2008. Councillor Attrill represents her community as a member of:

- ◆ Chilliwack Agricultural Commission
- ◆ Committee to Approve Public Events (Chair)
- ◆ Fraser Valley Regional District and Regional Hospital District (2nd Alternate)
- ◆ Fraser Valley Regional District Treaty Advisory Committee (Alternate)
- ◆ Parcel Tax Roll Review Panel
- ◆ Design Review Panel (Chair)
- ◆ Rural Issues Advisory Committee (Vice)
- ◆ Public Safety Advisory Committee (Vice)



Diane Janzen

Councillor Diane Janzen has been serving the Chilliwack community as a Councillor since December 2008. Councillor Janzen represents her community as a member of:

- ◆ Chilliwack Agricultural Commission
- ◆ Fraser Valley Regional District and Regional Hospital District (1st Alternate)
- ◆ Social Issues Advisory Committee (Vice)
- ◆ Transportation Advisory Committee (Chair)
- ◆ Mayor's Committee on Health Issues (Chair)
- ◆ Consultation on Chilliwack's Children Planning Committee



Pat Clark

Councillor Pat Clark has been serving the Chilliwack community as a Councillor since 2003. Councillor Clark represents her community as a member of:

- ◆ CEPCO
- ◆ Fraser Valley Regional District and Regional Hospital District
- ◆ Fraser Valley Regional District Environment Committee (Alternate)
- ◆ Cultus Lake Governance Committee
- ◆ Chilliwack Arts & Cultural Centre Board (Ex-Officio)
- ◆ Mayor's Committee on Health Issues (Vice)
- ◆ Mayor's Committee on Housing (Vice)
- ◆ Design Review Panel (Vice)



Stewart McLean

Councillor Stewart McLean has been serving the Chilliwack community as a Councillor since December 2008. Councillor McLean represents his community as a member of:

- ◆ Chilliwack Film Commission
- ◆ Fraser Valley Regional District and Regional Hospital District (3rd Alternate)
- ◆ Fraser Valley Regional District Treaty Advisory Committee
- ◆ Committee to Approve Public Events (Vice)
- ◆ Parcel Tax Roll Review Panel
- ◆ Social Issues Advisory Committee (Chair)
- ◆ Fraser Valley Regional Library (Alternate)
- ◆ Mayor's Committee on Housing (Chair)
- ◆ Transportation Advisory Committee (Vice)



Ken Huttema

Councillor Ken Huttema has been serving the Chilliwack community as a Councillor since December 2008. Councillor Huttema represents his community as a member of:

- ◆ Chilliwack Agricultural Commission
- ◆ Fraser Valley Regional Library
- ◆ Parcel Tax Roll Review Panel
- ◆ Rural Issues Advisory Committee (Chair)
- ◆ Development Process Advisory Committee (Vice)
- ◆ Emergency Executive Committee



Chuck Stam

Councillor Chuck Stam has been serving the Chilliwack community as a Councillor since December 1999. Councillor Stam represents his community as a member of:

- ◆ Fraser Valley Regional District and Regional Hospital District
- ◆ Fraser Valley Regional District Environment Committee
- ◆ Chilliwack Aviation and Aerospace Planning Committee
- ◆ Cultus Lake Governance Committee
- ◆ Public Safety Advisory Committee
- ◆ Development Process Advisory Committee (Chair)
- ◆ Emergency Executive Committee
- ◆ Chilliwack Tourism



Mayor's Message

On behalf of Council, it is my privilege to present to you the City of Chilliwack's 2010 Annual Report.

2010 was an exciting year to be the Mayor in Chilliwack and this report presents a fantastic opportunity to look back at our accomplishments. These successes would not have been possible without the dedication and commitment of many people: my Council colleagues, members of our advisory committees, volunteers, residents and our City staff. Please accept my sincerest gratitude for all you do in making Chilliwack a great city in which to live, work and play.

2010 was a year of celebration in Chilliwack. In February, we successfully hosted the 2010 Winter Olympic Torch Relay and community celebration. Twelve thousand members of our community attended this well planned event. We completed the addition to the Landing Sports Centre in November and it will be the new home for the Chilliwack Players Guild.

We also commenced the design and construction for the new Museum Archives addition onto Evergreen Hall, with the expected completion this spring. In May, we reopened the Cheam Leisure Centre which now sees almost seven hundred visitors a day. Chilliwack's very own Cultural Centre opened in September and our community is so much richer for it.

Federal and provincial funding of nearly \$7 million enabled us to upgrade the Tyson-Stevenson sewer system for 442 residents, make improvements to Lickman road and also upgrade the East and West dykes.

The City of Chilliwack is in very strong financial shape. Our financial house is in order and our financial planning process continues to chart a responsible course for taxpayers. The City was able to fund all of its projects and commitments without the use of borrowing and with a tax increase below our neighbours. More importantly, we accomplished this with the lowest business taxation level of the nineteen Lower Mainland communities surveyed, along with the second lowest residential taxation level.

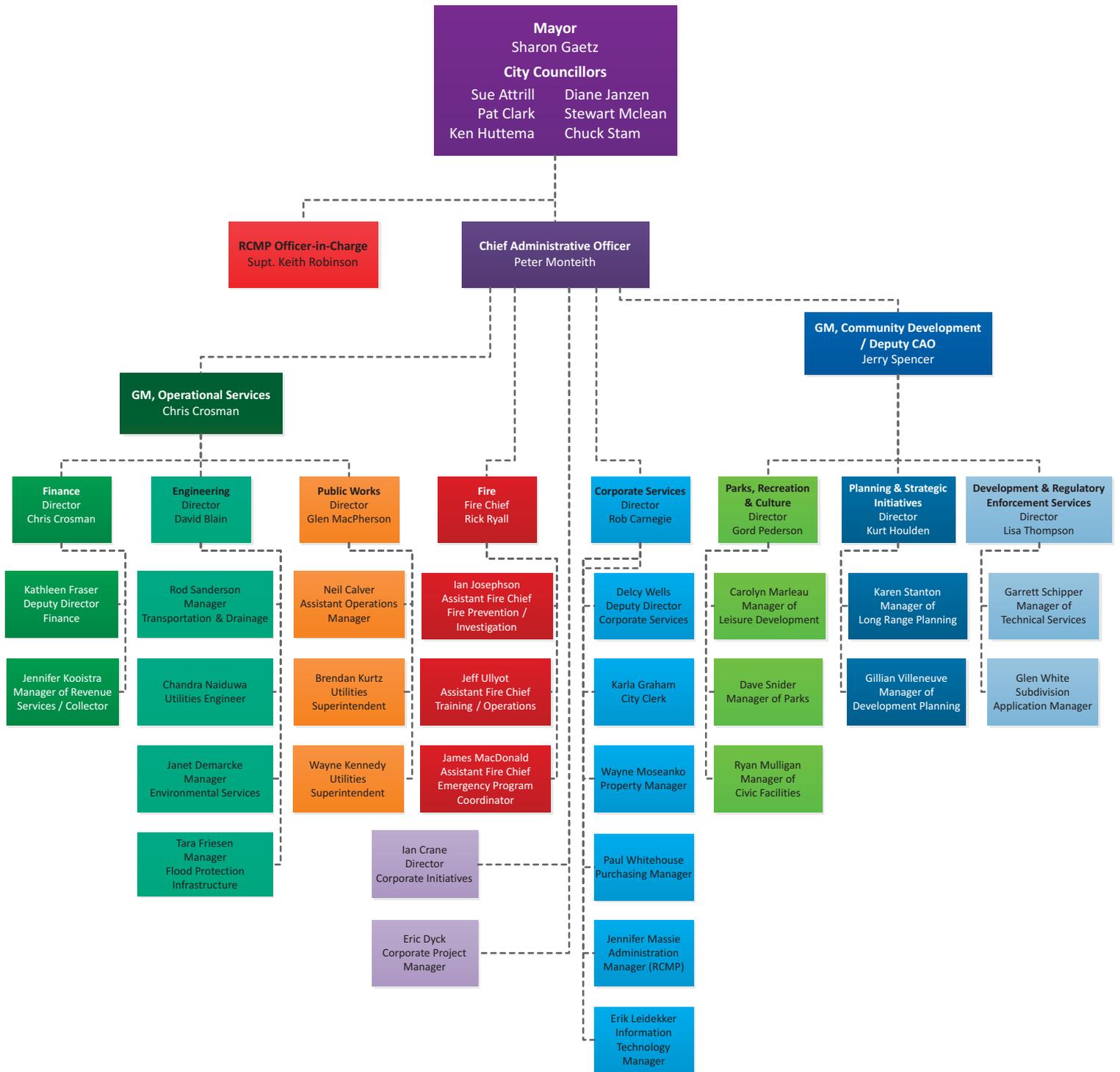
It is an honour to serve you as Mayor and I am extremely grateful and humbled by the opportunity to do so. I encourage you to read through our Annual Report to learn about our many community accomplishments over the last year. For me and all those who have contributed to our community, the Annual Report represents the goals we have achieved, promises fulfilled and our objectives for the future.

Happy reading!



Mayor Sharon Gaetz







2010 HIGHLIGHTS

General Government

- ◆ Initiated a Leadership Development Program to prepare middle management staff for possible promotion opportunities
- ◆ Implemented iPad based electronic Council Agenda package
- ◆ Completed implementation of Internet based telephone system throughout City facilities
- ◆ Roof and Heating System replacement at the Airport Terminal Building
- ◆ Initiated Accident/Incident Reporting System to track and manage work-related injuries
- ◆ Developed a Whistle Blower Protection Policy
- ◆ Updated City wide orthophoto database
- ◆ Completed annual Development Cost Charge Bylaw amendment
- ◆ Completed annual Financial Plan review, with no debt and with low tax levels

ADMINISTRATION

The Chief Administrative Officer acts as a liaison for Mayor and Council, providing direction to all departments.

Administration supplies support for Council, Committees of Council and department operations. This division of local government is responsible for ensuring:

- ◆ The most cost-effective delivery of services to the public
- ◆ Corporate fiscal responsibility and accountability
- ◆ Municipal services are provided in a timely and friendly manner
- ◆ Departments and Municipal Operations are responsive to community needs

FINANCE

The Finance Department is responsible for the financial management of the City's assets.

Staff work closely with other departments, the RCMP and the Fraser Valley Regional Library to coordinate financial activities. Finance also coordinates the annual review of the City's Development Cost Charge Bylaw and is responsible for development of the Financial Plan.

This department's functions include:

- ◆ Investment
- ◆ Payroll
- ◆ Accounts payable
- ◆ Accounts receivable
- ◆ Collection of property taxes, water, sewer and curbside fees
- ◆ Safekeeping of all financial instruments
- ◆ Municipal government grant research
- ◆ Production of the Annual Municipal Report

CORPORATE SERVICES

Corporate Services provides a wide variety of internal services to Council and other City departments.

Some of these include:

- ◆ Access to Information
- ◆ Damage Claims
- ◆ Geographic Mapping
- ◆ Human Resources
- ◆ Information Systems
- ◆ Labour Relations
- ◆ Liquor Licensing
- ◆ Occupational Health and Safety
- ◆ Property Management
- ◆ Purchasing
- ◆ Records Management
- ◆ Risk Management

The Corporate Services Department also provides the statutory function of the City Clerk, which facilitates Council business by:

- ◆ Preparing Minutes and Agendas
- ◆ Composing, reviewing and providing advice on Municipal Bylaws
- ◆ Initiating the follow-up action to Council meetings
- ◆ Coordinating General Elections of Council

PARKS, RECREATION & CULTURE



Recreation & Culture

The Recreation & Culture division is responsible for the coordination and/or provision of leisure services within Chilliwack. A number of City owned facilities are operated through this division, including:

- ◆ Evergreen Hall
- ◆ The Landing Sports Centre
- ◆ Twin Rinks Arena

Funding for operation of Prospera Centre is provided by the City through a Public Private Partnership (P3) Agreement administered by the Recreation & Culture division. Funding is also supplied for the operation of many of the community's cultural programs, such as:

- ◆ Chilliwack Museum and Archives
- ◆ Chilliwack Community Arts Council
- ◆ Community Schools
- ◆ Seniors Resources
- ◆ Youth Services
- ◆ Gwynne Vaughan Park

Recreation & Culture also coordinates the contracted operations of:

- ◆ Cheam Leisure Centre
- ◆ Chilliwack Heritage Park
- ◆ Chilliwack Landing Leisure Centre
- ◆ Chilliwack Library/Yarrow Library
- ◆ Great Blue Heron Nature Reserve
- ◆ Rotary Outdoor Pool
- ◆ Chilliwack Cultural Centre

The Recreation & Culture division is proud of Chilliwack's community development approach to providing leisure services to the community. Various cultural groups, sports organizations, community associations, businesses, not for profit societies and service clubs work closely with this division to offer residents a wide variety of leisure opportunities.

Parks

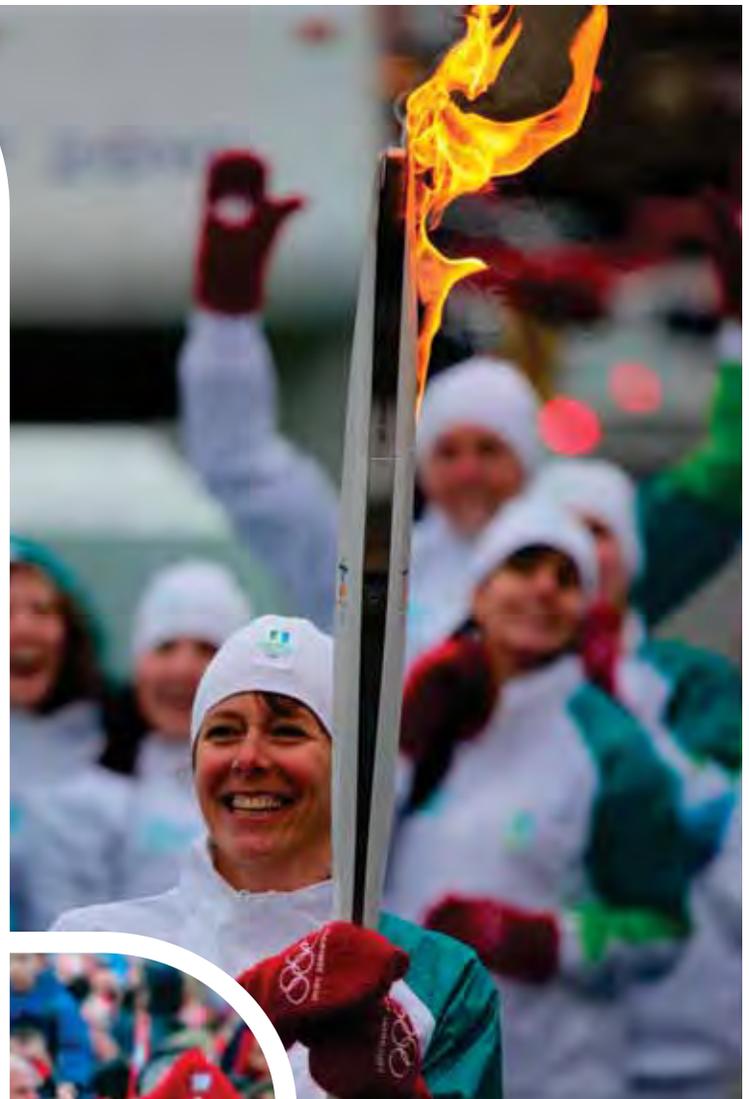
The Parks division is responsible for the development and maintenance of the City's sports fields, trails and parks.

There are numerous semi developed walking, hiking and cycling trails throughout the Chilliwack area that are continuously being expanded and enhanced. One of the most highly used trail systems is the Vedder River Rotary Trail, a 15.5 km trail that runs along the Vedder River.



2010 HIGHLIGHTS

- ◆ Chilliwack 2010 Torch Relay Event was held with an estimated 12,000 people in attendance
- ◆ The Chilliwack Cultural Centre project was completed in September of 2010
- ◆ An Evening Gala as well as a Community Open House were held to celebrate the grand opening of the Chilliwack Cultural Centre
- ◆ Cheam Leisure Centre officially opened its doors after completing a \$9 million dollar renovation.
- ◆ The Chilliwack Active Communities Committee hosted the 4th annual Chilliwack Walks event.
- ◆ The annual Terry Fox Run raised over \$32,000 with approximately 240 people participating in the event.
- ◆ Construction began on new schools in Rosedale and Yarrow, with partial funding being provided by the Recreation Infrastructure of Canada Grant Program. This project will provide the City of Chilliwack with more outdoor sports facilities and ultimately an outdoor turf field at the new Chilliwack Senior Secondary School to be completed in 2013.
- ◆ A re-routed trail segment was developed on the existing Mount Thom Trail, allowing for easier accessibility for all levels of users.
- ◆ The Landing Sports Centre renovation was completed, allowing the Players Guild to move into the newly created addition.
- ◆ A new outdoor basketball court was built at the Landing Sports Centre.



ENGINEERING



Transportation, Drainage & Utilities

The Transportation, Drainage & Utilities divisions work closely with Municipal Development to plan works required due to growth in the community, such as:

- ◆ Potable Water systems
- ◆ Sanitary Sewer systems
- ◆ Storm Sewer Drainage systems
- ◆ Transportation network

This broad description of our infrastructure includes:

- ◆ Roads and bicycle paths
- ◆ Street lights and traffic signals
- ◆ Water mains and reservoirs
- ◆ Sanitary sewers and pump stations

Responsibilities also encompass the:

- ◆ Urban Public Transit (bus service) system
- ◆ Safer City program
- ◆ Water Conservation program

Flood Protection

The City of Chilliwack is responsible for 50 kilometres of dyking and related infrastructure that protects our community from floods on the Fraser and Vedder Rivers.

This division is responsible for:

- ◆ Monitoring snow pack and stream flow forecasts for the Fraser and Vedder Rivers
- ◆ Undertaking flood protection studies
- ◆ Managing infrastructure upgrades to improve the overall protection of our community
- ◆ Managing gravel removals from the Vedder River for flood protection

Environmental Services

The City of Chilliwack is committed to developing and implementing sustainable programs and initiatives that improve the quality of life for Chilliwack residents and create environmental benefits in the areas of:

- ◆ Solid waste management
- ◆ Groundwater protection
- ◆ Air quality
- ◆ Climate change
- ◆ Energy initiatives

2010 HIGHLIGHTS

Lickman Road Interchange Improvements

- ◆ Design-Build project to improve road geometrics and signalization of Lickman Rd from Trans Canada Hwy off-ramp to north of Yale/Industrial intersection
- ◆ Partnered with province on their area between Hwy 1 off-ramp and south side of Yale Rd intersection
- ◆ Received \$900,000 federal/provincial contribution to this \$1,350,000 project via the Infrastructure Stimulus Fund
- ◆ Substantially completed Aug. 18, 2010

2010 Concrete Works Program

- ◆ Concrete sidewalk on Yale Rd, Thomas Rd and Hocking Ave to improve walking near schools and arterial routes

Culvert Replacement

- ◆ Parr Rd steel pipe arch culvert (1976) replaced with concrete box culvert anticipated to last 100 years

Traffic Signal Improvement Projects

- ◆ Vedder at Luckakuck – new traffic signal pole and additional signal cluster installed
- ◆ Vedder at South Sumas – new traffic signal controller, UPS and “L-Type” pole and Northbound left-turn signal installed
- ◆ Eagle Landing Parkway - two new developer installed traffic signals at Walmart commissioned
- ◆ Yale at Hodgins – Audible pedestrian signals installed
- ◆ Hodgins at Mary – Audible and countdown pedestrian signals installed
- ◆ Knight at Topaz – Countdown pedestrian signals installed



Asphalt Rehabilitation

- ◆ Ashwell – Bernard to Hodgins
- ◆ Young – Lewis to Hope River
- ◆ Cook – Wellington to Lewis
- ◆ Hope River – McSween to Camp River
- ◆ Hamilton – Wellington to Lewis
- ◆ Richardson – Spruce to Wells
- ◆ Princess – Mary to Yale
- ◆ Williams – First to Third
- ◆ Nelson – Church to Rosewood
- ◆ Hopedale – South Sumas to Yale
- ◆ Knight Rd – Vedder to Chilliwack River
- ◆ Camp River – Chapman to McGrath
- ◆ Adams - Hopedale to 365m east, raise grade, pave and replace concrete box culvert
- ◆ Edson – South Sumas to 80m south, including drainage improvements
- ◆ Elk View – Bailey to Ryder Lake Rd

Promontory Sidewalk Project

- ◆ Concrete curb/gutter/sidewalk with ornamental street lighting from Teskey Way to Chilliwack River Rd and asphalt path with ornamental lighting from Chilliwack River Rd to Thomas Rd

Marble Hill Zone 3 Reservoir Project

- ◆ Construction of two 400,000 L capacity steel water reservoirs in the Marble Hill area to service development in the area, as well as approx. 300m of 200mm diameter ductile water main

Tyson/South Sumas/Stevenson Sewer Project

- ◆ 7,530m of gravity sewer pipes/connections to provide sanitary sewer to 442 residential properties with aging septic fields. The cost was shared by a federal/provincial stimulus grant, the City of Chilliwack and 442 properties

Sanitary Pump Station #43 Replacement

- ◆ Construction of new 50 L/s sanitary pump station to replace one located at Canada Education Park.

Water Main Replacement Projects

- ◆ 500m of 300mm diameter ductile water main on Stevenson Rd from Wiltshire to Reid
- ◆ 490m of 200mm diameter ductile iron water main on Reid Rd from Stevenson to South Sumas

Flood Protection Infrastructure

- ◆ Upgrades to 3,800 metres of the West Dyke (Vedder Canal)
- ◆ 5,300 metres of upgrades to the East Dyke near Jespersen Rd and Gill Rd
- ◆ 99,600 m³ of gravel removed from the Vedder River for flood protection
- ◆ Bank protection upgrades on the Vedder River near Peach Rd

2010 Solid Waste Composition Study

- ◆ Comprehensive audit of City waste to determine composition and input from variety of sectors (*residential, business, City parks, downtown street cans*)

Environmental Services Annual Programs

- ◆ Household Hazardous Waste Day
- ◆ Waste Reduction Week
- ◆ Sustainable Business Awards
- ◆ Christmas Food Drive and Shred-a-Thon
- ◆ Community partnerships



PUBLIC WORKS DEPARTMENT

The Public Works Department is responsible for the operation and maintenance of the City's water, sanitary sewer, storm drainage, road and dyke infrastructure, as well as the operation and maintenance of the Wastewater Treatment Plant (WWTP). The department is divided into five sections; Utilities Underground, Utilities Electrical/Mechanical, WWTP, Fleet Maintenance and Public Works.



Utilities

The Utilities Electrical/Mechanical and Underground sections operate and maintain 44 sanitary pump stations, 8 drinking water production wells, 12 water booster pump stations and 13 reservoirs. Over 700 kilometres of water and sewer pipe systems are also maintained.

Collectively, both Utility sections are responsible for operating the water system in accordance with the City's Drinking Water Quality Assurance Program initiatives and the Provincial Drinking Water Protection Act.

Fleet Maintenance

The Fleet Maintenance section is responsible for maintaining the City's vehicle and equipment fleet, which currently numbers 205 units ranging from grass mowers to dump trucks to excavators and graders. This section also maintains the Chilliwack Fire Department's fleet of vehicles and fire fighting apparatus.

The Public Works section maintains:

- ◆ 560 km of paved roadways
- ◆ 38 km of unpaved roads
- ◆ 300 km of storm drainage systems
- ◆ 45 km of dykes
- ◆ Approx. 1,000 km of open drainage ditches
- ◆ 300 km of sanitary sewer
- ◆ 450 km of water distribution mains
- ◆ 8 drinking water production wells
- ◆ 13 water storage reservoirs

Wastewater Treatment Plant

The WWTP processes and treats over 6.5 million litres of the City's wastewater per year. The plant is continually upgraded to cope with increased volumes as the City's population increases.

The Cross Connection Control ("CCC") program is administered by Public Works. By having a well managed CCC program in place, risk to the City's drinking water from cross contamination is minimized. The department's goal in this area is to ensure that a supply of safe, high quality drinking water is available at all times.

Public Works liaises with local developers and contractors to ensure that new infrastructure is built to acceptable standards prior to the City taking it over. The department also strives to ensure there is minimal delay in connecting newly constructed infrastructure to existing, to allow new development to be completed as timely as possible.

HIGHLIGHTS

Additional Asphalt Patch Truck

A new 'slip in' patching unit is permitting City crews to repair potholes more efficiently and in a timelier manner. The new patching unit can be installed on a dump truck and has doubled response capacity in the post winter months when potholes are worst. Working in tandem with the current patch truck, it provides an enhanced level of service to the motoring public.

Water Meter Radio Read Technology

The Underground Utilities section entered a new era of meter reading technology. All new water meters are radio read capable and can be read wirelessly via radio frequencies and new wireless meter reading equipment. When an existing meter needs maintenance, crews now retrofit the meter with a Meter Interface Unit (MIU), which is easily connected to the existing touchpad wiring. This converts the existing meter to a radio read. The MIU broadcasts a radio signal that is received by a hand-held unit and the meter information is automatically stored for downloading onto the main server at the end of each day. This new technology allows the Meter Readers to obtain readings quickly and safely, as they do not have to deal with high traffic areas, unsafe terrain or angry pets. We are also seeing major increases in efficiency, as many meters can now be read from a moving vehicle. These proficiencies directly translate into cost savings.

Wellington Avenue Streetscape Improvements

In 2010, the Public Works and Parks departments worked together to resolve concerns about the poor condition of existing concrete sidewalks and traffic bulges on Wellington Avenue. The work consisted of the removal of all uneven or broken concrete panels and the placement of new concrete panels, as well as new pedestrian wheelchair ramps. The work also included an assessment of the street trees and new shrubs and brushes within the islands. The work was welcomed by the BIA as the project removed many trip hazards and improved the aesthetics of the Wellington streetscape.

Vedder River Bank Protection

Inspections by Northwest Hydraulic Consultants Ltd. identified the need to upgrade the existing bank protection at the Peach Road, Vedder River Trail access. Over a 3 day period, Public Works crews reinforced approx. 100 linear metres of rock bank protection during the August and September stream fisheries work window. 550m³ of armour rock and rip rap from the City's Vedder Mtn Quarry was used for the upgrade.

Sanitary Sewer Smoke Testing

As part of the department's ongoing initiative to reduce inflow and infiltration in the sanitary sewer system, Mar-Tech Underground Services was hired to smoke test approx. 27 km of sanitary sewer main. Smoke testing consists of introducing a non-toxic smoke into the sewer pipes via a manhole. The smoke is distributed through the system using a blower unit, which creates pressure, and the smoke is forced out via broken pipes, illegal connections and the vent pipes of plumbing systems. This provides the inspector with a visual confirmation of a problem. The process is an important part of sewer maintenance and helped identify many

cross connections and a number of illegal connections. Some of the areas that were smoke tested in 2010 included Little Mountain, Webster Landing and parts of the Wells Landing area. The final report identified in excess of 60 deficiencies that will be addressed in 2011.

Future Operations Centre on Luckakuck Way

Paving of the east section of the future Operations Centre yard is now complete. The work involved importing granular fill material for construction of the yard base and paving of the entire east yard area. As part of the work, footings for future salt and sand sheds were constructed by placing approx. 250 lock blocks to form the walls. The new street sweeper dump and staging area was completed, which will be used by City street sweepers starting in Spring 2011.

2010 Drainage / Watercourse Maintenance Program

The City of Chilliwack's 2010 Open Watercourse Drainage Maintenance Program ended in October 2010 after another very productive year. The City received authorization from the Department of Fisheries and Oceans to conduct drainage maintenance in an expanded work window, extending from mid-June to September 30th. The program ensures that aggregate fine sediment and excess stream vegetation does not impair channel capacity. This reduces the threat of flooding and improves drainage for agricultural land. Over 35km of Class 1 (fish bearing) creeks and watercourses were cleaned.



FIRE



The Chilliwack Fire Department is responsible for providing:

- ◆ Fire Prevention
- ◆ Fire Protection
- ◆ Rescue
- ◆ Public Hazard Mitigation
- ◆ Emergency Management Programs
- ◆ Emergency Medical Aid
- ◆ Hazardous Material response

The Fire Department employs 24 career and 130 'paid on call' firefighters under the direction of four Chief Officers, supported by a Fire Prevention Officer, Public Safety Educator/Fire Inspector and a Training Officer. The 6 fire halls in Chilliwack are staffed as needed by 'paid-on-call' or volunteer firefighters responsible for fire suppression, along with career crews, for both urban and rural centres over an area of one hundred square miles.

Firefighters are trained to provincial standards and many hours are spent learning and practising all aspects of fire protection, rescue, hazardous materials and emergency medical services. The Fire Department is very proactive in its prevention programs, which range from inspections of public buildings to teaching life and fire safety to school children, seniors, community groups and local employers.

Prevention Programs include:

- ◆ Fire Prevention Week
- ◆ Burn Awareness Week
- ◆ Emergency Preparedness Week
- ◆ Juvenile Fire Setter Program
- ◆ Home Smoke Alarm Program
- ◆ Fire Safety for Seniors Program ('Remember When' Program)
- ◆ Health and Safety Inspections
- ◆ Fire Alarm Upgrade Program

The Fire Department works in conjunction with the RCMP and the Municipal Development Bylaw division to help rid the community of illegal drug operations in residential neighbourhoods and ensure multi-family residences meet life and fire safety standards.

To ensure a coordinated emergency response to disaster, Emergency Preparedness and Recovery planning are spearheaded by the Fire Department under the direction of an Assistant Fire Chief.

The Fire Department works closely with, and relies on, local volunteer groups such as Emergency Social Services, the Amateur Radio Club, Search and Rescue, School District 33, the Fraser Health Authority, other local governments, the provincial government and First Nations.



HIGHLIGHTS

- ◆ Responded to 2,228 calls for service, including 299 fires, performed twenty six rescues and provided emergency medical aid eighty five times
- ◆ Paid on call firefighters contributed 18,168 hours of service to training and emergency response in 2010
- ◆ Engaged over 6,400 persons in the community in fire and life safety programs and/or training through almost 220 events
- ◆ Participated in 104 health and safety inspections of public buildings in order to safeguard public safety and participated in the takedown of twenty two marijuana grow operations
- ◆ Trained its 150 members in all aspects of fire and rescue services to provincial standards culminating in several live fire exercises
- ◆ Added 'confined space rescue' to its list of services and held a large rescue exercise in 2010
- ◆ Conducted two mock emergency management exercises, provided training and support for Emergency Social Services volunteers and held several public awareness meetings on disaster response and recovery
- ◆ Received a Farm Credit Grant, which was used to purchase two enclosed trailers for emergency reception centre supplies and equipment
- ◆ Took delivery of a new fire engine for career staff
- ◆ Participated in several community events, including the Salvation Army's Christmas Food Drive, which collected over 12,000 items for the food bank
- ◆ Raised over \$25,000 through several fundraisers, including a firefighters calendar, with the proceeds being distributed between the BC Burn Fund and local charities
- ◆ The Chilliwack Firefighters Education Fund awarded 12 bursaries to local students to further their post education ambitions





COMMUNITY POLICING

The Chilliwack Detachment provides a wide range of policing services from patrol and investigations to proactive services. Operational support is enhanced by support staff such as municipal employees, public servants and regular members, fulfilling roles as prisoner guards, records management clerks, court liaisons, front counter clerks and other administrative assistance.

Another key area of support comes from over 141 volunteers who work out of the Downtown Community Policing Office (DCPO) that houses:

- ◆ Victim Services
- ◆ Crime Stoppers
- ◆ Block Watch / Grow Watch
- ◆ Restorative Justice
- ◆ Citizens on Patrol
- ◆ Speed Watch

The DCPO sub-station is operated by the Chilliwack Community Policing Society, which receives a significant amount of funding from the City of Chilliwack. The office benefited from 3,000 hours of volunteer time this year and would not be able to function adequately without the dedication of the volunteers. All of these employees and volunteers are committed to making Chilliwack a safe place to live and work.

Auxiliary Police

Chilliwack has a very active auxiliary policing program with 27 active volunteers. Each auxiliary member is required to volunteer 160 hours per year. In 2010, auxiliary members volunteered over 7,000 hours. The RCMP is very proud of the dedication and hard work these individuals put into keeping the streets safe.

Crime Reduction

Crime Reduction is a significant focus of the Chilliwack RCMP and this dedicated unit has made an impact on crime in the last year. Intelligence led policing is a key element to crime reduction; ensuring our policing resources are used in a way that will have the greatest impact on reducing crime in our community.

The crime reduction initiative focuses on three main tenets:

- ◆ Prolific/Priority offender management
- ◆ Identify crime hot spots
- ◆ Identify crime causation factors

All calls for service are important to the police, but as we move forward with crime reduction strategies, our focus will be on developing more targeted approaches to reducing criminal activity.

Prolific Offender Management Program

The Upper Fraser Valley Regional Detachment RCMP Prolific Offender Management Program was launched in Chilliwack in February 2009 and is now a regional program that expands to Agassiz, Harrison, Hope and Boston Bar.

Great successes have been seen since the program was initiated, including:

- ◆ 24 Prolific Offenders in community on court imposed conditions
- ◆ 9 Prolific Offenders in custody
- ◆ One Prolific Offender completed probation and has had no contact with police for at least 8 months
- ◆ A second Prolific Offender is still on probation, but has been actively working on Vancouver Island for the past year
- ◆ 12 Prolific Offenders have left the area and/or province because they believed they would re-offend if they continued to live in Chilliwack:
 - ❖ Some are seeking a new life in the sense of not wanting to get into trouble and are either working or looking for employment
 - ❖ 5 are employed at this time and have maintained that status for some time now
 - ❖ A few have left town, but continue to re-offend in other jurisdictions

The Upper Fraser Valley Regional Detachment (UFVRD) Crime Reduction Unit did a media 'life' story last August on a 49 year old female Prolific Offender who is a chronic shoplifter and drug user. There was a large newspaper article, as well as a 2½ minute story on 'Breakfast TV'.

The UFVRD RCMP believes there has been success in the Prolific Offender Program. A few have gained employment; some have left the criminal lifestyle; others have felt the extra attention given to them by police and left town to go somewhere they will not be known by police. Several have recognized they needed to leave town to start fresh and get away from their 'friends' and the only lifestyle they have known.

Take Down of Illegal Substance Operations

In 2010, the Chilliwack RCMP Drug Section once again had a targeted enforcement approach to identifying and disrupting marijuana growing operations.

The Opium Poppy field that was discovered earlier in the year consumed a great deal of time and resources. Two warrants were executed on the property with approximately 65,000 Opium poppies seized. It is the first time raw Opium poppies have been seized in Canada for the purpose of trafficking. The value is still being tabulated by experts, but an early estimate suggests the value is between \$500,000 and \$1.5 million. Two males were charged in this file and the matter is before the courts.

Organized Crime and Drugs

Several charges were recommended in connection with marijuana grow operations. The charges laid are as a result of the hard work of the Chilliwack RCMP Crime Reduction Unit and have had an impact on the street level drug trade in the Chilliwack area and an overall impact on organized crime in our community. There were several 'crack shacks' dismantled through various means including No Case seizures, Bylaw assistance, or door knocks from police. Four of the residences were taken down via warrant and two of those resulted in charges. Drugs seized from the residences were Crack, Crystal Meth, Heroin, and Ecstasy.

2010 HIGHLIGHTS

- ◆ 30,522 calls for service in the Chilliwack area, a 4% decrease from the previous year
- ◆ 13% reduction in residential break and enters
- ◆ 18% reduction in auto theft
- ◆ 6% increase in thefts from vehicles
- ◆ 56% decrease in fatal collisions
- ◆ 34% decrease in impaired driving charges
- ◆ 2% increase in 24 hour suspensions
- ◆ 30% increase in traffic Enforcement tickets
- ◆ 82% increase in traffic Enforcement warnings
- ◆ 11% increase in collisions causing injuries
- ◆ 32 marijuana grow operations identified and dismantled
- ◆ 22 arrests for illegal substance production
- ◆ 20 people charged with possession for the purpose of trafficking
- ◆ 11 arrests for theft of hydro
- ◆ 30+ boat patrols conducted by First Nations Police Unit on the Fraser River

Public / Internal Education and Training

Public education is a key component of our overall crime reduction strategy. As we identify trends that are occurring in the community, we can provide real time information and education on ways community members can protect themselves and help prevent crime from occurring.

In 2010, we also focused on the education of our own members to provide them with additional training and development, so they have the skills and tools needed to fulfill our crime reduction goals.

Police Visibility and Community Relations

Our key police visibility initiatives were:

- ◆ Non-vehicle patrols (foot/bike/boat/ATV)
- ◆ Seasonal policing enforcement and education
- ◆ Road safety and traffic enforcement
- ◆ Auxiliary constable recruitment and training
- ◆ 2nd annual Chilliwack RCMP "Stuff the Cruiser" event

The 2nd Annual "Stuff the Cruiser" event was again a huge success with the generous help of the community. The Chilliwack RCMP collected \$8,725 in cash donations and 9,210 pounds of food. Several police officers volunteered their time and were onsite at three Overwaitea Foods locations throughout Chilliwack.

Non-Vehicle Patrols and Seasonal Policing

A high visibility and 'zero tolerance' approach was taken by police in our heavily visited seasonal recreation areas throughout the Chilliwack area. Key areas of focus were the Chilliwack River Valley, Cultus Lake, the Fraser River and other popular seasonal recreation areas. Combined vehicle, bike, ATV and foot patrols were conducted, allowing for greater interaction with the public while promoting public safety.

First Nations Policing

Community partnerships have continued to be maintained and strengthened to help address crime issues in the First Nations Communities.

The UFVRD RCMP First Nations Police Unit was selected to do a pilot project for the Aboriginal Shield Program, which is similar to the DARE (Drug Abuse Resistance Education) program, but with First Nations content and involvement.

MUNICIPAL DEVELOPMENT



2010 HIGHLIGHTS

Planning & Strategic Initiatives

- ◆ 590 New business licences
- ◆ 47 Rezoning applications
- ◆ 43 Development Variance Permits
- ◆ 9 Agricultural Land Reserve applications
- ◆ 23 Form & Character Development Permits

Development & Regulatory Enforcement Services

- ◆ 56 New lots created
- ◆ 166 New single family dwellings constructed
- ◆ 269 Other dwelling units (including multi-family)
- ◆ 192 Health and safety inspections conducted
- ◆ 27 Marijuana Grow Operations shut down
- ◆ 6 Development Permits
(Geotechnical, Environmental and Riparian)

In the fall of 2010, Mayor and Council approved a restructuring plan for the City's development functions, resulting in two new departments within the organization. The first is Planning & Strategic Initiatives, led by Kurt Houlden. The second is Development & Regulatory Enforcement Services, led by Lisa Thompson. The functions of the former Municipal Development have been allocated as follows:

Planning & Strategic Initiatives

- ◆ Development Planning
- ◆ Long Range Planning
- ◆ Rezoning & Development Variance Permits
- ◆ Development Permits (Form & Character)
- ◆ Agricultural Land Reserve Applications
- ◆ Official Community Plan
- ◆ 'One Stop' Business Registration and Licensing

Development & Regulatory Enforcement Services

- ◆ Land Development
- ◆ Subdivision
- ◆ Development Permits
- ◆ Geotechnical/Environmental
- ◆ Riparian
- ◆ Property Records Maintenance
- ◆ Building Permits and Inspections
- ◆ Bylaw Enforcement & Animal Control

Planning & Development 2010

Residential construction started on a high note in anticipation of a quick rebound in the Lower Mainland market. This was soon tempered by the slow recovery of the United States economy, European debt concerns, the anticipation of rising interest rates and the end of the government stimulus programs. At the end of 2010, Canada proved itself a leader among the developed countries with a 3.1% GDP growth rate. BC's economy performed even better at 3.6% on the strength of its resource industries and a more resilient housing market.

Chilliwack's housing starts followed the same tentative path in 2010. After a surge in January, residential construction was on a retreat to match housing realities. Still, 2010 housing starts totalled 654 units, a 27% increase over the 2009 (recession) output. However, the 2010 'achievements' were in the commercial and institutional sectors, which elevated the City's total building permit value to \$169 million – higher than the 25-year average. Even that is an understatement, as the new \$100 million Eagle Landing Shopping Centre on the Squiala Reserve (*hence not in the municipal building permit statistics*) has yet to be included.

Once all developments are counted, Chilliwack's 2010 building permit value could reach \$269 million, a historic high – against the backdrop of a recovering economy. These developments have had an immediate impact on the City's unemployment rate, which now stands at 6.3% – down from 12.5% in March 2009, and presently lower than both the provincial and national rates.

Looking ahead, the local housing market will continue to recover at a cautious pace as the current inventory is being absorbed; yet the 2011 housing starts should exceed 600 units. As BC and Canada's economies are expected to grow at about 3%, Chilliwack's economic prospects are also quite positive. Nevertheless, global risks (*e.g. unrest and civil wars in the Middle East and North Africa; rising oil prices and potential threats to oil shipments; some EU countries' sovereign debts; Japan's natural disasters and temporary economic setbacks*) could affect every corner of the world, including the Fraser Valley.



CEPCO

Chilliwack Economic Partners Corporation (CEPCO) is a wholly owned subsidiary of the City of Chilliwack, with its own Board of Directors, consisting of representatives from local business people and community stakeholders. The financial activities of this organization are consolidated into the Environmental Development section of the City's financial statements.

The role of CEPCO is to implement a comprehensive economic development strategy that benefits the local economy. This overall strategy is a well-balanced approach that includes initiatives in specific economic sectors such as manufacturing, health care, technology, education, film, aviation/aerospace and agriculture. These strategies are facilitated through strategic partnerships with many community and government stakeholders, as well as CEPCO's subsidiaries, the Chilliwack Agricultural Commission, the Chilliwack Film Commission and the Chilliwack Aviation and Aerospace Planning Committee.

CEPCO's efforts encompass both Business Attraction and Business Retention and Expansion. CEPCO continues to be the lead agency involved in the development of the Canada Education Park. The redevelopment of the former CFB Chilliwack lands presents numerous benefits, as the park includes the University of the Fraser Valley (UFV), Justice Institute of British Columbia, RCMP Pacific Region Training Centre and Canada Border Service Agency National Institute of Learning and Excellence.

In 2010, CEPCO also took a lead role in facilitating the revitalization of Downtown Chilliwack through the purchase and demolition of the Empress Hotel.

2010 HIGHLIGHTS

Canada Education Park

UFV's \$40 million building project at Canada Education Park commenced. The project includes 5,000 square metres of renovation (Engineering Building) and 9,000 square metres of new construction. Construction of servicing infrastructure at the Park is well underway.

Ritchie Bros. Auctioneers

Opened the firm's new facility and held their inaugural auction on March 24th. The company employs approximately 15 full time and 25 to 50 part time employees.

Tidy Steel-Fab Ltd

Opened a 4,645 square metre plant in the Progress Way Industrial Park that employees approximately 25 people.

Cineplex (Galaxy Theatre)

The new \$7.5 million, 8 cinema Cineplex Odeon Theatre located at Eagle Landing Parkway opened in November. This 2,880 square metre facility will employ 75 people.

Eureka – TV Series

Returned to Chilliwack to film Season 4.

- ◆ Development and support of Chilliwack's various industrial and commercial parks: Chilliwack Business Estates, Eagle Landing, Highway 1 Business Park, Progress Way Industrial Park, Legacy Pacific Industrial Park, Cattermole Industrial Estates and Kerr Avenue Food Processing Park
- ◆ Advancements in the redevelopment of Downtown Chilliwack
- ◆ First Nations partnerships
- ◆ Chilliwack Business Link business retention and expansion program – 40 visitations completed
- ◆ The Chilliwack Agricultural Commission, in collaboration with the City of Chilliwack, commenced work on the Chilliwack Agricultural Area Plan
- ◆ Continued growth of film production including a number of corporate commercials
- ◆ Physician and health care professionals recruitment strategy



Tourism Chilliwack Inc.

Tourism Chilliwack was incorporated in December 2006 as a wholly owned subsidiary of the City of Chilliwack and is led by a private sector Board of Directors. Tourism Chilliwack was originally established in 1998 as a subsidiary of the Chilliwack Economic Partners Corporation (CEPCO). This partnership proved beneficial as it allowed Tourism Chilliwack to establish a solid foundation for providing programs and services that benefit the tourism industry in our community.

Tourism Chilliwack Inc. is based at the Chilliwack Visitor Centre and is a leading Community Destination Marketing Organization in British Columbia with a mandate to strengthen the tourism industry in the City of Chilliwack. The mission of Tourism Chilliwack is *“Working together with the tourism industry, to attract and retain visitors to our community”*, captures the partnership approach necessary to increase the economic benefits derived from the tourism industry for Chilliwack.

A main strategic objective for Tourism Chilliwack is to increase overnight visitors to our community. A range of programs and services are offered to engage the tourism industry and the community in working together toward this objective. The overall strategies are well-balanced and include visitor services, marketing, sector and partnership development, and a business minded approach that allows the organization to explore non-traditional opportunities for revenue generation and the provision of services.

In 2010, Tourism Chilliwack secured additional funding from Tourism British Columbia and Vancouver Coast & Mountains Tourism Region through the Community Tourism Opportunities program. This funding complemented an investment from Tourism Chilliwack to develop

and launch a pre-summer television advertising and promotional campaign during the month of June on CTV. The campaign was designed to raise the profile of Chilliwack and Cultus Lake as a vacation destination for families planning summer travel. As a result, summer website traffic to thegreatoutside.com increased 27%

3.4% decrease in people compared with 2009. Much of this was due to a decrease in Purolator packages. The Visitor Centre is open year round and receives many positive comments on the amount and quality of information available for both local residents and visitors. Tourism Chilliwack also took over management of existing tourist facility signs along Highway #1 that were in a significant state of disrepair. In partnership with Gidney Signs, two new service signs were installed to create a much improved impression of Chilliwack businesses for Highway 1 travellers.

Tourism Chilliwack also provides the materials necessary to properly market Chilliwack as a visitor destination. An extensive library of quality high definition video footage and photographs of Chilliwack and the surrounding area has been compiled over the last several years. The community marketing materials build upon the tag line ‘The Great Outside’ and include a high quality Visitor’s Guide, maps and sector/activity focused initiatives that promote agri-tourism, arts and culture, hiking, fishing and sport tourism.

The business minded approach taken by Tourism Chilliwack provides expanded revenue opportunities that are not dependent upon government funding. Since 2007, Tourism Chilliwack has been the Purolator Shipping Agent for Chilliwack and

the eastern Fraser Valley, as well as the owner/operator of the Chilliwack Flag Shop franchise, one of twelve locations across Canada. These two business initiatives better utilize the high profile nature of the Chilliwack Visitor Centre by attracting people year round.

over 2009, and a Chilliwack getaway contest was the most successful on-air promotion on CTV to that point in terms of entries received.

The Chilliwack Visitor Centre remained a busy facility in 2010, although the economic downturn continued to have an impact with a

2010 HIGHLIGHTS

- ◆ 31,580 people served at Chilliwack Visitor Centre in 2010
- ◆ Additional Hotel Room Tax
 - 20.4% increase in revenue over 2009
- ◆ Fish Chilliwack - Comprehensive sport fishing cooperative marketing program
- ◆ Ultimate Fishing Town Contest - Chilliwack finished in the Top 10 fishing destinations in Canada
- ◆ Extensive use of social media and other online marketing initiatives
- ◆ 5th year of award winning regional Circle Farm Tour Program
- ◆ Coordinated 2nd Slow Food Cycle Tour
 - an agri-tourism event with 595 participants
- ◆ Launched new logo to promote Arts, Culture and Heritage
- ◆ Self guided Artisan Tour brochure of studios/galleries
- ◆ Purolator Shipping Agent for Chilliwack and the eastern Fraser Valley
- ◆ Owner/Operator of Chilliwack Flag Shop franchise
- ◆ Community Service Provider for WorldHost Training courses from Tourism BC
- ◆ Showcase Chilliwack with high definition video footage and photography
- ◆ Member of BC Sport Tourism Network
- ◆ Operate web based Virtual Tour business partnership
- ◆ Held 7th Annual Business on the Green Golf Tournament in partnership with the Chilliwack Chamber of Commerce



**Supplementary
Information**

OBJECTIVE	STRATEGY	MEASURE	PROGRESS
Financial Stability	Plan for anticipated community needs.	Long term Comprehensive Municipal Plan (CMP) updated annually.	To Council in March 2010.
	Fund planned capital expenditures.	Balance CMP without long-term borrowing.	No long-term debt required in 2010 CMP.
	Build reserves for unanticipated community needs.	Have Unrestricted General Reserve Fund balance of \$6 million by 2015.	2010 closing balance of \$.6 million. CMP includes an annual allocation to the Unrestricted Reserve. Funded hillside property acquisitions in 2010.
	Maintain a reasonable tax burden for taxpayers.	Tax rate increase similar to rate increase of other local governments.	Chilliwack 2010 tax increase was 3.95%, Abbotsford was 5.0% and Langley 4.95%.
		Chilliwack remains at the low end of municipal taxation on a representative home when compared to similar communities in the lower mainland.	Only Surrey is lower than Chilliwack of 19 communities surveyed.
		Chilliwack remains at the low end of business taxation when compared to similar communities in the lower mainland.	Chilliwack has the lowest class multiplier of 19 communities surveyed.
		Other revenue opportunities explored.	Available Government Grants applied for. Received \$900,000 for the Lickman Road Project, \$3,323,000 for the East Dyke and West Dyke Projects, \$450,000 for the Community School Projects, and \$2,533,000 for the Tyson Sanitary Sewer Project. Applying for the next round of flood infrastructure grants, and regionally specific gas tax grants.
		Identify priority projects which will be eligible for infrastructure grants and save for municipal portion.	Incorporated a savings plan for 1/3 funding for the Collinson McGillivray and Hope River drainage pump stations into the 10 Year Financial Plan.
	New growth pays for itself.	DCC Bylaw reviewed and rates amended.	
Good Stewardship of Municipal Infrastructure	Maintain the road system.	Average pavement quality index above: Arterial 6.5, Collector 6.0, Local 5.5. Minimum pavement quality index above: Arterial 4.5, Collector 4.5, Local 3.5.	Investment into road rehabilitation program was updated in 2010 to \$2.25 million to allow additional paving, especially in collector and local roads. Strategy to bring roads to a minimum standard was developed. In 2010, the Tyson area was also resurfaced as part of the Sanitary Sewer Improvement Project. The 2011 budget for road rehabilitation is \$2,375,000.
	Maintain the utility systems.	Service delivery interruptions minimized.	Flushed 150% of water system in 2010. Replaced 2,710 meters of aging cast iron water pipes. Over 300 life expired water meters replaced in 2010. Over 900 backflow prevention devices tested in 2010. Replaced 1,670 meters of sanitary sewer and flushed 10 km.
	Maintain municipal fleet.	Repair and replacement program planned and funded.	Maintenance Management System being installed. Equipment Replacement Reserve Fund program reviewed in 2010. Replaced aged items.
	Maintain municipal facilities.	Identified maintenance program funded.	Funded all major maintenance identified as required.
	Protect the community from flood risk.	420,000 cubic meters of gravel removed annually from the Fraser River. 110,000 cubic meters of gravel removed every second year from the Vedder River.	The Fraser River had 321,800 cubic meters removed in 2010 and the Vedder River had 99,630 cubic meters removed.
		Existing funding opportunities for gravel study and dyke upgrades maximized, and senior levels of government lobbied for additional monies.	Received \$3,323,000 in Provincial and Federal funding in 2009/10 for upgrades to the east and west dykes. Applied for \$4 million in funding for additional dyke and pump station upgrades in 2011-2014.
Open drainage watercourses and ditches in the floodplain cleaned on a 3 to 7 year cycle to maintain drainage integrity.		Cleaned over 45,000 meters of open drainage channels with DFO and CEAA approval in 2010.	

OBJECTIVE	STRATEGY	MEASURE	PROGRESS
Good Stewardship of the Environment	Maximize utilization of existing infrastructure.	Development directed to serviced areas.	Infill continued in 2010.
	Ensure adequate water supply.	Amount of water consumed meeting daily demand.	Demand met. Lawn watering restrictions during summer. Approved 180 applications for the toilet rebate program. Well #9 in operation in 2010 - system redundancy.
	Ensure quality drinking water.	Meets drinking water standards.	Comprehensive and extensive drinking water quality testing program undertaken in 2010. High drinking water quality standards being maintained without chemical additives / treatment.
	Protect the waterways.	Effluent meets or exceeds Provincial standards.	Continues to meet standards.
	Protect water course riparian areas.	Consider scientifically determined stream setbacks in all new development applications.	Continued to protect riparian areas by maintaining RAR standards and enforcing Development Permit Area #11 rules.
	Encourage recycling.	Diversion rate for recycling items increased to 40% by 2011, 41 % by 2012 and 42% by 2013.	Recycling rate 38% in 2010.
	Protect the air shed.	Work with the Province to assess agricultural air quality impacts.	Community air quality, energy and greenhouse gas action plan under development.
		Explore economically viable methane extraction opportunities.	Exploring potential biogas utilization at the wastewater treatment plant. Proposing the methane gas extraction system at the Bailey Landfill for Gas Tax Funding.
		Reduced reliance on automobiles.	Creation of 315 meters of additional cycling lanes. Comprehensive neighbourhood planning. Municipal vehicle fleet right sizing's.
		Minimize burning.	Corporate and community air quality, energy and greenhouse gas action plans under development.
	Minimize energy consumption in municipal facilities.	Reduction in energy consumption.	Civic facilities have been equipped with energy efficient systems to reduce consumption. Exploring options for energy conversions.
	Promote a "zero waste" philosophy to minimize the generation of solid waste in the City, while maximizing reuse and recycling initiatives.	Reduce the annual amount of residential garbage being generated per household and increase the diversion rate. Implement the recommendations of the 2010 Waste Audit.	2010 annual waste generated was 460 kilograms per household, a 2% reduction from 2009. A waste audit was undertaken in 2010 to identify opportunities for further diversion.
Facilitate a High Quality of Life	Provide quality parks and recreational opportunities.	Comparison to other communities. Taxpayer feedback.	Chilliwack provides excellent parks, trails and recreational opportunities. New Cultural Centre and renovated Cheam Centre both opened in 2010. New secondary library is the next item to be saved for. Reviewing parks requirement and considering integration in amenity requirements.
	Facilitate the attraction of community events.	Events held in local recreational facilities.	Heritage Park, Propsera Centre, and Chilliwack Cultural Centre booked year-round, including large scale events. Partnership with the Active Communities Committee of BC Committee and Tourism Chilliwack.
	Support cultural groups.	Facility and funding assistance.	New Cultural Centre opened in September of 2010 with full scale programs, performances and exhibitions. New Executive Director hired. Operational funding in CMP.
	Foster community spirit.	Recognize volunteers.	Recognize volunteers. Annual Community Sport Hero Recognition.
		Support community organizations.	Funded \$1,953,000 through Community Development Initiatives policy in 2010.

OBJECTIVE	STRATEGY	MEASURE	PROGRESS
Attract & Maintain Business Growth	Contract with CEPCO for economic development.	New business locating in Chilliwack.	Non-market business/industry assessment increased \$31 million in 2010.
		Work cooperatively with CEPCO in setting mutual priorities.	CEPCO contract renewed in 2008 for 5 years.
	Encourage redevelopment in the downtown area through initiatives such as the revitalization exemption.	Revitalization exemptions applied for.	3 new revitalization exemptions in 2009 and 5 new in 2010. The new focused bylaw came into effect on November 1, 2009. Established a Downtown Task Force to review options for the downtown.
	Ensure plans are in place to facilitate regional growth predictions.	Regional growth accommodated in OCP and CMP.	Working with the ALC.
Engage the Community	Provide community forum venues on major issues under consideration.	Public Meetings.	Held Open Houses on DCC's in conjunction with the Development Process Advisory Committee. Held public meetings in Ryder Lake, Rosedale and Greendale for the Rural Issues Advisory Committee. Held resident meetings for the Eastern Hillside Comprehensive Area Plan. Held a public meeting for the Agricultural Area Plan. Held 5 public meetings for the Healthier Community Strategic Action Plan.
	Provide relevant information through the City website, Greenheart News and the Leisure Guide.	Leisure Guide, Greenheart News, Annual Report, Tax Insert made available. Updated website regularly.	All done to satisfaction. Met statutory deadline for presentation of Annual Report.
	Work closely with Committees of Council.	Committees meet regularly, have Council representation and provide feedback to Council.	All Committees active during year.
	Work cooperatively with senior government elected officials.	Meet regularly with MLA's and MP to review mutual issues.	Unable to coordinate a joint group meeting in 2010; however, did meet individually for specific issues.
	Meet regularly with Ratepayer Groups.	Meetings undertaken.	Met with Promontory Ratepayers, Yarrow Ratepayers and BIA groups.
Develop and Maintain a First Rate Work Force	Have recruiting strategies that attract the brightest and the best.	Qualified applicants.	Successfully filled 60 posted positions in 2010 with qualified employees, including 23 new employees to the organization.
	Undertake on-site training for employee development, as well as encourage employee professional development.	On site training undertaken. Employees taking relevant professional training.	Offered 16 employee training sessions on various workplace topics. Identified and supported employee training initiatives.
	Provide opportunity for internal advancement.	Employee turnover.	28 employees obtained new positions within the organization to advance in their career.
	Offer a competitive compensation package and employee programs.	Comparison to other communities.	Spot surveys conducted to verify competitive rates on individual positions.
	Workplace safety.	Number of workdays lost per year due to injury.	267.5 workdays lost due to injury. Recipient of WorkSafe BC award.
Provide Excellent Customer Service	Provide customer service training to employees.	Training provided.	Provided group training for all employees.
	Seek taxpayer/customer feedback.	Customer feedback system in place and followed up on.	Almost all feedback was positive. Complaints followed up on promptly.
	Provide fast and efficient service.	Timeliness of customer service.	Turn-around times met regularly. Offer premium plan review service for building permits.

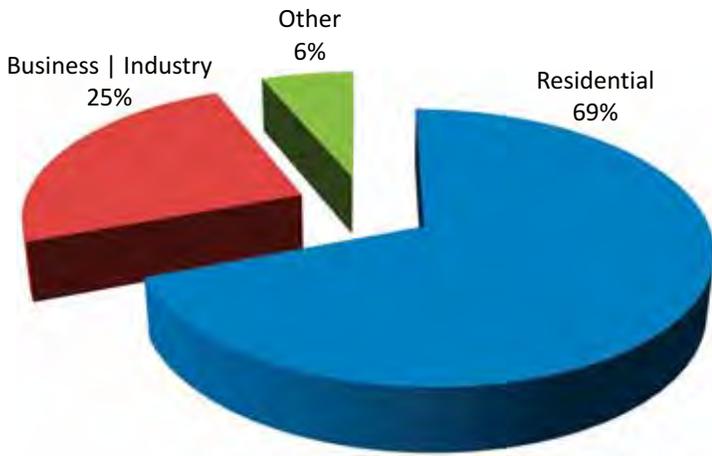
OBJECTIVE	STRATEGY	MEASURE	PROGRESS
Provide a Safe Community	Provide the community with effective fire and life safety education to reduce losses.	Add emergency preparedness to present fire and life education programs and deliver to the public and targeted groups.	Partnered with Fraser Health Authority to begin training on a NFPA sponsored seniors safety program in 2010.
	Plan for the response and recovery of the City and the community in times of disaster. Establish a partnership with neighbouring fire departments to address regional hazardous material emergencies.	Renew and exercise emergency plan. Train Council and senior staff. Move the EOC to an alternate site. Work with neighbouring communities to provide better Haz Mat response.	Exercised City Emergency Plan in new Emergency Operations Centre by Twin Rinks with a large scale tabletop exercise on a train derailment.
	Increase staffing levels to provide better/safer firefighter coverage and reduce response times.	Provide full time staffing of Hall 4 to reduce response time and increase efficiencies for south Chilliwack. Increase staffing levels to two full time engines.	Completed renovations for 24/7 staffing operation, which began in February 2010 with two firefighters.
	Increase training capacity for both career and paid-on call firefighters. Work with corporate sponsors for in-kind donations for training grounds.	Begin planning for a training site and facility for firefighter training.	Funding identified in CMP in 2012 for training grounds improvements.
	Identify and inspect properties using abnormally high amounts of electricity in residential or mixed-use occupancies for fire and safety reasons. Data requested from BC Hydro and scanned for high consumption of electricity.	Establish an Electrical and Safety Initiative (EFSI) Team (to include Fire, Bylaw, RCMP and an electrical inspector) to identify and inspect properties using high electrical energy.	Identified existence of potentially dangerous electrical problems and fire hazards through hydro records check and purchased required software. Still awaiting implementation of EFSI team.
	Support RCMP initiatives regarding drugs and drug-related crime.	Health & Safety Team (Fire, Bylaw and RCMP) work together to close and clean up residential properties. Bylaw tickets issued.	RCMP, Bylaw and Fire Departments involved in shutting down approximately 20 marijuana grow operations and conducted 95 health and safety inspections in 2010.
	Support RCMP youth program initiatives.	Youth liaison positions funded.	Funding continues. Prioritized high usage areas of youth, performed youth probation checks, ran the annual RCMP youth academy, ran the billiards club for high risk youths, and worked with schools on youth education programs.
	Support RCMP activities in the downtown area.	Fund bike patrols, downtown RCMP station. Feedback from taxpayers.	More police presence in the Downtown Core. Crime-free multi-family housing initiatives have helped reduce crime.
	Maintain an adequate number of police officers, consistent with provincial averages.	Police to population.	Funded 1 new civilian member, 1 new civilian staff support position, the equivalent of 4 new members in the RCMP Teams, and maintained a population to member ratio of under 800. In 2011, funding an additional civilian member and 2 part time prison guard positions.
	Improve traffic education.	Education undertaken.	Safer City Coordinator worked with schools and ICBC to reduce accidents.
	Improve the safety of parks and public places.	Crime Prevention Through Environmental Design (CPTED) principles are applied in park and public space upgrades.	Three employees are CPTED trained. Improvements during year done with CPTED principles in mind.
	Improve coordination between social agencies in the community.	Preparation of an analysis of social issues.	The City is facilitating the Healthier Community Strategic Action Plan project. The project began in Spring 2010 and is estimated to 'complete' in Spring 2011. Our fall engagement sessions have helped to identify the highest priority issues in the area of homelessness, crime/public safety, mental health and addictions. Improved coordination and collaboration has been identified as one of the overarching goals of the project. A governing (or implementation) plan is part of the project but has not been determined. This will replace the previously proposed CHSDN.

Organization	Community Charter	2010 Municipal Taxes
Alano Club	Section 224(2)(a)	\$ 1,289
Ann Davis	Section 224(2)(a)	1,859
Ann Davis	Section 224(2)(a)	1,370
Atchelitz Farmers Institute	Section 224(2)(a)	2,031
Bethesda Christian Association	Section 224(2)(a)	1,576
BCSPCA	Section 224(2)(a)	1,580
Camp River Community Hall Society	Section 224(2)(i)	1,761
Canadian Hard of Hearing Association	Section 224(2)(a)	589
Canadian Red Cross Society	Section 224(2)(a)	1,035
Chilliwack Academy of Music	Section 224(2)(a)	3,303
Chilliwack Academy of Music	Section 224(2)(a)	1,632
Chilliwack Animal Safe Haven Society	Section 224(2)(a)	4,225
Chilliwack Community Arts Council	Section 224(2)(a)	388
Chilliwack Community Arts Council	Section 224(2)(a)	3,223
Chilliwack Community Arts Council	Section 224(2)(a)	2,517
Chilliwack Community Policing Society	Section 224(2)(a)	2,787
Chilliwack Community Services	Section 224(2)(a)	6,780
Chilliwack Community Services	Section 224(2)(a)	5,700
Chilliwack Community Services	Section 224(2)(a)	2,955
Chilliwack Community Services	Section 224(2)(a)	7,575
Chilliwack Community Services	Section 224(2)(a)	1,127
Chilliwack Family YMCA	Section 224(2)(i)	4,675
Chilliwack Family YMCA	Section 224(2)(i)	11,841
Chilliwack Family YMCA	Section 224(2)(i)	2,244
Chilliwack Hospice Society	Section 224(2)(a)	1,321
Chilliwack Lawn Bowling Society	Section 224(2)(i)	1,113
Chilliwack Opportunity Workshop Society	Section 224(2)(a)	2,382
Chilliwack Senior Recreation Centre	Section 224(2)(i)	1,396
Chilliwack Seniors Social Society	Section 224(2)(i)	703
Chilliwack Senior Veterans Society	Section 224(2)(i)	1,269
Chilliwack Society for Community Living	Section 224(2)(a)	4,156
Chilliwack Society for Community Living	Section 224(2)(a)	3,138
Chilliwack Society for Community Living	Section 224(2)(a)	5,673
Chilliwack Society for Community Living	Section 224(2)(a)	662
Chilliwack Society for Community Living	Section 224(2)(a)	2,108
Chilliwack Society for Community Living	Section 224(2)(a)	1,377
Chilliwack Society for Community Living	Section 224(2)(a)	1,588
Chilliwack Society for Community Living	Section 224(2)(a)	13,678
Chilliwack Society for Community Living	Section 224(2)(a)	2,631
Chilliwack Society for Community Living	Section 224(2)(a)	1,217
Chilliwack Society for Community Living	Section 224(2)(a)	1,571
Chilliwack Supportive Housing Society	Section 224(2)(a)	307
Chilliwack Supportive Housing Society	Section 224(2)(a)	315
Chilliwack Supportive Housing Society	Section 224(2)(a)	317
Chilliwack Supportive Housing Society	Section 224(2)(a)	370
Chilliwack Supportive Housing Society	Section 224(2)(a)	400
Chilliwack Supportive Housing Society	Section 224(2)(a)	403
Chilliwack Supportive Housing Society	Section 224(2)(a)	357
Chilliwack Supportive Housing Society	Section 224(2)(a)	357
Chilliwack Supportive Housing Society	Section 224(2)(a)	379
Coqualeetza Cultural Education Centre	Section 224(2)(a)	4,699
Creative Centre Society	Section 224(2)(a)	1,451
Evangelical Missionary Church Canada West District	Section 224(2)(g)	1,535
Evangelical Missionary Church Canada West District	Section 224(2)(g)	4,915
Evangelical Missionary Church Canada West District	Section 224(2)(g)	2,079
Keystone Ministries	Section 224(2)(f)	3,105
Mountain View Free Church	Section 224(2)(g)	1,499
Pentecostal Senior Citizens Society	Section 224(2)(a)	11,516
Promontory Community Church	Section 224(2)(g)	2,109
Ruth & Naomi's Street Mission	Section 224(2)(a)	4,952
Ryder Lake Farmers Institute	Section 224(2)(a)	1,179
Southside Church	Section 224(2)(g)	4,699
Southside Church	Section 224(2)(g)	2,109
Nature Trust of BC	Section 224(2)(i)	1,482
Nature Trust of BC	Section 224(2)(i)	3,186
Nature Trust of BC	Section 224(2)(i)	21
Nature Trust of BC	Section 224(2)(i)	1,880
Nature Trust of BC	Section 224(2)(i)	726
Nature Trust of BC	Section 224(2)(i)	128
Nature Trust of BC	Section 224(2)(i)	365
Nature Trust of BC	Section 224(2)(i)	543
Nature Trust of BC	Section 224(2)(i)	17,983
Salvation Army	Section 224(2)(a)	10,758
Terry Fox Foundation	Section 224(2)(a)	1,212
Valley Christian Ministries	Section 224(2)(g)	143
Vineyard Community Church	Section 224(2)(g)	253
Xolhemet Society	Section 224(2)(a)	1,563
		\$ 209,339

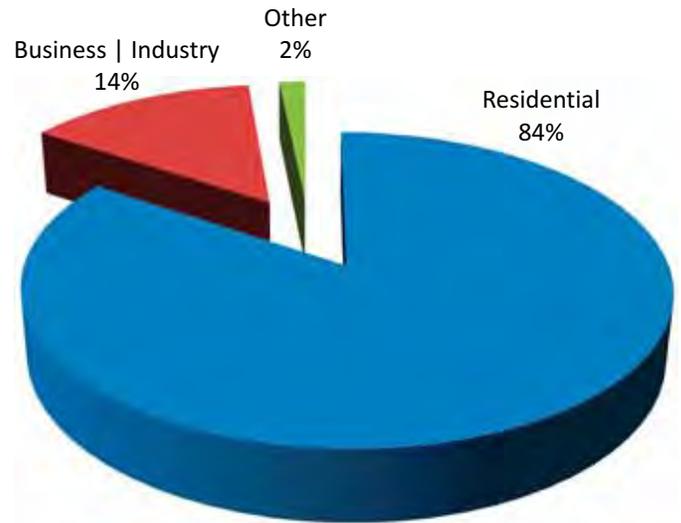


Statistical Information

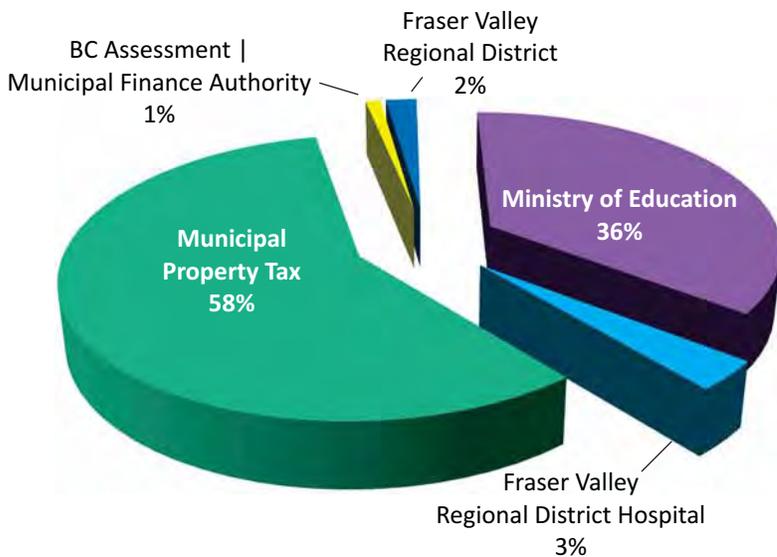
Taxes by Property Class



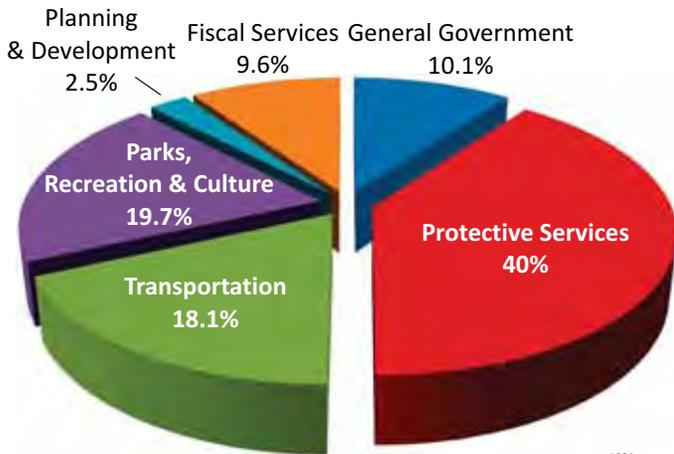
Assessment by Property Class



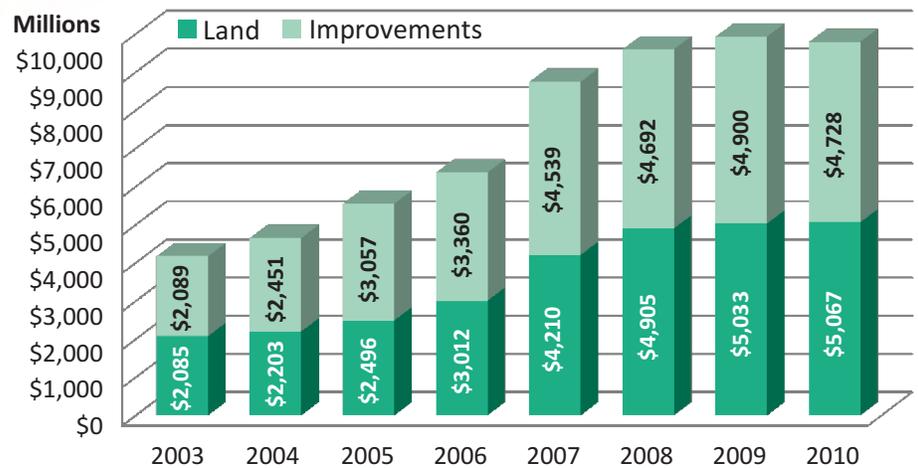
Total Property Tax Distribution



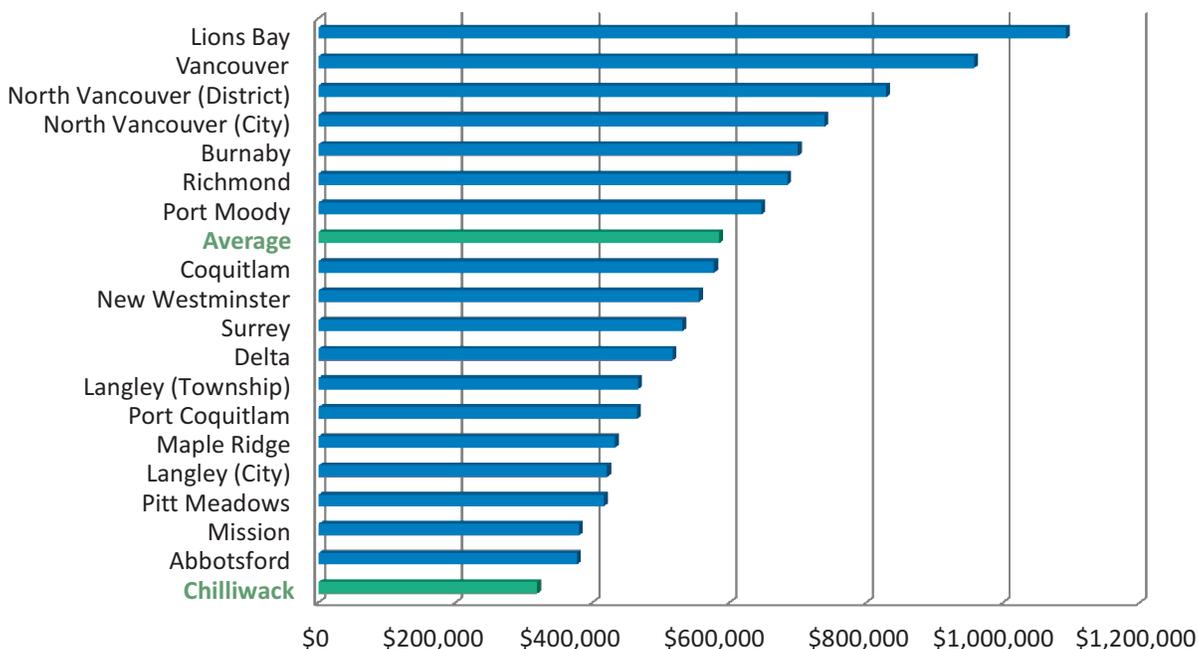
Municipal Property Tax Distribution



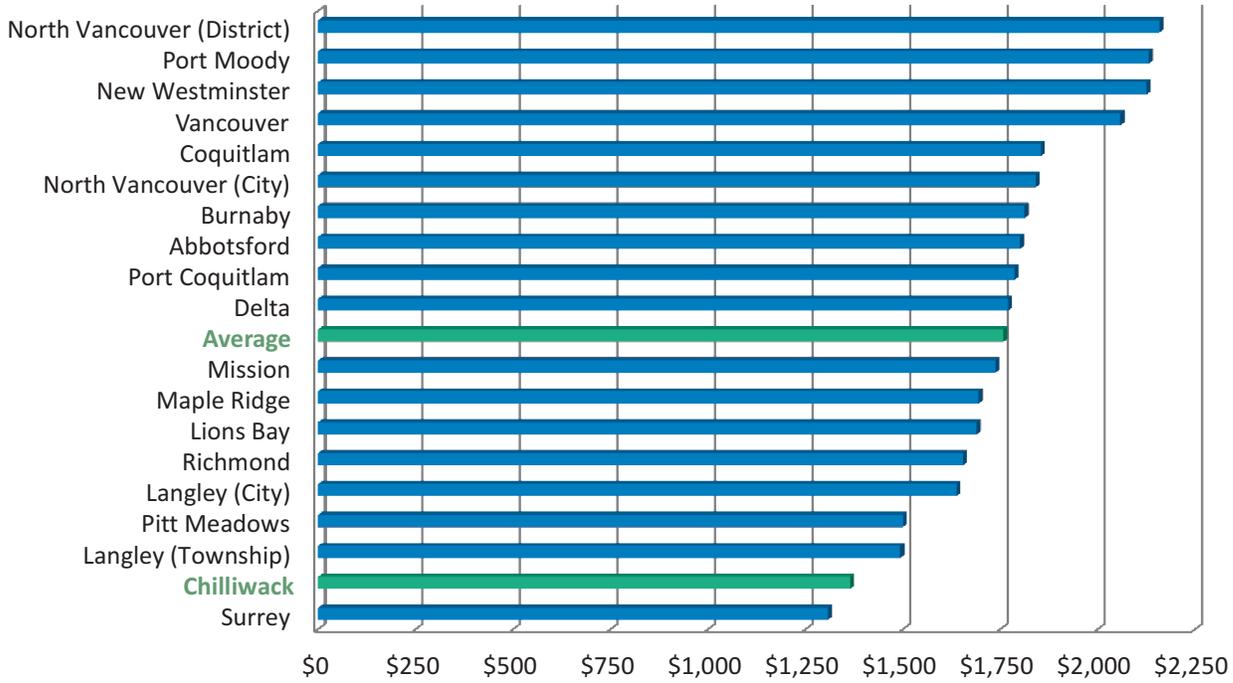
Chilliwack Property Assessments



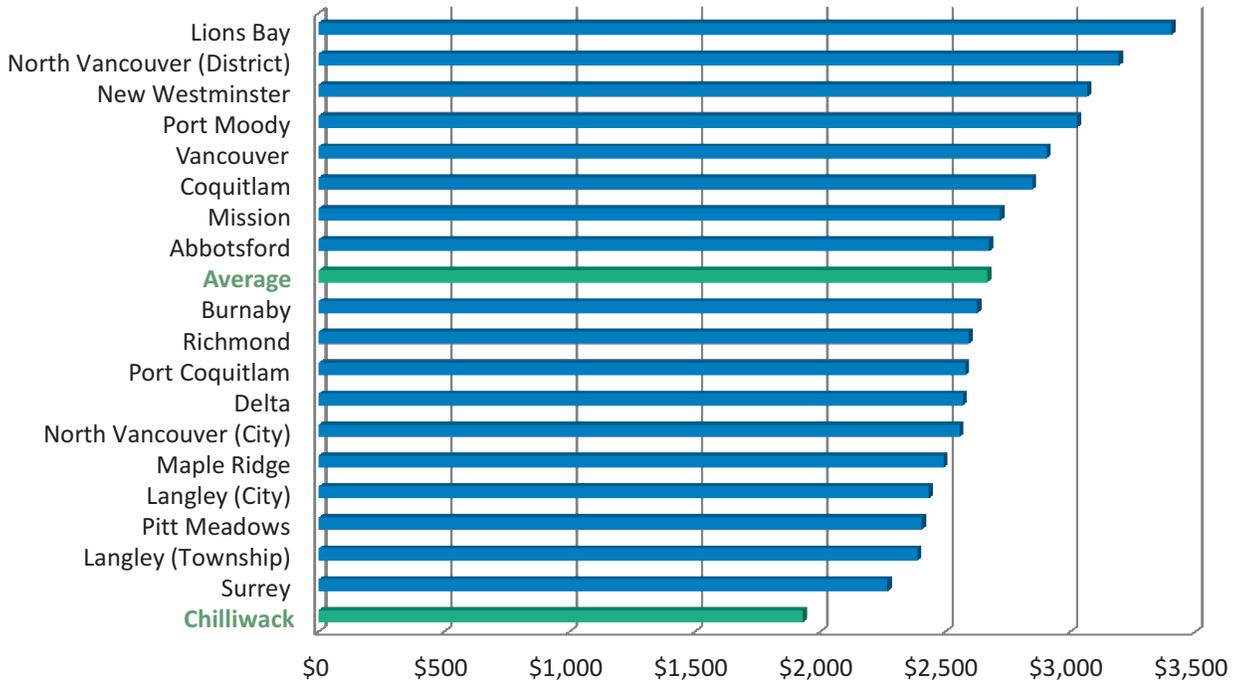
Lower Mainland - Representative House Value



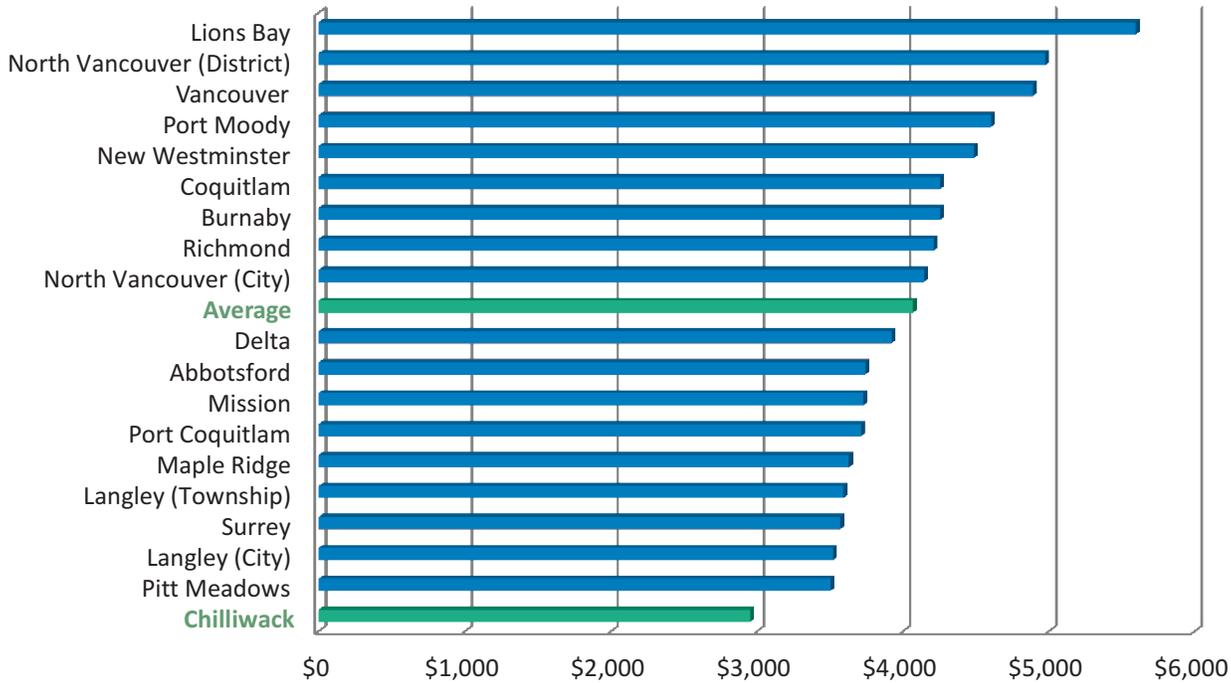
Municipal Taxes on a Representative House



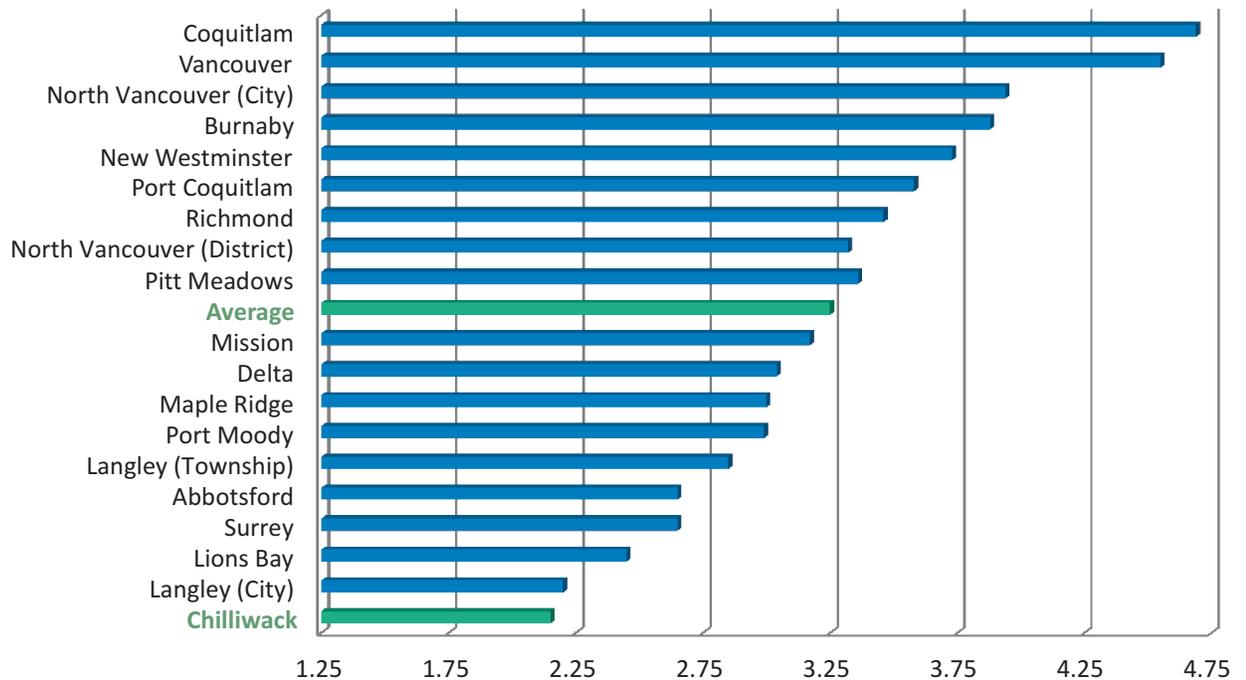
Lower Mainland - Municipal Taxes & Utilities



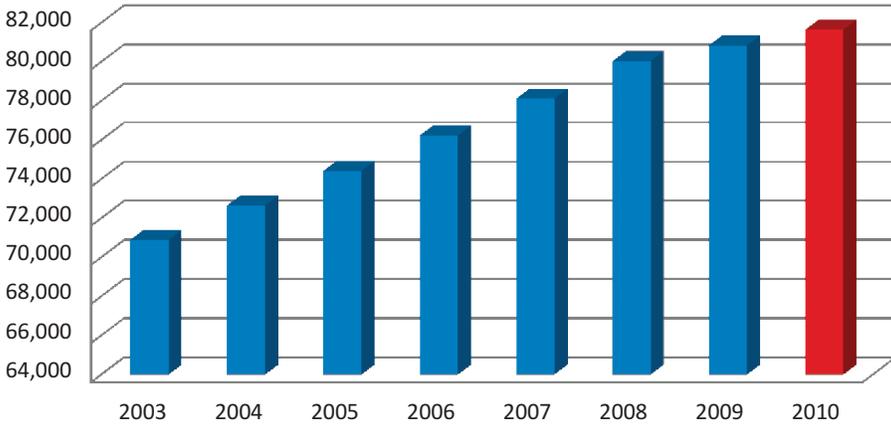
Lower Mainland - Total Taxes & Charges



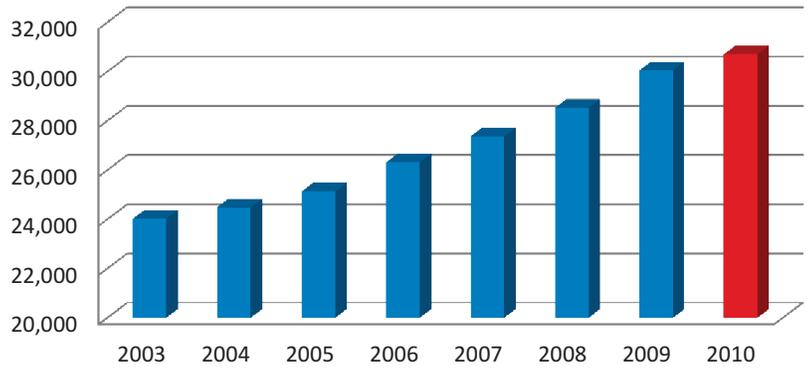
Lower Mainland - Business Class Tax Multiples



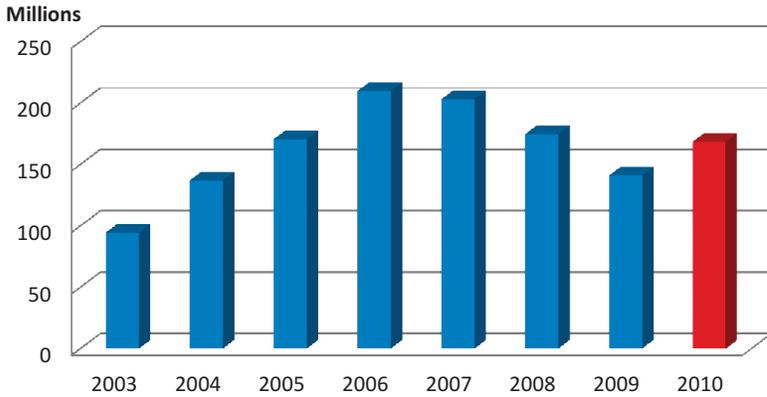
Population Growth



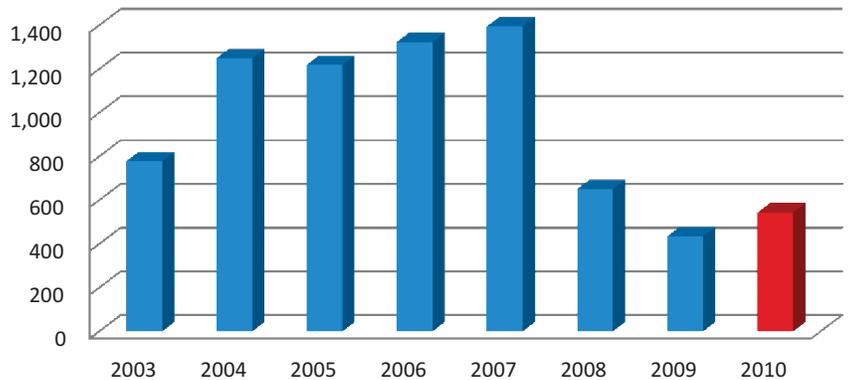
Residential Property Growth

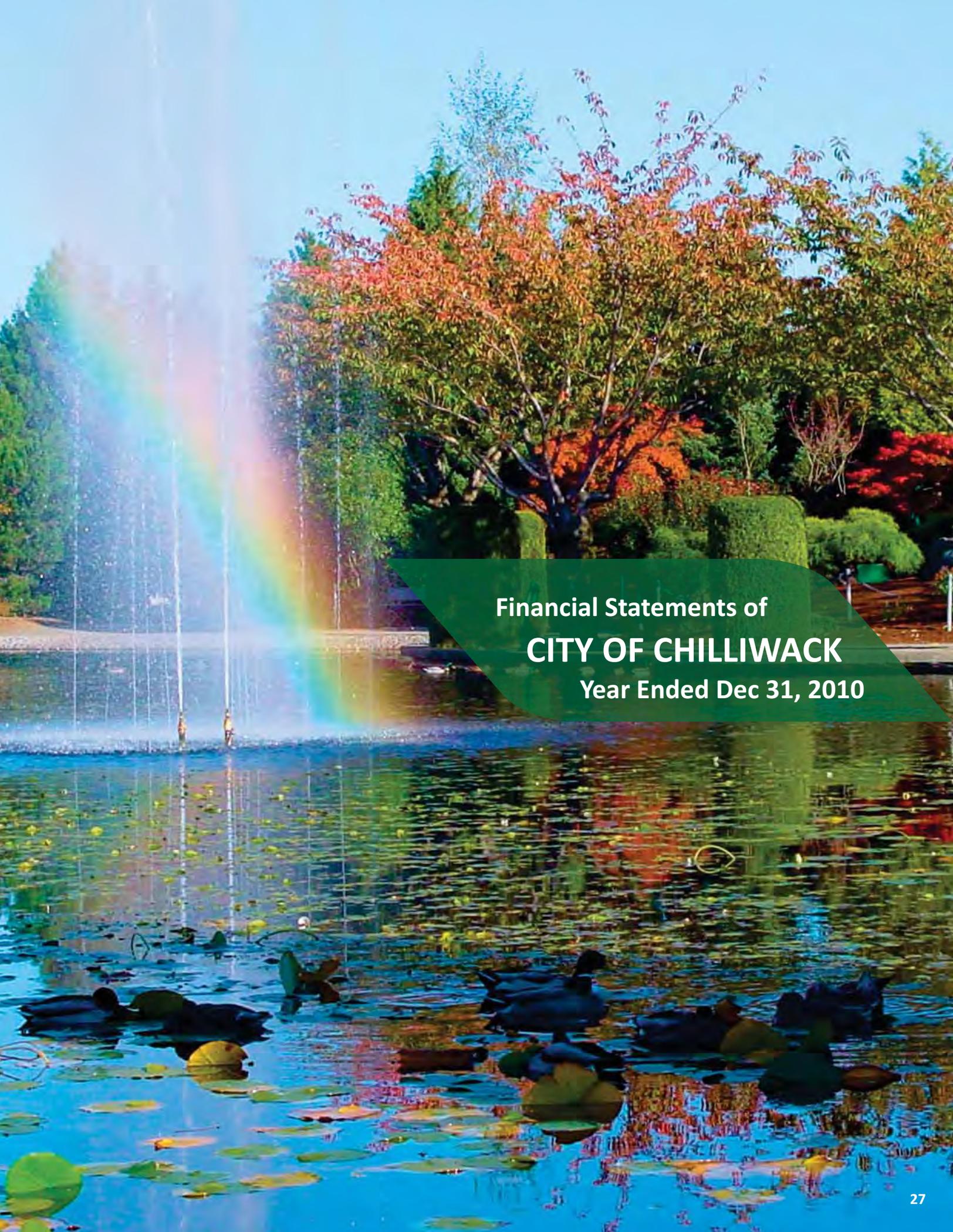


Construction Value



Building Permits



A scenic view of a park. In the foreground, a pond is filled with lily pads and several ducks. In the middle ground, a large fountain with multiple vertical jets of water is active, creating a rainbow. The background features a large tree with vibrant autumn foliage in shades of orange, red, and yellow, set against a clear blue sky.

**Financial Statements of
CITY OF CHILLIWACK
Year Ended Dec 31, 2010**



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Chilliwack

We have audited the accompanying financial statements of the City of Chilliwack which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the City of Chilliwack as at December 31, 2010, 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

May 3, 2010
Chilliwack, Canada

City of Chilliwack
Consolidated Statement of Financial Position
December 31, 2010 with comparative figures for 2009

	2010	2009
		(Restated - note 2)
Financial Assets		
Cash (Note 3)	\$ 24,980,088	\$ 18,427,669
Portfolio investments (Note 3)	41,778,226	56,311,630
Accounts receivable (Note 4)	27,915,999	29,067,189
Loans receivable (Note 5)	955,864	193,703
	<u>95,630,177</u>	<u>104,000,191</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 20,130,276	\$ 19,714,981
Development Cost Charges (Note 7)	22,120,094	22,575,572
Unearned revenue (Note 8)	9,597,631	8,934,923
Refundable deposits	5,542,798	4,221,802
Demand loans (Note 9)	1,800,000	1,300,000
Capital partnership obligation (Note 10)	9,384,070	9,991,570
	<u>68,574,869</u>	<u>66,738,848</u>
Net Financial Assets	<u>27,055,308</u>	<u>37,261,343</u>
Non-Financial Assets		
Property Under Development (Note 11)	5,202,965	2,534,534
Tangible Capital Assets (Note 12)	663,663,458	617,327,277
Inventories	763,557	774,601
Prepaid expenses	1,217,848	1,072,166
	<u>670,847,828</u>	<u>621,708,578</u>
Accumulated Surplus	<u>\$ 697,903,136</u>	<u>\$ 658,969,921</u>
Represented by:		
Operating Funds	36,523,315	43,485,660
Statutory Reserve Funds	3,697,468	6,914,020
Equity in Tangible Capital Assets & Property Under Development	657,682,353	608,570,241
	<u>\$ 697,903,136</u>	<u>\$ 658,969,921</u>



Chris Crosman, CA
General Manager of Operational Services

See accompanying notes to consolidated financial statements

City of Chilliwack

Consolidated Statement of Operations

Year Ended December 31, 2010 with comparative figures for 2009

	2010 Actual	2010 Budget (Unaudited)	2009 Actual
			(Restated - note 2)
Revenues			
Municipal taxation and grants-in-lieu of taxes	\$ 56,106,862	\$ 54,967,830	\$ 53,411,546
Government grants and transfers	8,475,158	11,197,100	13,660,180
Sale of services	25,603,066	25,144,400	24,708,179
Licences, permits, penalties and fines	3,215,223	2,733,000	3,246,613
Return on investments	752,626	572,000	1,282,260
Development Cost Charges	3,800,725	14,054,450	21,927,117
Developer contributions	27,838,760	7,569,000	6,551,313
Other revenue	233,274	971,600	2,264,459
	126,025,694	117,209,380	127,051,667
Expenditures			
General government services	6,478,087	7,458,900	6,380,212
Protective services	23,678,830	24,679,037	22,128,988
Transportation services	15,511,183	16,892,330	21,110,771
Environmental health services	5,230,258	5,475,993	4,670,430
Water and sewer services	16,260,565	17,735,763	15,417,165
Recreation and cultural services	14,658,249	15,938,461	12,462,916
Planning and development	4,628,506	4,878,100	3,958,245
Interest and other	220,180	244,000	274,473
	86,665,858	93,302,584	86,403,200
Annual Surplus Before Other Revenues (Expenditures)	39,359,836	23,906,796	40,648,467
Other revenues (expenditures)			
(Loss) gain from sale of tangible capital assets	(278,425)	(75,000)	1,229,770
Net profit from sale of property under development	1,684,774	1,500,000	-
Tangible Capital Assets transferred to senior governments	(1,832,970)	-	(16,667,757)
	(426,621)	1,425,000	(15,437,987)
Annual Surplus	38,933,215	25,331,796	25,210,480
Accumulated Surplus, beginning of year	658,969,921	658,969,921	633,759,441
Accumulated Surplus, End of Year	\$ 697,903,136	\$ 684,301,717	\$ 658,969,921

See accompanying notes to consolidated financial statements

City of Chilliwack

Consolidated Statement of Change in Net Financial Assets

Year Ended December 31, 2010 with comparative figures for 2009

	2010 Actual	2010 Budget (Unaudited)	2009 Actual
Annual surplus	\$ 38,933,215	\$ 25,331,796	\$ 25,210,480
Acquisition of tangible capital assets	(39,180,230)	(60,854,967)	(62,100,469)
Acquisition of property under development	(2,733,656)	(2,800,000)	(506,111)
Developer contributions	(27,838,760)	(7,569,000)	(6,551,313)
Amortization of tangible capital assets	15,968,852	15,248,000	14,814,846
Net profit from sale of property under development	(1,684,774)	(1,500,000)	-
Proceeds from sale of property under development	1,750,000	1,435,000	-
Tangible Capital Assets transferred to senior governments	1,832,970	-	16,667,757
Loss (gain) on sale of tangible capital assets	278,425	75,000	(1,229,770)
Proceeds from sale of tangible capital assets	2,602,561	2,456,000	1,524,742
	(10,071,397)	(28,178,171)	(12,169,838)
Change in inventories	11,044	-	(27,479)
Change in prepaid expenses	(145,682)	-	(55,287)
Change in net financial assets	\$ (10,206,035)	\$ (28,178,171)	\$ (12,252,604)
Net financial assets, beginning of year	37,261,343	37,261,343	49,513,947
Net financial assets, end of year	\$ 27,055,308	\$ 9,083,172	\$ 37,261,343

See accompanying notes to consolidated financial statements

City of Chilliwack
Consolidated Statement of Cash Flows
Year Ended December 31, 2010 with comparative figures for 2009

	2010	2009
Cash provided by (used for):		
Operating Activities:		
Annual surplus	\$ 38,933,215	\$ 25,210,480
Non-cash items:		
Amortization of capital assets	15,968,852	14,814,846
Developer contributions	(27,838,760)	(6,551,313)
Tangible Capital Assets transferred to senior governments	1,832,970	16,667,757
Gain on sale of tangible capital assets	278,425	(1,229,770)
Gain on sale of property under development	(1,684,774)	-
Change in non-cash assets and liabilities:		
Accounts receivable	1,151,190	870,189
Loans receivable	(762,161)	102,718
Inventories	11,044	(27,479)
Prepaid expenses	(145,682)	(55,287)
Accounts payable and accrued liabilities	415,295	(1,582,959)
Development cost charges	(455,478)	(18,318,439)
Unearned revenue	662,708	141,019
Refundable deposits	1,320,996	585,779
	<u>29,687,840</u>	<u>30,627,541</u>
Capital Activities:		
Proceeds on sale of tangible capital assets	2,602,561	1,524,742
Acquisition of property under development	(2,733,656)	(506,111)
Proceeds on sale of property under development	1,750,000	-
Cash used to acquire tangible capital assets	(39,180,230)	(62,100,469)
	<u>(37,561,325)</u>	<u>(61,081,838)</u>
Investing Activities:		
Portfolio investments	14,533,404	6,635,794
	<u>14,533,404</u>	<u>6,635,794</u>
Financing Activities:		
Decrease in capital partnership obligation	(607,500)	(573,492)
Increase in demand loans	500,000	-
	<u>(107,500)</u>	<u>(573,492)</u>
Increase (decrease) in cash	6,552,419	(24,391,995)
Cash, beginning of year	18,427,669	42,819,664
Cash, end of year	\$ 24,980,088	\$ 18,427,669

See accompanying notes to consolidated financial statements

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

General:

The Municipality was reincorporated as a City in 1999 by way of Letters Patent under the Municipal Act, now the Local Government Act, a statute of the Province of British Columbia. Its principal activities include the provision of local government services to the residents of the incorporated area. These services include administrative, protective, transportation, recreational, water, sewer and fiscal services.

1 Significant accounting policies:

(a) Basis of presentation:

It is the City's policy to follow accounting principles generally accepted for British Columbia local governments and to apply such principles consistently. These consolidated financial statements include the operations of the General, Water, Sewer and Reserve Funds and the City's wholly owned subsidiaries, Chilliwack Economic Partners Corporation and Tourism Chilliwack Inc. These consolidated statements have been prepared using guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. All material interfund and intercompany accounts and transactions have been eliminated.

(b) Portfolio investments:

Portfolio investments are carried at amortized cost. If it is determined that there is a permanent impairment in the value of an investment, it is written down to net realizable value.

(c) Property under development:

Property under development is recorded at the lower of cost and net realizable value and includes direct costs attributable to the project and capitalized interest. The properties are tangible capital assets under development.

(d) Tangible capital assets:

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

Asset	Useful Life - Years
Land	n/a
Land Improvements	0-40
Buildings	40-50
Equipment	4-20
Vehicles	7-25
Engineering Structures	10-100

Annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(e) Inventories:

Inventories of supplies are valued at the lower of cost and net realizable value, on a weighted average basis.

(f) Revenue recognition:

Revenues from municipal taxation, grants in lieu of taxes and utility charges are recognized when the levies are billed or billable to the property owner. Revenue from sales of services is recognized when the services are provided. Government grants are recognized when they are approved by senior governments and the conditions required to earn the grants have been completed. Development cost charges are recognized as revenue in the period the funds are expended on a development project. Development cost charges not expended are recorded as unearned revenue.

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

(g) Use of estimates:

The preparation of 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, landfill liability and in performing actuarial valuations of employee future benefits.

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

Actual results could differ from these estimates.

2 Comparative Figures:

During the year, the City determined that certain tangible capital assets had been omitted from its 2009 asset registers.

The consolidated statement of financial position for the 2009 comparative period has been recasted for these items. The effects of the recast on the consolidated statement of financial position are summarized below:

Accumulated surplus at December 31, 2009:	<u>2009</u>
Accumulated surplus, as previously reported	\$ 654,776,642
Net book value of tangible capital assets not previously recorded	4,193,279
Accumulated surplus, as restated	\$ 658,969,921

Tangible capital assets at December 31, 2009:	<u>2009</u>
Tangible capital assets, as previously reported	\$ 613,133,998
Net book value of tangible capital assets not previously recorded	4,193,279
Tangible capital assets, as restated	\$ 617,327,277

3 Portfolio Investments:

The investment portfolio includes bonds of chartered banks, the Government of Canada and provincial governments; deposits and notes of chartered banks, credit unions, the Government of Canada and provincial governments; and deposits in the Municipal Finance Authority short term investment pools.

The City has restrictions on the portfolio investments and cash available for operational use as follows:

	<u>2010</u>	<u>2009</u>
Cash	\$ 24,980,088	\$ 18,427,669
Portfolio Investments	41,778,226	56,311,630
	66,758,314	74,739,299
Less restricted for:		
Statutory Reserve Funds	3,688,272	6,982,112
Restricted Revenue	20,336,919	17,723,218
	24,025,191	24,705,330
Funds available for operational use	\$ 42,733,123	\$ 50,033,969

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

4 Accounts receivable:

	2010	2009
Taxes	\$ 6,633,651	\$ 6,121,772
Province of British Columbia	6,499,635	8,073,564
Government of Canada	1,405,121	1,047,369
Regional and local governments	100,696	173,447
Trade receivables	3,880,965	1,690,400
Accrued interest	499,035	593,113
Tax sale properties subject to redemption	84,079	31,969
Water trade receivables	2,000,858	1,842,134
Sewer trade receivables	5,028,784	4,641,067
Development cost charges	1,783,175	4,852,354
	\$ 27,915,999	\$ 29,067,189

5 Loans Receivable

Loans receivable are loans granted by Chilliwack Economic Partners Corporation and consist of the following:

	2010	2009
Loan, secured by real property, interest at 5.00%	\$ 874,312	-
Loan, mortgage secured, interest at 8.82%, pledged as security for Chilliwack Business Estates demand loans (note 9)	74,446	175,229
Loan, unsecured, interest at 8.79%	7,106	18,474
	\$ 955,864	\$ 193,703

6 Accounts payable and accrued liabilities:

	2010	2009
Trade payables	\$ 10,857,132	\$ 13,026,021
Province of British Columbia	1,975,053	1,470,288
Government of Canada	3,886,954	3,534,064
Regional and local governments	599,137	211,608
Landfill closure and post-closure costs	2,812,000	1,473,000
	\$ 20,130,276	\$ 19,714,981

Landfill closure and post-closure costs:

The City has responsibility for closure and post-closure care of the Bailey Landfill site. Potential costs related to closure activities at this site include drainage control, leachate monitoring, gas monitoring and recovery, and final ground cover. The landfill site is expected to require post-closure care for twenty-five years after its estimated closure in 2045. The liability amount of \$2,812,000 (2009 - \$1,473,000) has been recorded by multiplying the estimated net present value of total remaining costs related to closure and post-closure care (\$10,645,000) by the cumulative capacity used (26%) and is reduced as landfill restoration costs are incurred. There are no assets designated for settling the closure and post-closure care liability.

In addition, the City has appropriated a portion of financial equity as a landfill reserve. The balance of \$5,611,808 (2009 - \$7,089,452) is appropriated for other landfill related costs and unforeseen closure and post-closure costs.

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

7 Development Cost Charges:

The development cost charge liability represents funds received from developers for capital infrastructure expenditures required as a result of their development projects. As these funds are expended, the liability will be reduced and the amount expended will be recorded as revenue.

Developers are entitled to pay development cost charges (DCCs) in equal installments over three years if the total amount payable is equal to or greater than \$50,000. Installments due for the next two years are recorded as accounts receivable and are guaranteed by the developer by providing an irrevocable letter of credit payable to the City of Chilliwack for the remaining amount of DCCs owing. As at December 31, 2010, the amount of the DCCs due over the next two years is \$1,783,175 (2009 - \$4,852,354).

Assets are not physically segregated to meet the requirements of the restricted revenues. The liability is amortized to revenue as the related expenditures are incurred.

8 Unearned revenue:

Included in Unearned revenue are unspent Federal Gas Tax Agreement Funds as follows:

	2010 Total	2009 Total
Opening balance	\$ 843,763	\$ 1,959,296
Received during the year	1,924,870	969,676
Interest Earned	31,360	29,732
Spent during the year	(1,400,000)	(2,114,941)
Closing balance	\$ 1,399,993	\$ 843,763

Gas Tax funding are provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Union of British Columbia Municipalities. Gas Tax funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreement.

9 Demand loans:

Purpose	Year Maturing	Interest Rate	Balance Outstanding	
			2010	2009
Royal Bank demand loan - Canada Education Park	2011	prime + 0.35%	\$ 1,800,000	\$ -
Bank of Montreal demand loan			-	1,300,000
			\$ 1,800,000	\$ 1,300,000

10 Capital partnership obligation:

In 2004, the City of Chilliwack entered into a 25 year agreement with the Chilliwack Chiefs Development Group Ltd. (CDG) for the provision of community priority time in the Prospera Centre. As part of the agreement, the City pays \$400,000 annually to CDG for the operation of the facility and \$175,000 as a reimbursement for revenues collected directly by the City. In addition, the City is required to make annual capital payments of \$1.2 million which is applied towards CDG's term loan associated with the facility, until CDG's loan is fully repaid. CDG's term debt has an all-in rate fixed at 5.93%. At the end of the term of the agreement, the City obtains legal ownership of the facility.

The City's capital partnership obligations under this agreement are as follows:

2011	\$ 1,200,000
2012	1,200,000
2013	1,200,000
2014	1,200,000
2015	1,200,000
Thereafter	7,168,998
	13,168,998
Less amounts representing interest at 5.93%	(3,784,928)
	\$ 9,384,070

City of Chilliwack
Notes to Consolidated Financial Statements
 Year Ended December 31, 2010

11 Property under development:

The property under development relates to projects of Chilliwack Economic Partners Corporation as follows:

	2010	2009
Canada Education Park	\$ 3,313,347	\$ 2,534,535
Downtown Redevelopment	1,889,618	-
	<u>\$ 5,202,965</u>	<u>\$ 2,534,535</u>

Included in property held for resale is \$269,174 (2009 - \$260,931) in capitalized interest.

12 Tangible capital assets:

	2010				
	Opening Cost (Restated - note 2)	Additions	Disposals	Change - Under Construction	Closing Cost
General					
Land	\$ 101,534,097	\$ 9,501,826	\$ (2,031,000)	\$ -	\$ 109,004,923
Buildings	66,811,604	36,311,187	-	-	103,122,791
Equipment	22,750,603	3,900,441	(1,505,620)	-	25,145,424
Engineering Structures	251,219,022	23,664,960	(70,673)	-	274,813,309
Under Construction	25,809,533	-	-	(25,331,551)	477,982
	<u>468,124,859</u>	<u>73,378,414</u>	<u>(3,607,293)</u>	<u>(25,331,551)</u>	<u>512,564,429</u>
Water					
Land	1,338,876	426,002	-	-	1,764,878
Buildings	-	256,694	-	-	256,694
Equipment	1,373,997	17,442	-	-	1,391,439
Engineering Structures	160,180,113	6,958,739	(361,411)	-	166,777,441
Under Construction	1,001,901	-	-	(200,820)	801,081
	<u>163,894,887</u>	<u>7,658,877</u>	<u>(361,411)</u>	<u>(200,820)</u>	<u>170,991,533</u>
Sewer					
Land	1,643,155	-	-	-	1,643,155
Equipment	1,226,480	345,803	-	-	1,572,283
Engineering Structures	204,739,664	9,241,889	(172,439)	-	213,809,114
Under Construction	884,485	-	-	(79,241)	805,244
	<u>208,493,784</u>	<u>9,587,692</u>	<u>(172,439)</u>	<u>(79,241)</u>	<u>217,829,796</u>
CEPCO					
Land	889,453	-	(371,975)	-	517,478
Buildings	5,038,459	172,877	-	-	5,211,336
Equipment	261,899	2,056	-	-	263,955
	<u>6,189,811</u>	<u>174,933</u>	<u>(371,975)</u>	<u>-</u>	<u>5,992,769</u>
Tourism Chilliwack					
Goodwill	6,120	-	-	-	6,120
Buildings	110,384	-	-	-	110,384
Equipment	76,782	2,429	-	-	79,211
	<u>193,286</u>	<u>2,429</u>	<u>-</u>	<u>-</u>	<u>195,715</u>
	<u>\$ 846,896,627</u>	<u>\$ 90,802,345</u>	<u>\$ (4,513,118)</u>	<u>\$ (25,611,612)</u>	<u>\$ 907,574,242</u>

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

12 Tangible capital assets (continued):

	Opening Accum. Amort.	2010 Amortization	Disposals	Ending Accum. Amort	NBV 2010	NBV 2009
	(Restated - note 2)					
General						
Land	\$ -	\$ -	\$ -	\$ -	\$ 109,004,923	\$ 101,534,097
Buildings	17,916,550	2,613,604	-	20,530,154	82,592,637	48,895,054
Equipment	13,383,528	1,199,734	(1,307,226)	13,276,036	11,869,388	9,367,075
Engineering Structures	100,244,551	5,349,786	(54,285)	105,540,052	169,273,257	150,974,471
Under Construction	-	-	-	-	477,982	25,809,533
	131,544,629	9,163,124	(1,361,511)	139,346,242	373,218,187	336,580,230
Water						
Land	-	-	-	-	1,764,878	1,338,876
Buildings	-	6,417	-	6,417	250,277	-
Equipment	770,691	82,164	-	852,855	538,584	603,306
Engineering Structures	40,677,044	2,553,380	(223,003)	43,007,421	123,770,020	119,503,069
Under Construction	-	-	-	-	801,081	1,001,901
	41,447,735	2,641,961	(223,003)	43,866,693	127,124,840	122,447,152
Sewer						
Land	-	-	-	-	1,643,155	1,643,155
Equipment	540,973	80,570	-	621,543	950,740	685,507
Engineering Structures	55,039,975	3,837,096	(42,904)	58,834,167	154,974,947	149,699,689
Under Construction	-	-	-	-	805,244	884,485
	55,580,948	3,917,666	(42,904)	59,455,710	158,374,086	152,912,836
CEPCO						
Land	-	-	-	-	517,478	889,453
Buildings	662,672	208,989	-	871,661	4,339,675	4,375,787
Equipment	229,015	9,284	-	238,299	25,656	32,884
	891,687	218,273	-	1,109,960	4,882,809	5,298,124
Tourism Chilliwack						
Goodwill	-	-	-	-	6,120	6,120
Buildings	55,865	16,356	-	72,221	38,163	54,519
Equipment	48,486	11,472	-	59,958	19,253	28,296
	104,351	27,828	-	132,179	63,536	88,935
	\$ 229,569,350	\$ 15,968,852	\$ (1,627,418)	\$ 243,910,784	\$ 663,663,458	\$ 617,327,277

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

13 Surplus:

Accumulated surplus consists of individual fund surplus, statutory reserves and surplus invested in tangible capital assets as follows:

	2010	2009
Operating Funds		(Restated - note 2)
Unrestricted:		
General	\$ 3,814,048	\$ 9,448,997
CEPCO	1,519,522	317,469
Tourism	284,300	231,703
Water Fund	2,250,000	2,200,000
Sewer Fund	2,070,000	2,000,000
Building - Protective Services	1,126,759	1,250,000
Landfill	5,611,808	7,089,452
Sewer future works	8,905,212	8,220,078
Water future works	7,046,015	7,706,792
Work-in-progress	2,439,800	2,211,167
Property held for resale	-	78,000
Soil Removal	272,235	328,519
Other	1,183,616	2,403,483
	36,523,315	43,485,660
Statutory Reserve Funds		
General Capital	1,018,510	4,271,746
Equipment Replacement	1,703,590	1,671,167
Local Improvement	-	50,914
Subdivision Control	975,368	920,193
	3,697,468	6,914,020
Investment in Tangible Capital Assets & Property Under Development		
General	363,834,116	327,502,558
Water	127,124,839	121,921,057
Sewer	158,374,088	152,553,658
CEPCO	8,285,773	6,532,658
Tourism	63,537	88,935
	657,682,353	608,598,866
	\$ 697,903,136	\$ 658,998,546

14 Collections for other governments:

The City collects and remits taxes on behalf of other government jurisdictions as follows:

	2010	2009
B.C. Assessment Authority	\$ 870,143	\$ 842,454
Fraser Valley Regional Hospital District	3,132,106	3,093,547
Municipal Finance Authority	2,459	2,420
Ministry of Education	32,628,488	31,217,807
Fraser Valley Regional District	1,820,701	2,205,622
	\$ 38,453,897	\$ 37,361,850

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

15 Contingent liabilities:

- (a) The City, as a member of the Fraser Valley Regional District, is responsible for its proportion of any operating deficits or long term debt related to functions in which it participates.
- (b) The City is currently engaged in certain legal actions. Of the claims the City is defending, certain claims are covered by the City's insurers and/or other parties. The City has accrued for claims for which the amounts are known or can be reasonably estimated. The outcome of other claims is undeterminable at this time, accordingly, no provision has been made in the accounts for these actions.
- (c) The City 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 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 163,000 active members and approximately 60,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be done as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The City of Chilliwack paid \$1,604,891 for employer contributions to the plan in fiscal 2010.

- (d) The City has received certain capital grants that are repayable in the event the capital project that the grant was used for is sold, leased, encumbered or otherwise disposed of. Total contingently repayable grants are \$5,685,410 (2009 - 3,760,540), however the City does not anticipate selling, leasing, encumbering or otherwise disposing of the capital projects and accordingly does not anticipate repaying any of these grants.

16 Fair value of financial assets and financial liabilities:

The fair value of the City's cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate or short term maturity of these financial instruments.

The fair value of portfolio investments at December 31, 2010 was \$42,403,110 (2009 \$57,193,605). Included in the fair market estimate is accrued interest of \$477,547 (2009 \$583,767), which is recorded within accounts receivable.

The fair value of the loans receivable approximate their book values as the interest rates represent lending rates presently charged by the City for similar investments.

The fair value of the demand loans and capital partnership obligation approximate their book values as the interest rates represent borrowing rates for loans under similar terms and maturities.

17 Commitments:

The City is committed to the acquisition of 8 properties with purchase prices totaling approximately \$3,940,000.

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

18 Segmented Information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including Protective Services; Transportation Services; Landfill Operations; Water and Sewer Services; Recreation and Cultural Services, and Environmental Development Services. For management reporting purposes the Government's operations and activities are organized and reported by Service Areas. Service Areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

General Government Services

General government services include all activities associated with adopting bylaws, mayor and council support, financial management, municipal facilities, and the cost effective delivery of services. Items included are Mayor and Council, administration, clerks, purchasing, management information systems, graphical information systems, corporate services, finance, municipal facilities, museum, and community grants.

Protective Services

Protective services includes all activities associated with protection including the enforcement of laws and the prevention of crime. Items included are fire protection, bylaw enforcement, emergency services, building inspection, and all costs associated with policing.

Transportation Services

Transportation services include all activities associated with transportation including roads and drainage networks. Items included are services of the engineering department, traffic services, street lighting, transit, winter, maintenance and enhancements to roads, shoulders, open drainage, storm sewers, and dykes.

Landfill Operations

Landfill operations include all activities associated with solid waste and environmental health. Items included are landfill operations, special waste programs, clean up campaigns, operation of the Green Depot, and the curbside collection and recycling program.

Water and Sewer Services

Water and sewer services include all activities associated with water and sanitary sewer operations. Items included are maintenance and enhancements of the water supply system, water pumps stations, water distribution system, water meters, hydrants, sanitary sewer collection system, sewer lift stations, and sewer treatment and disposal.

Recreation and Cultural Services

Recreation and cultural services include all activities associated with parks, recreation and cultural activities and operations. Items included are costs associated with Evergreen Hall, Landing Sports Centre, Rotary Pool, Cheam Centre, Leisure Centre, Prospera Centre, Heritage Park, Great Blue Heron Nature Reserve, Grandstands, Cultural Centre, community grants, parks and trails, urban trees and plantings, sports fields, and libraries.

Environmental Development Services

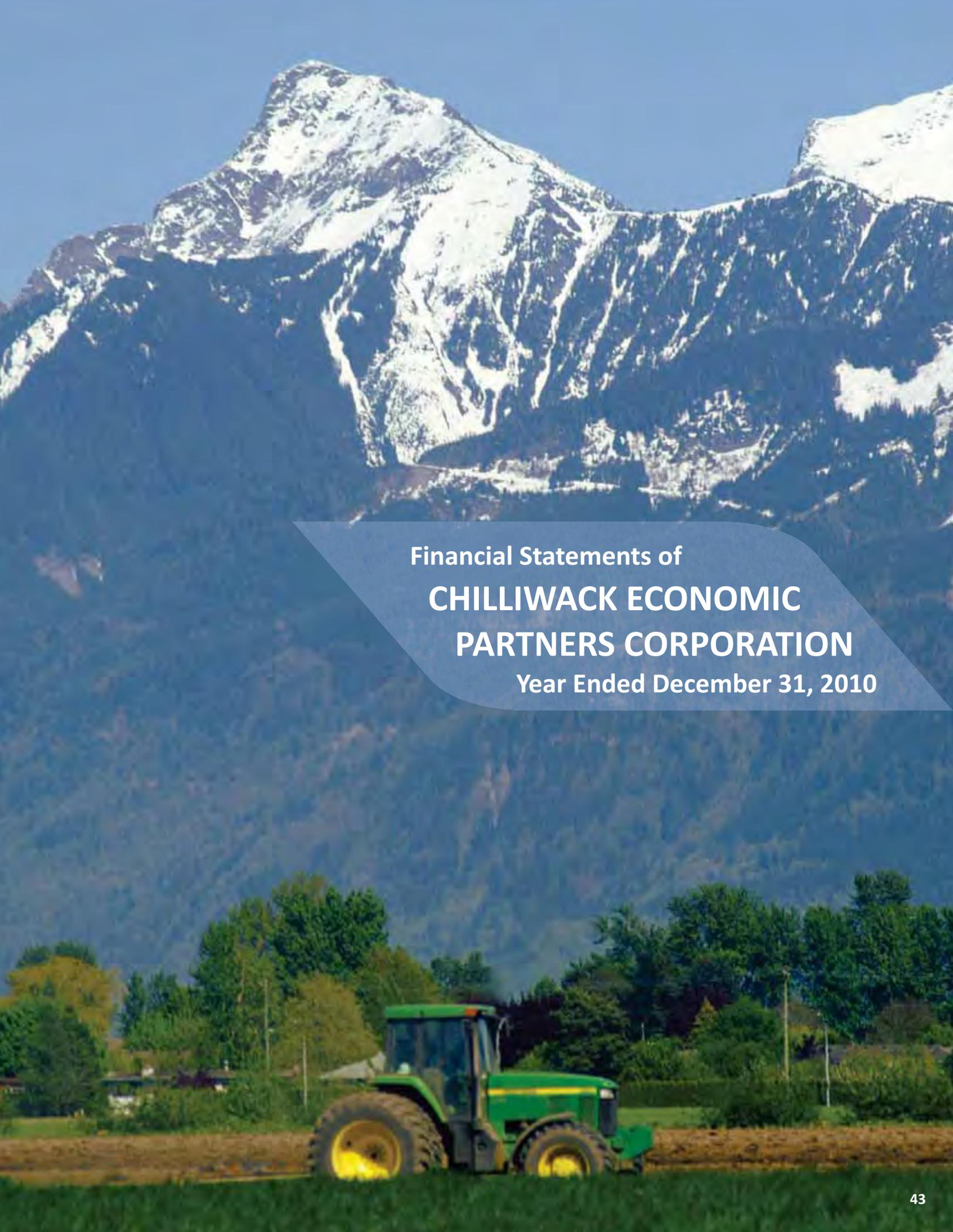
Environmental development services include all activities associated with community planning and economic development. Items included are costs associated with community planning, development, economic development and tourism.

The following table outlines the City's revenues and expenditures by operating segment:

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2010

Table of Segmented Information:

	General Government	Protective Services	Trans. Services	Landfill Operations	Water & Sewer	Recreation & Culture	Planning & Development	Interest & Other	2010	2009
Revenues										
Municipal taxation and grants-in lieu of taxes	\$ 15,296,251	\$ 22,375,767	\$ 8,065,366	\$ -	\$ 196,238	\$ 9,512,006	\$ 536,244	\$ 124,990	\$ 56,106,862	\$ 53,411,546
Government grants & transfers	92,649	410,980	4,535,835	223,351	2,597,333	237,667	377,343	-	8,475,158	13,660,180
Sales of Services	572,541	13,293	507,454	5,601,269	14,689,466	2,862,963	1,356,080	-	25,603,066	24,708,179
Licences, permits, penalties and fines	881,937	65,089	-	-	-	-	2,268,197	-	3,215,223	3,246,613
Return on investments	421,961	-	-	-	235,640	-	41,657	53,368	752,626	1,282,260
Development Cost Charges	-	-	326,425	-	2,612,974	861,326	-	-	3,800,725	21,927,117
Developer contributions	8,657	-	19,579,957	-	6,480,146	1,770,000	-	-	27,838,760	6,551,313
Other revenue	628,066	246,312	614,855	(1,339,000)	-	-	41,219	41,822	233,274	2,264,459
	17,902,062	23,111,441	33,629,892	4,485,620	26,811,797	15,243,962	4,620,740	220,180	126,025,694	127,051,667
Expenditures										
Salaries and benefits	4,662,735	7,607,335	3,101,705	369,303	3,411,057	2,813,801	2,311,606	-	24,277,542	22,352,794
Goods and services	3,059,749	15,504,106	6,975,859	4,674,396	4,592,875	9,798,835	1,316,664	-	45,922,484	48,732,287
Administration allocation	(1,697,000)	-	-	-	1,697,000	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	220,180	220,180	274,473
Amortization of Tangible Capital Assets	452,603	567,389	5,433,619	186,559	6,559,633	2,045,613	723,436	-	15,968,852	14,814,846
Transfer of collections	-	-	-	-	-	-	276,800	-	276,800	228,800
	6,478,087	23,678,830	15,511,183	5,230,258	16,260,565	14,658,249	4,628,506	220,180	86,665,858	86,403,200
Annual Surplus Before Other	11,423,975	(567,389)	18,118,709	(744,638)	10,551,232	585,713	(7,766)	-	39,359,836	40,648,467
Other revenues (expenditures)										
(Loss) gain from sale of tangible capital assets	-	-	(838,511)	-	(267,938)	-	828,024	-	(278,425)	1,229,770
Net profit from sale of property held for resale	-	-	-	-	-	-	1,684,774	-	1,684,774	-
Government transfers related to capital	-	-	(1,832,970)	-	-	-	-	-	(1,832,970)	(16,667,757)
	-	-	(2,671,481)	-	(267,938)	-	2,512,798	-	(426,621)	(15,437,987)
Annual Surplus	\$ 11,423,975	\$ (567,389)	\$ 15,447,228	\$ (744,638)	\$ 10,283,294	\$ 585,713	\$ 2,505,032	\$ -	\$ 38,933,215	\$ 25,210,480

The background of the entire page is a photograph of a green John Deere tractor with yellow wheels, positioned in a grassy field. In the distance, there are dense green trees and a large, rugged mountain range with significant snow cover under a clear blue sky. The text is overlaid on a semi-transparent blue shape in the center of the image.

Financial Statements of
**CHILLIWACK ECONOMIC
PARTNERS CORPORATION**
Year Ended December 31, 2010



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AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the accompanying financial statements of Chilliwack Economic Partners Corporation (the "Corporation"), which comprise the balance sheet as at December 31, 2010, and the statement of revenues and expenditures, statement of net assets, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chilliwack Economic Partners Corporation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Chilliwack, British Columbia
March 9, 2011

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Balance Sheet

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 1,683,758	\$ 1,377,635
Accounts receivable	1,511,566	149,913
Prepays	33,994	30,061
Current portion of loans receivable (Note 3)	259,150	112,400
	<u>3,488,468</u>	<u>1,670,009</u>
Property under development or held for sale (Note 2)	5,202,965	2,534,534
Loans receivable (Note 3)	696,714	81,303
Property and equipment (Note 4)	4,882,808	5,298,124
	<u>\$ 14,270,955</u>	<u>\$ 9,583,970</u>

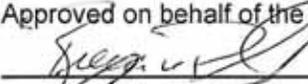
Liabilities and Net Assets

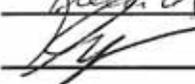
Current liabilities:		
Accounts payable and accrued liabilities (Note 5)	\$ 2,440,319	\$ 1,197,770
Unearned revenue	225,241	235,973
Current portion of long-term debt (Note 6)	1,800,000	1,300,000
	<u>4,465,560</u>	<u>2,733,743</u>
Net assets:		
Share capital:		
Authorized and issued:		
100 shares without par value	100	100
Investment in property and equipment	8,285,773	6,532,658
Unrestricted equity	1,519,522	317,469
	<u>9,805,395</u>	<u>6,850,227</u>

Commitments (Note 10)

	<u>\$ 14,270,955</u>	<u>\$ 9,583,970</u>
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Approved on behalf of the Board:





See accompanying notes to financial statements.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statement of Revenues and Expenditures

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenues:		
Rent	\$ 1,030,192	\$ 1,064,029
Economic development (Note 7)	725,000	725,000
Property development	48,271	581,284
Interest	39,655	22,051
Government programs	12,500	17,619
Cost recovery and other receipts	9,835	8,306
Agri programs	2,700	3,252
	1,868,153	2,421,541
Expenditures:		
Agricultural Commission	30,488	9,695
Consulting fees	42,068	90,240
Cost of property development	38,029	511,099
Insurance	73,547	78,835
Interest and bank charges	1,698	4,095
Interest on long term debt	12,884	19,689
Marketing	79,199	46,243
Office and miscellaneous	20,610	25,851
Professional fees	19,983	17,797
Rent	120,891	139,825
Repairs and maintenance	50,417	45,632
Seminars and workshops	-	14,230
Special economic projects	7,662	14,905
Travel	15,771	15,423
Utilities	226,813	214,961
Wages and benefits	467,450	447,640
	1,207,510	1,696,160
Operating revenue before the following:	660,643	725,381
Other:		
Amortization	(218,273)	(214,310)
Donations	-	(246,173)
	(218,273)	(460,483)
Income from operations	442,370	264,898
Property sales, net (Note 8)	2,512,798	-
Excess of revenues over expenditures	\$ 2,955,168	\$ 264,898

See accompanying notes to financial statements.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009

			2010	2009
	Investment in property and equipment (Note 11)	Unrestricted equity	Total	Total
Balance, beginning of year	\$ 6,532,658	\$ 317,469	\$ 6,850,127	\$ 6,585,229
Excess of revenues over expenditures	2,294,525	660,643	2,955,168	264,898
Investment in property and equipment	(541,410)	541,410	-	-
Balance, end of year	\$ 8,285,773	\$ 1,519,522	\$ 9,805,295	\$ 6,850,127

See accompanying notes to financial statements.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating:		
Excess of revenues over expenditures	\$ 2,955,168	\$ 264,898
Items not involving cash:		
Amortization	218,273	214,310
Gain on sale of property	(2,512,798)	-
Changes in non-cash operating working capital:		
Accounts receivable	(1,361,653)	(75,851)
Prepays	3,933	8,026
Accounts payable and accrued liabilities	1,234,683	69,804
Unearned revenue	(10,732)	181,250
	<u>526,874</u>	<u>662,437</u>
Financing:		
Repayment of long-term debt	(1,300,000)	-
Proceeds from long-term debt	1,800,000	-
	<u>500,000</u>	<u>-</u>
Investing:		
Purchase of property and equipment	(174,934)	(205,138)
Proceeds on disposal of property	2,950,000	-
Repayments net of (issuances) of loans receivable	(762,161)	102,719
Increase in property under development	(2,733,656)	(506,111)
	<u>(720,751)</u>	<u>(608,530)</u>
Increase in cash and cash equivalents	306,123	53,907
Cash and cash equivalents, beginning of year	1,377,635	1,323,728
Cash and cash equivalents, end of year	<u>\$ 1,683,758</u>	<u>\$ 1,377,635</u>
Supplementary cash flow information:		
Interest paid	<u>\$ 12,884</u>	<u>\$ 22,492</u>
Interest received	<u>\$ 17,181</u>	<u>\$ 28,230</u>

See accompanying notes to financial statements.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements

Year ended December 31, 2010

General:

Chilliwack Economic Partners Corporation (the "Corporation") is wholly owned by the City of Chilliwack and is responsible for economic development activity within the City's boundaries.

1. Significant accounting policies:

(a) Property under development or held for sale:

Property under development or held for sale is recorded at the lower of cost and net realizable value and includes direct costs and capitalized interest. Buildings in use but held for sale are amortized at 4% per annum.

(b) Property and equipment:

Property and equipment are recorded at cost. Website costs include hardware and software costs, graphics designs and major enhancements. Website maintenance and ancillary costs are expensed. Amortization is provided over the estimated useful lives of the capital assets at the following annual rates, calculated on the unamortized balances at the end of the year:

Buildings	4%
Computer and office equipment	20 % - 30%
Telecommunication equipment	20%

Leasehold improvements are amortized on the straight-line basis over the term of the lease plus one renewal period if it is anticipated that the lease will be renewed.

Website costs are amortized on the straight line basis over three years.

(c) Revenue recognition:

Revenues are recognized on the accrual basis according to the terms of the contractual agreements.

(d) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(e) Financial instruments:

The Corporation applies the provisions of CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement", and 3861 "Financial Instruments - Disclosure and Presentation." In accordance with these recommendations, the Board has designated:

- (i) Cash as held-for-trading, being measured at fair value.
- (ii) Accounts receivable and loans receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(f) Future accounting policies:

The Corporation will be required to prepare the December 31, 2011 financial statements including comparative information in compliance with PSAB. PSAB uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. The Corporation is currently in the process of assessing the differences between current accounting policies and those provided by PSAB, as well as the alternatives available on adoption. The assessment will include the potential impact of the conversion on accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, financial reporting, and business activities.

The Corporation has not yet assessed the impact of this new accounting framework.

(g) Capital disclosures:

The Corporation discloses information about its capital and how it is managed in accordance with Canadian generally accepted accounting principles. The Corporation also discloses externally imposed capital requirements if any and whether the entity has complied with them, and if not, the consequences

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2010

2. Property under development or held for sale:

	2010	2009
Canada Education Park:		
Land	\$ 1,621,111	\$ 1,238,211
Improvements	321,885	321,884
Buildings	1,370,351	974,439
	3,313,347	2,534,534
Downtown Redevelopment:		
Building	19,513	-
Empress Hotel Property:		
Land	1,870,105	-
	\$ 5,202,965	\$ 2,534,534

Included in property under development is \$269,174 (2009 - \$260,931) in capitalized interest.

3. Loans receivable:

	2010	2009
Loan receivable in quarterly instalments of \$54,506 including interest at 5.00%; secured - see below	\$ 874,312	\$ -
Loan receivable in monthly instalments of \$9,352 including interest at 8.82%; secured and pledged - see below	74,446	175,229
Loan receivable in monthly instalments of \$1,045 including interest at 8.79%; unsecured	7,106	18,474
	955,864	193,703
Less current portion	259,150	112,400
	\$ 696,714	\$ 81,303

The loan receivable for \$74,446 (2009 - \$175,229) is secured by a mortgage over real property.

The loan receivable for \$874,312 (2009 - \$nil) is secured by real property.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2010

4. Property and equipment:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	\$ 4,479,177	\$ 640,140	\$ 3,839,037	\$ 3,831,751
Leasehold improvements	732,159	231,521	500,638	544,037
Computer and office equipment	164,077	141,861	22,216	28,586
Website	76,587	76,587	-	-
Telecommunication equipment	23,291	19,852	3,439	4,297
Land	517,478	-	517,478	889,453
	\$ 5,992,769	\$ 1,109,961	\$ 4,882,808	\$ 5,298,124

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is a committed donation for \$1,000,000. The donation meets the criteria as an equitable liability under the Canadian Institute of Chartered Accountants handbook and has therefore been accrued in the financial statements. The donation was paid in February 2011.

6. Long-term debt:

	2010	2009
Royal Bank revolving demand loan - see below	\$ 1,800,000	\$ -
Bank of Montreal revolving demand loan	-	1,300,000
	\$ 1,800,000	\$ 1,300,000

The Royal Bank revolving demand loan is available to finance capital expenditures associated with the Corporation's initiatives including the Canada Education Park. The maximum available limit for the facility is \$1,800,000 and is on an interest-only basis with the principal due in full on July 31, 2011. The interest rate is set at prime plus 0.35%. Security for the facility is in the form of a guarantee from the City of Chilliwack for the amount of the debt outstanding.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2010

7. Related party transactions and economic dependence:

During the year, the City of Chilliwack (the "City") provided \$650,000 (2009 - \$650,000) in revenue for economic development purposes. The City has agreed to provide future annual economic development funding based on a pre-determined formula.

During the year, the City provided \$75,000 (2009 - \$75,000) in additional revenue to offset rent costs.

Included in accounts receivable are \$1,362,000 of costs that the City has agreed to pay related to providing utility services for the Canada Education Park. Included in accounts payable is \$20,000 that is due to the City.

No property taxes were paid on any land owned by the Corporation as it is exempt as a result of the indirect land ownership by the City.

A member of the Corporation's Board is a partner in a legal firm to which the Corporation paid \$23,901 (2009 - \$19,699) in legal fees during the year.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

The City has also guaranteed the long-term debt of the Corporation as described in Note 6.

The Corporation is wholly-owned by the City.

8. Property sales:

Property sales are sales of commercial buildings and lots in Chilliwack. Net property sales are as follows:

	2010	2009
Sales:		
Canada Education Park	\$ 1,750,000	\$ -
Chilliwack Business Estates	1,200,000	-
	<u>2,950,000</u>	<u>-</u>
Less:		
Cost of property sold - Canada Education Park	55,222	-
Cost of property sold - Chilliwack Business Estates	381,980	-
	<u>\$ 2,512,798</u>	<u>\$ -</u>
Net property sales	\$ 2,512,798	\$ -

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2010

9. Income taxes:

The Corporation is exempt from income taxes under Section 149 of the Income Tax Act, Canada.

10. Commitments:

The Corporation has committed to lease premises until May 2012 for minimum annual lease payments of \$84,413.

In addition, the Corporation has signed an agreement to purchase land and building within the downtown core of Chilliwack. Purchase consideration is to be \$508,000, and is expected to close in the first quarter of fiscal 2011.

11. Investment in property and equipment:

Investment in property and equipment is calculated as follows:

	2010	2009
Property and equipment, net of accumulated amortization	\$ 4,882,808	\$ 5,298,124
Property under development	5,202,965	2,534,534
Amounts financed by long-term debt	(1,800,000)	(1,300,000)
	<u>\$ 8,285,773</u>	<u>\$ 6,532,658</u>

Change in net assets invested in property and equipment is calculated as follows:

Excess (deficiency) of revenue over expenses:		
Property sales, net	\$ 2,512,798	\$ -
Amortization of property and equipment	(218,273)	(214,310)
	<u>\$ 2,294,525</u>	<u>\$ (214,310)</u>

Net change in investment in property and equipment:		
Property and equipment acquired	\$ 174,934	\$ 205,138
Property under development acquired	2,733,656	506,111
Proceeds on properties under development sold	(2,950,000)	-
Long term debt proceeds, net	(500,000)	-
	<u>\$ (541,410)</u>	<u>\$ 711,249</u>

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2010

12. Fair value of financial assets and financial liabilities:

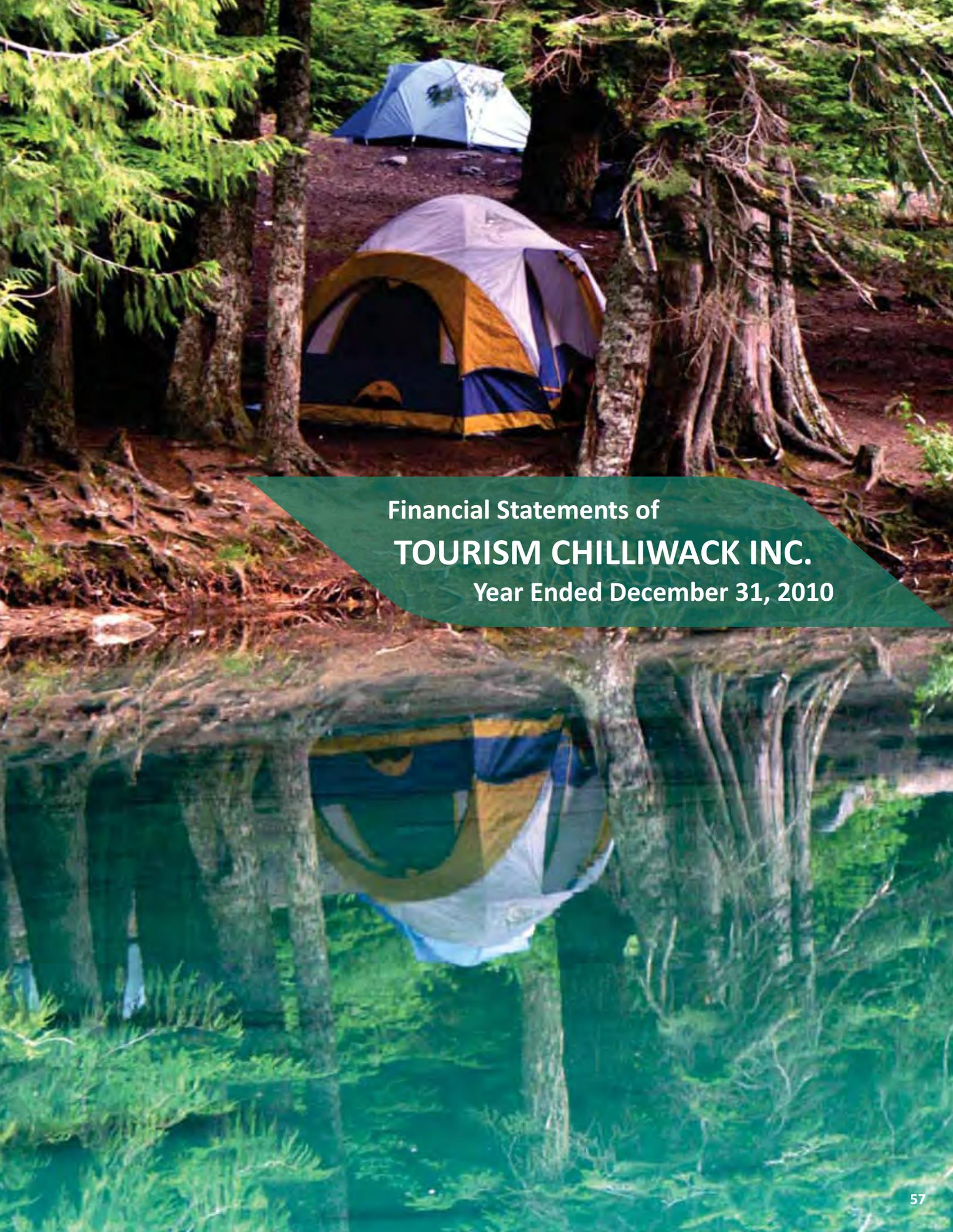
For certain of the Corporation's financial instruments, including cash, accounts receivable, current portion of loans receivable, accounts payable and accrued liabilities, and current portion of long-term debt the carrying amounts approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The fair values of the long-term portion of loans receivable approximate their book values as the interest rates represent lending rates presently charged by the Corporation for loans under similar terms and maturities.

13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.





Financial Statements of
TOURISM CHILLIWACK INC.
Year Ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Tourism Chilliwack Inc.

We have audited the accompanying financial statements of Tourism Chilliwack Inc. which comprise the balance sheet as at December 31, 2010, the statements of revenues and expenditures and net assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tourism Chilliwack Inc. as at December 31, 2010, 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

Chilliwack, Canada

February 8, 2011

TOURISM CHILLIWACK INC.

Balance Sheet

December 31, 2010

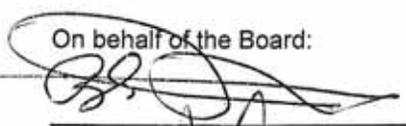
	2010	2009
Assets		
Current assets:		
Cash	\$ 306,792	\$ 249,199
Accounts receivable	27,482	25,530
Inventories (Note 2)	16,932	15,932
Prepaid expenses and deposits	15,162	18,648
	<u>366,368</u>	<u>309,309</u>
Property and equipment (Note 3)	57,417	82,815
Goodwill	6,120	6,120
	<u>\$ 429,905</u>	<u>\$ 398,244</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,958	\$ 32,089
Deferred revenue	98,659	105,401
	<u>125,617</u>	<u>137,490</u>
Net assets:		
Share capital (Note 4)	1	1
Investment in capital assets (Note 9)	19,987	29,050
Unrestricted equity	284,300	231,703
	<u>304,288</u>	<u>260,754</u>
	<u>\$ 429,905</u>	<u>\$ 398,244</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

TOURISM CHILLIWACK INC.

Statement of Revenues and Expenditures

Year ended December 31, 2010

	2010	2009
Revenue:		
Grant revenues (Note 6)	\$ 181,335	\$ 189,797
Advertising revenues	131,806	122,586
Hotel tax	150,050	124,473
Retail sales and other revenues	123,738	118,854
Fundraising revenues	5,338	6,120
Interest income	2,002	2,411
	<u>594,269</u>	<u>564,241</u>
Cost of retail sales and other revenues	53,726	50,257
	<u>540,543</u>	<u>513,984</u>
Expenses:		
Salaries and benefits	220,516	232,232
Advertising	118,394	86,274
Printing and material costs	49,319	51,933
Amortization	27,828	40,974
Office and general	15,329	16,541
Professional fees	15,124	13,775
Vehicles	13,022	13,022
Repairs and maintenance	12,618	11,379
Training courses	8,942	5,986
Telephone	6,922	11,084
Utilities	4,324	3,962
Courier & delivery charges	2,741	2,854
Interest and bank charges	1,930	1,647
	<u>497,009</u>	<u>491,663</u>
Excess of revenue over expenditures	\$ 43,534	\$ 22,321

See accompanying notes to financial statements.

TOURISM CHILLIWACK INC.

Statement of Net Assets

Year ended December 31, 2010

	Investment in capital assets	Unrestricted equity	2010 Total	2009 Total
Balance, beginning of year	\$ 29,050	\$ 231,703	\$ 260,753	\$ 238,432
Excess (deficiency) of revenues over expenditures	(11,493)	55,027	43,534	22,321
Investment in capital assets	2,430	(2,430)	-	-
Balance, end of year	\$ 19,987	\$ 284,300	\$ 304,287	\$ 260,753

See accompanying notes to financial statements.

TOURISM CHILLIWACK INC.

Statement of Cash Flows

Year ended December 31, 2010

	2010	2009
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 43,534	\$ 22,321
Item not involving cash:		
Amortization	27,828	40,974
Change in non-cash working capital:		
Accounts receivable	(1,952)	22,958
Inventories	(1,000)	3,224
Prepaid expenses and deposits	3,486	(4,227)
Accounts payable and accrued liabilities	(5,131)	(13,681)
Deferred revenue	(6,742)	14,732
	60,023	86,301
Investments:		
Purchase of property and equipment	(2,430)	(27,040)
Increase in cash	57,593	59,261
Cash position, beginning of year	249,199	189,938
Cash position, end of year	\$ 306,792	\$ 249,199

See accompanying notes to financial statements.

TOURISM CHILLIWACK INC.

Notes to Financial Statements

Year ended December 31, 2010

Tourism Chilliwack Inc. (the "Corporation") was incorporated on December 16, 2006 and began operations on January 1, 2007. The Corporation is wholly-owned by the City of Chilliwack. The mandate of the Corporation is to develop and promote the tourism industry as well as provide economic development programs and services aimed at growing the tourism industry in the City of Chilliwack.

1. Significant accounting policies:

(a) Inventory:

Inventories are measured at the lower of cost and net realizable value by using first in first out inventory costing methodology. The Corporation uses the same cost formula for all the inventories having a similar nature and use to the entity. When circumstances which previously caused inventories to be written down no longer exists the previous impairment is reversed.

(b) Property and equipment:

Property and equipment are recorded at cost. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	30%
Computer	Declining balance	30%
Website	Declining balance	45%
Leasehold improvements	Straight-line	30%

(c) Revenue recognition:

Grant revenues are recognized on the accrual basis according to the terms of the contractual agreements.

Revenue from the sale of goods is recorded at time of sale.

Advertising commission revenue is recognized when the related advertisement or commercial appears before the public.

(d) Financial instruments:

The Corporation applies the provisions of CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement", and 3861 "Financial Instruments - Disclosure and Presentation." In accordance with these recommendations, the Corporation has designated:

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

1. Cash as held-for-trading, being measured at fair value.
2. Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
3. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(e) Goodwill:

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Corporation's reporting units that are expected to benefit from the synergies of the business combination.

Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting unit as if it was the purchase price. When the carrying amount of reporting unit goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the statement of earnings before extraordinary items and discontinued operations.

(f) Use of estimates:

The preparation of 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 year. Actual results could differ from those estimates.

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(g) Capital disclosures:

The Corporation discloses information about its capital and how it is managed in accordance with Canadian generally accepted accounting principles. The Corporation also discloses externally imposed capital requirements if any and whether the entity has complied with them, and if not, the consequences.

(h) Future accounting policies:

The Corporation will be required to prepare the December 31, 2011 financial statements including comparative information in compliance with the Public Sector Accounting Board ("PSAB"). PSAB uses a conceptual framework similar to Canadian generally accepted accounting principles, but there are significant differences in recognition, measurement and disclosures. The Corporation is currently in the process of assessing the differences between current accounting policies and those provided by PSAB, as well as the alternatives available on adoption. The assessment will include the potential impact of the conversion on accounting policies, information technology and data systems, internal controls over financial reporting, disclosure controls and procedures, financial reporting, and business activities.

2. Inventories:

		2010		2009
Flag shop inventory	\$	9,861	\$	8,514
Maps and books		7,071		7,418
	\$	16,932	\$	15,932

3. Property and equipment:

			2010		2009
	Cost	Accumulated amortization	Net book value	Net book value	
Furniture and fixtures	\$ 19,695	\$ 13,212	\$ 6,483	\$ 7,805	
Computer	16,971	12,468	4,503	6,432	
Website	42,544	34,277	8,267	14,059	
Leasehold improvements	110,384	72,220	38,164	54,519	
	\$ 189,594	\$ 132,177	\$ 57,417	\$ 82,815	

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2010

4. Share capital:

	2010	2009
Authorized:		
Unlimited Unlimited Common shares		
Issued and authorized with no par value		
100 Common shares	\$ 1	\$ 1

5. Financial instruments:

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items.

6. Related party transactions and economic dependence:

During the year, the City of Chilliwack (the "City") provided a \$130,000 (2009 - \$130,000) operating grant. The City has agreed to provide future annual operating grants based on a pre-determined formula.

The Corporation is a wholly-owned subsidiary of the City.

7. Income taxes:

The Corporation is exempt from income taxes under Section 149 of the Income Tax Act, Canada.

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2010

8. Employee future benefits:

The Corporation and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local government.

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 million for basic pension benefits. The next valuation will be as at December 31, 2009, with results available in 2011. The actuary does not attribute portions of the surplus to individual employers.

9. Investment in property and equipment:

(a) The investment in capital assets is calculated as follows:

	2010	2009
Property and equipment, net of amortization	\$ 57,417	\$ 82,815
Amounts financed by deferred revenues	(37,430)	(53,765)
	\$ 19,987	\$ 29,050

(b) The change in investment in property and equipment is calculated as follows:

	2010	2009
Excess (deficiency) of revenues over expenditures:		
Amortization of property and equipment	\$ (27,828)	\$ (40,974)
Deferred revenue amortized to income	16,335	23,577
	\$ (11,493)	\$ (17,397)
Net change in investment in property and equipment:		
Purchase of property and equipment	\$ 2,430	\$ 27,040
Capital funding received	-	(13,090)
	\$ 2,430	\$ 13,950





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