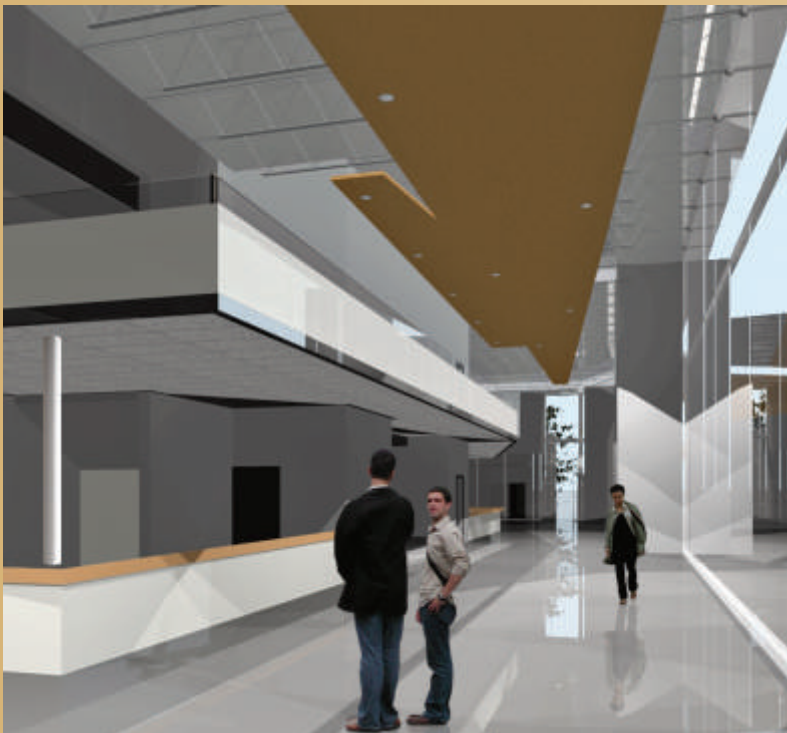




2008 Annual Report



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2008 ANNUAL MUNICIPAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

Produced by the
City of Chilliwack



City of Chilliwack

WHERE WE ARE...

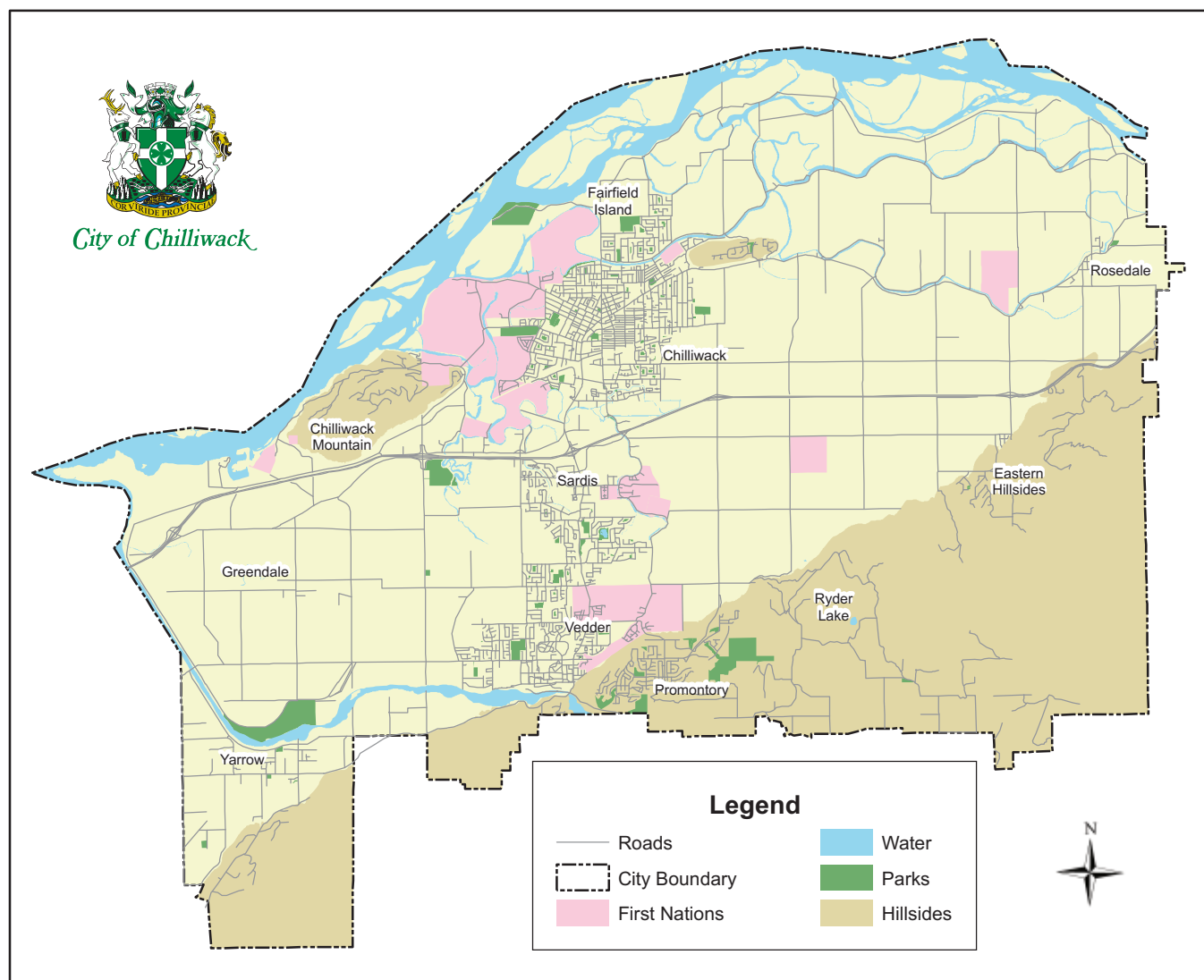


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2008 - 2011

THE FOURTH COUNCIL OF THE CITY OF CHILLIWACK



Mayor Sharon Gaetz has been serving the Chilliwack community since 1997 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
- ▶ Fraser Valley Regional District (FVRD) and Regional Hospital District (RHD)
- ▶ FVRD Parks Committee
- ▶ Cultus Lake Governance Committee
- ▶ Emergency Executive Committee
- ▶ Mayor's Committee for Public Safety
- ▶ Chilliwack Spirit of BC Committee
- ▶ Union of British Columbia Municipalities (UBCM) Executive
- ▶ Resolutions Committee Chair of UBCM
- ▶ Community Safety Committee Member of UBCM
- ▶ Chilliwack Hospice Society Honourary Board Member



Councillor Chuck Stam has been a Councillor since 2000 and serves as a member of:

- ▶ FVRD and RHD
- ▶ FVRD Air Quality Advisory Cttee
- ▶ Cultus Lake Governance Committee
- ▶ Transportation Advisory Committee
- ▶ Development Process Advisory Cttee
- ▶ Emergency Executive Committee
- ▶ Chilliwack Tourism



Councillor Diane Janzen has been a Councillor since December 1, 2008 and serves as a member of:

- ▶ Chilliwack Agricultural Commission
- ▶ FVRD and RHD
- ▶ Social Issues Advisory Committee
- ▶ Development Process Advisory Cttee
- ▶ Mayor's Committee on Health Issues
- ▶ Mayor's Committee for Public Safety
- ▶ Child and Youth Committee Planning



Councillor Pat Clark has been a Councillor since 2003 and serves as a member of:

- ▶ CEPCO, FVRD and RHD
- ▶ FVRD Air Quality Advisory Cttee
- ▶ Fraser Valley Regional Library
- ▶ Cultus Lake Governance Committee
- ▶ Chwk Arts & Cultural Centre Board
- ▶ Mayor's Committee on Health Issues
- ▶ FVRD Treaty Advisory Committee
- ▶ Design Review Panel



Councillor Stewart McLean has been a Councillor since December 1, 2008 and serves as a member of:

- ▶ Housing
- ▶ Film Commission
- ▶ Fraser Valley Regional District and Regional Hospital District
- ▶ FVRD Treaty Advisory Committee
- ▶ Local Court of Revision
- ▶ Social Issues Advisory Committee
- ▶ Transportation Advisory Committee



Councillor Ken Huttema has been a Councillor since December 1, 2008 and serves as a member of:

- ▶ Chilliwack Agricultural Commission
- ▶ Fraser Valley Regional Library
- ▶ Local Court of Revision
- ▶ Rural Issues Advisory Committee
- ▶ Chilliwack Spirit of BC Community
- ▶ Emergency Executive Committee
- ▶ Committee to Approve Public Events



Councillor Sue Attril has been a Councillor since December 1, 2008 and serves as a member of:

- ▶ Housing
- ▶ FVRD and RHD
- ▶ Local Court of Revision
- ▶ Design Review Panel
- ▶ Chilliwack Spirit of BC Committee
- ▶ Rural Issues Advisory Committee
- ▶ Committee to Approve Public Events



MAYOR'S MESSAGE

On behalf of Council, it is my honour to present to you the City of Chilliwack's 2008 Annual Report.

In the November 2008 Municipal Election a new Council was elected, including incumbents Pat Clark and Chuck Stam. Newcomers Sue Attrill, Ken Huttema, Diane Janzen and Stewart MacLean were also elected to Council. Mayor Clint Hames and Councillors Mark Andersen, Mel Folkman and Dorothy Kostrezwa decided that it was time for them to step back from their work on Council to pursue other adventures in life. We owe them a debt of gratitude, and as a community, we truly thank them for all of their hard work on our behalf.

Please know that we could not have accomplished our goals without the hard work of our dedicated staff. In order to maintain the low taxes for which our City has become known, the staff had to ensure that we were both entrepreneurial and fiscally prudent, while still maintaining a high level of public service. On behalf of Council, I extend a hearty thank you to the fine members of our team.

I encourage you to read through the various sections of our Annual Report to learn all about our many community accomplishments over the last year. You will find that all departments have served you well by achieving the goals and objectives set out for each of them.

Chilliwack is a growing and vibrant community. While our population continues to increase, we have still managed to keep our small town feeling. We look out for each other. We want our City to continue to be a place where people love to live, work and play. For many, 2008 was a challenging year economically. In spite of this, we managed to attract and retain business in our City. We need to continue to work with business to ensure that our residents are employed and able to prosper.

Finally, I'd like to take this opportunity to thank a number of people for their dedication and commitment: my Council colleagues, members of our advisory committees, volunteers, community partners and residents. You demonstrate the power of community. Chilliwack is an attractive, dynamic, innovative and welcoming community because of you.

Sincerely,

Sharon Gaetz
Mayor

City of Chilliwack

ORGANIZATIONAL CHART



ADMINISTRATION

The Chief Administrative Officer acts as 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-efficient 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 Five Year Financial Plan (Budget) and the Comprehensive Municipal 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
- ▶ Public Relations
- ▶ 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

2008 HIGHLIGHTS

- ▶ Coordinated statutory activities for the Local Government elections of Mayor and Council, Cultus Lake Parks Board and School District No. 33 Trustees
- ▶ Successfully negotiated a new 3 year agreement with CUPE Local 458
- ▶ A major public opinion survey was conducted to collect data on the opinions and attitudes of community members on a variety of regulatory and service delivery subjects
- ▶ Acquisition of property and public relations for the construction of the Evans Road overpass completed
- ▶ Working in partnership with the University of the Fraser Valley, a report on strategies for dealing with methamphetamines was produced and published
- ▶ An inventory of the City's capital assets was completed in preparation for the new tangible capital asset reporting requirements

RECREATION & CULTURE

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

- ▶ Evergreen Hall
- ▶ The Landing Sports Centre on Spadina
- ▶ Twin Rinks Arena

Funding for the operation of Prospera Centre is provided by the City through a Public-Private Partnership (P3) Agreement that is administered by Recreation & Culture, as well as funding for 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

In addition, Recreation & Culture oversees the contracted operations of the:

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

We are proud of Chilliwack's community development approach to providing leisure services.

Many cultural groups, sport organizations, community associations, businesses, not-for-profit societies and service clubs work closely with the Recreation & Culture division to offer our 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
- ▶ Parks

The City of Chilliwack has over 80 parks which together make up over 139 hectares of green space. There are numerous semi-developed walking, hiking and cycling trails throughout the 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.

Chilliwack also has 11 sportsfield complexes and is proud to provide some of the best sports fields in the Lower Mainland, such as:

- ▶ Townsend Park
- ▶ Exhibition Field
- ▶ Fairfield Island Sportsfield

2008 HIGHLIGHTS

- ▶ Spirit Week: a province-wide celebration counting down to the 2010 Winter Olympic/Paralympic Games
- ▶ Installation of an Emergency Generator for City Hall
- ▶ The 4th Annual Chilliwack Community Sport Hero Awards
- ▶ Move for Health Day
- ▶ Honeywell Energy Conservation Project completed
- ▶ Cell Block Renovation at RCMP
- ▶ British Columbia's 150th Celebration Event
- ▶ "Get Active Pass" was developed and sent out to Grade 5 students in the community
- ▶ Bird Construction started work on the Cultural Centre
- ▶ Cheam Centre Renovation Project
- ▶ Chilliwack was announced as one of 200 cities across Canada for the Olympic Torch Relay Celebration
- ▶ Installation of Emergency Elevator Return for the Museum elevator
- ▶ Replaced the roofs at Ryder Lake and Rosedale Fire Halls
- ▶ Townsend Park Synthetic Turf Field opening
- ▶ Off Leash Dog Park created
- ▶ Jinkerson Park completed
- ▶ Mount Thom Trail was improved and a large staircase constructed
- ▶ A trail was completed along Teskey Way at Prest Rd, extending from Jinkerson Rd to Bailey Rd
- ▶ The boulevard at Menzies St and Yale Rd was landscaped through funding from the Tree Canada Foundation



ENGINEERING

The Engineering Department is responsible for the administration, regulation and capital improvement of the engineering infrastructure throughout Chilliwack.

TRANSPORTATION, DRAINAGE AND UTILITIES

The Transportation, Drainage and 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
- ▶ The Transportation Network

This broad description of our infrastructure includes:

- ▶ Water Reservoirs
- ▶ Sanitary Pump Stations
- ▶ Bridges
- ▶ Bicycle Paths
- ▶ Street Lights
- ▶ Traffic Signals

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 45 kilometres of dyking and related infrastructure that protects our community from floods on the Fraser and Vedder Rivers.

This division is responsible for:

- ▶ Monitoring the snow pack and spring freshet forecasts for the Fraser River
- ▶ Undertaking flood protection studies
- ▶ Managing infrastructure upgrades to improve the overall protection of our community.

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



2008 HIGHLIGHTS

WATSON ROAD IMPROVEMENT PROJECT

- Concrete curb, gutter and sidewalk on Watson Rd southwest of Vedder Rd
- Pavement widening to accommodate future road improvements for vehicle and bike lanes

CHILLIWACK MOUNTAIN ROAD CULVERTS

- 1,050mm concrete pipe to improve drainage capacity east of Lickman Road

EVANS ROAD CONNECTOR PROJECT

- Connector and Interchange will link the south end of Evans Parkway with the north end of Ashwell Rd (2.5 km)
- Overpass portion will allow for Hwy 1 eastbound off-ramp to Evans Rd and Hwy 1 westbound on-ramp from Evans Rd

SEWER MAIN REPLACEMENT PROJECTS

- 860 metres of 450mm PVC on Victoria and Hocking Ave

WATER MAIN REPLACEMENT PROJECTS

- 2,240 metres of 200mm ductile iron on Victor St, Mellard Ave, Princess Ave, Margaret Ave and Brooks Ave

WELL #9 CONSTRUCTION

- 250 litre per second water production well at Garrison Crossing to provide standby capacity should any existing production wells have to be taken offline

ANNIS ROAD WATER MAIN INSTALLATION PROJECT

- 600 metres of 300mm ductile iron water main on Annis Rd north of Hwy 1 to Hack Brown Rd

TESKEY ROAD GRIT CHAMBER

- Installation of Grit Chamber at Teskey Rd and Cedar Creek Dr to prevent large particles entering the forcemain

CATTERMOLE SANITARY PUMP STATION / FORCEMAIN

- 75 litre per second Sanitary Pump Station and approx. 8.1 km of 300mm, 350mm and 400mm forcemain

SEWAGE SYSTEM ASSET EVALUATION STUDY

- Development of capital asset management plans to assist in long-term capital planning and determine strategies for reinvestment in Chilliwack's wastewater infrastructure

SHXWHA:Y VILLAGE SANITARY SERVICING

- Constructed 3 low pressure lift stations and forcemains to replace aging septic systems

SOUTH TRUNK SEWER PRE-DESIGN STUDY

- Capacity assessment of system, preliminary design options and cost estimates for upgrade project

TRAFFIC SIGNAL IMPROVEMENTS

- Audible Traffic Signals at the intersections of First Ave and Cheam Ave, and Vedder Rd at Promontory Rd
- Traffic Signal UPS on Yale Rd at Airport Rd and Yale Rd at the Vedder Interchange.
- Street Lighting on the north side of Luckakuck Way between Vedder Rd and Topaz Dr

HOUSEHOLD HAZARDOUS WASTE DAY

- 21+ tonnes hazardous material collected from 345 cars

SAFER CITY CRASH REDUCTION PROJECT

- Took place along the Yale and Vedder corridor where the majority of collisions are occurring

2008 CONCRETE WORKS PROGRAM

- Concrete curb, gutter and sidewalk to improve the walking facilities near Elementary schools
- Sidewalks on Ashwell Rd, Williams St and the intersection of Corbould St and Lewis Ave

FRASER RIVER FLOOD PROTECTION INFRASTRUCTURE

- 80 new relief wells along the West Dyke north of Hwy 1 to improve seepage control
- 14 new relief wells installed along the East Dyke by the CHIP Intake to improve seepage control
- 300 metre bank protection upgrades near the East Dyke by the CHIP Intake
- 50 metre bank protection upgrades near the Wing Dyke on Island 22

VEDDER RIVER GRAVEL MANAGEMENT

- 106,000 cubic metres of gravel removed from 9 sites on the Vedder River

CURBSIDE COLLECTION & RECYCLING

- Waste diversion increased to 43%
- Recycling survey showed 82% participation
- 27 tonnes of Christmas trees collected
- Shred-a-thon by donation to local food bank collected \$500 in cash and over 80 food items

2008 SPRING PITCH-IN

- 142 households signed up and the website received over 1,700 hits for the 3rd Annual City-Wide Garage Sale
- 74 tonnes scrap metal were recycled at Bailey Landfill
- 5 non-profit groups collected debris from 142 residents
- Non-profit group cleanup of Chilliwack roadways by 44 community service groups
- 66+ tonnes of waste, 13 tonnes yard waste and 230 tires

BAILEY SANITARY LANDFILL

- FVRD Solid Waste Management Plan amendment approved for extension of landfill footprint
- 3,000 trees planted by G.W. Graham Middle-Secondary School and Chilliwack Middle School

ADOPT-A-RIVER / ADOPT-A-ROAD PROGRAMS

- 500 volunteers collected waste and recyclables along 40 km of the Chilliwack and Vedder rivers on Apr. 5th, July 17th and Sept. 27th
- 31 road sections (over 60 km) have been adopted and cleaned at least 4 times annually

3RD ANNUAL BIKE TO WORK WEEK

3RD ANNUAL WASTE REDUCTION WEEK

- 14 companies registered to compete for the Green Business Awards with Canada Safeway, Save-On Foods, BMO Bank of Montreal and Soprema Inc. taking top honours

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
- ▶ Wastewater Treatment Plant
- ▶ Fleet Maintenance
- ▶ 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
- ▶ 13 reservoirs
- ▶ 700+ kms of water/sewer pipe

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.

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

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, excavators and graders.

This section also maintains the Chilliwack Fire Department's fleet of vehicles and fire fighting apparatus.

WASTEWATER TREATMENT PLANT

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

PUBLIC WORKS

The Public Works section maintains:

- ▶ 560 km of paved roadways
- ▶ 38 km of unpaved roads
- ▶ 284 km of storm drainage systems
- ▶ 45 km of dykes
- ▶ Approx. 1,000 km of open drainage channels
- ▶ 3 high capacity drainage pumping stations

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, which allows new development to be completed as quickly as possible.

2008 HIGHLIGHTS

SEWER PUMP STATION #10 UPGRADES

- ▶ SPS #10 is the second largest station in the City and pumps the majority of the sewage flow from Promontory and Sardis. A major overhaul of the pumping equipment was undertaken in February 2008, which has resulted in continuous and uninterrupted service since the upgrade.

DRINKING WATER QUALITY

- ▶ Due to the successful and ongoing implementation of the City's Drinking Water Quality Assurance Program, 2008 saw the best water quality test results since records began in the 1970's. This is an excellent achievement considering the City's water supply is not treated and is non-chlorinated.

WINTER STORMS

- ▶ Both the beginning and end of 2008 brought severe and unprecedented winter weather. The first 6 weeks of 2008 saw 20 separate snowfall events and snow and ice control operations were hampered by a province-wide shortage of salt. The final 4 weeks of 2008 saw temperatures drop to -20°C followed by weeks of severe winter snow storms. By December 31, 2008 winter operations for the year had cost over \$1 million.

CHILLIWACK MTN ZONE 4 BOOSTER STN UPGRADES

- Extensive electrical/mechanical upgrades have extended the service life of this station by 15 to 20 years. By also using the latest power saving technology, consumption and operating costs have been significantly reduced.

EMERGENCY BYPASS INSTALLATION

- Installed emergency bypasses at 6 of the City's sanitary lift stations. If a sanitary pump station experiences power outage or pump failure, a mobile power unit and pump can be deployed to pump sewage flow using the station's bypass.

MAJOR DEVELOPMENT SERVICING

- Completed connection of several major development areas to the City's utility system, including Cattermole lands, Garrison Crossing Phase 5, Chittenden Rd and Uplands/Hudson Rd.

OPEN DRAINAGE/CHANNEL CLEANING

- Crews successfully cleaned over 38 kms of open drainage ditches and channels. The works were monitored by the City's new Fish Habitat and Watercourse technician and the monitoring reports brought praise from the Department of Fisheries & Oceans for the City's excellent fish salvage and habitat restoration efforts.

PROMONTORY WATER RESERVOIR UPGRADES

- Promontory Zone 2, 3 and 4 reservoirs were drained, a spray-on liner applied to the walls and water mixing equipment installed. This resulted in Promontory area water being chlorine free throughout the summer. During the previous 3 years the water system had to be chlorinated during the summer months due to poor water quality test results from the reservoir tanks.

SARDIS PARK SEWER SMOKE TESTING

- Over 12 kms of sanitary sewer main in the Sardis Park area was smoke tested. Smoke testing is used to identify broken pipes, defective manholes and services, cross connections with storm water services, and illegal connections.

CHILLIWACK MALL – BACKFLOW PREVENTION DEVICES

- The Chilliwack Mall is serviced by 2 large diameter water mains feeding off Luckakuck Way and Vedder Road. These mains form part of a private water system supplying the mall and in order to comply with the City's Waterworks Regulation Bylaw the mall was ordered to install 2 large diameter backflow prevention devices at the property line to protect the municipal water system. The work undertaken and the devices installed are the largest units installed to date within the City's water system.



FIRE

The Chilliwack Fire Department is responsible for providing:

- Fire Prevention
- Fire Protection
- Rescue
- Public Hazard Mitigation
- Emergency Management

The Fire Department employs 20 career and 130 “paid-on-call” firefighters under the direction of 4 Chief Officers, supported by a Fire Prevention Officer, Public Safety Educator/Fire Inspector and a Training Officer. The six 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 100 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

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, other first responders, School District 33, the Fraser Health Authority, other local municipalities, the provincial government and First Nations.



2008 HIGHLIGHTS

- ▶ Responded to 2,239 calls for service, including 357 fires, 27 rescues and 70 emergency medical aid calls
- ▶ Paid-on-call firefighters contributed approximately 18,500 hours of service to training and emergency response in 2008
- ▶ Engaged over 6,500 residents in fire and life safety programs and/or training through almost 200 events
- ▶ Participated in 15 Marijuana Grow Operation and 161 Health and Safety inspections
- ▶ Trained 150 members in all aspects of fire and rescue services to provincial standards, culminating in several live fire exercises (such as picture shown below)
- ▶ Provided daytime fire protection/rescue services to the areas south of the freeway from Hall 4
- ▶ The Chilliwack Firefighters Education Fund and the Chilliwack Firefighters Charitable Society distributed \$12,000 in education bursaries to local students to further their education
- ▶ Collected over 12,000 food items for the Salvation Army's Christmas Food Drive



COMMUNITY POLICING

Public safety and law enforcement services are provided to the citizens of Chilliwack under a contractual agreement between the Royal Canadian Mounted Police and the City of Chilliwack.

The Chilliwack Detachment provides a wide range of policing services from patrol and investigations to proactive services. Operational support is enhanced by support staff (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 100 community volunteers who work out of the Downtown Community Policing Office (DCPO) which houses:

- Victims Services
- Crime Stoppers
- Block / 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. All of these employees and volunteers are committed to making Chilliwack a safe place to live and work.

PROLIFIC OFFENDER MANAGEMENT PROGRAM

The Chilliwack RCMP Prolific Offender Management Program is now off the ground and is in its first quarter. Great successes have already been seen.

The goal is to reduce crime by targeting and monitoring those offenders that are most active in criminal activity in the community. Currently, 15 of the 35 identified prolific offenders in the Chilliwack area are in custody.

The Prolific Offender Management Program involves all levels of policing, as well as numerous external partners, to help target and inhibit criminal activity and prolific offenders in Chilliwack.

CRIME REDUCTION

The Chilliwack RCMP is the largest detachment in the Upper Fraser Valley RCMP, which includes:

- Agassiz
- Chilliwack
- Hope
- Boston Bar

The Upper Fraser Valley RCMP have been focused on developing crime reduction strategies in the Upper Fraser Valley area for a number of years. Crime reduction is a multi-agency approach to reducing crime/criminal activity in the community, and police enforcement is just one aspect of the overall crime reduction strategy.

Community engagement is a key aspect of crime reduction. The more we work together, the greater impact we have on both criminal and social issues in our community.

CRIME PREVENTION AND OPERATIONAL SUPPORT

Crime Prevention and Operational Support services (CPOS) are located at 45877 Wellington Ave in downtown Chilliwack.

CPOS provides crime prevention support and education to the community, as well as a visible police presence in the downtown core, both on foot and by bicycle. CPOS provides additional support to front line general duty policing as needed, while managing a number of programs, projects and initiatives throughout the community.

There are 3 crime prevention programs with paid coordinators:

- Crime Free Multi-Housing
- Block Watch
- CPOS Office Manager / Volunteer Coordinator

These positions are funded by the Chilliwack Community Policing Society, which operates independent of the RCMP, while partnering with the police to achieve their goals in the community.

2008 HIGHLIGHTS

ORGANIZED CRIME AND DRUGS

- ▶ 15 Drug Trafficking arrests followed by charges laid. The charges laid are 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.
- ▶ Over 30 Marijuana Grow-Ops were detected and disrupted in the Chilliwack area this year. Controlled Drug and Substance Act search warrants were sought and obtained, and charges laid whenever possible. Information from the community played a key roll in identifying these grow-ops.

PUBLIC SAFETY / POLICE VISIBILITY

- ▶ Downtown foot and bike patrols were a key area for the Chilliwack RCMP this year. A total of 176 hours of bike patrols were dedicated to the downtown area, providing a visible police presence in the community. A number of auxiliary constables have also been bike trained.

ROAD SAFETY / TRAFFIC ENFORCEMENT

- ▶ Achieved a 50% reduction of fatalities from 2007. There was a continued focus on corridor enforcement through the Vedder Rd and Yale Rd areas, with a concerted effort placed on high crash zones.
- ▶ 136 Impaired Driving charges recommended to the Crown, as well as 465 24-hr suspensions, 4,517 Traffic Enforcement tickets and 1,222 Traffic Enforcement warnings.
- ▶ 18 local TV commercials were produced on Shaw Cable to provide education on Road Safety to the community.

FIRST NATIONS POLICING

- ▶ Community partnerships were maintained and strengthened to help address crime issues in First Nations Communities.
- ▶ A 'Pulling Together Canoe Journey' was undertaken to help build relations with our First Nations communities. The canoe journey saw officers, community members and youth 'pulling together' from Hope to Gibsons, BC.
- ▶ A provincial Drug Action Task Force Forum was held to help educate community leaders on crime and drug related issues in First Nations communities.

MEDIA COMMUNICATIONS

- ▶ Over 200 media releases were issued to help keep the community informed about urgent and emerging policing and crime issues.
- ▶ Crime Stoppers 'Most Wanted' partnership was formed to publish ads in the local papers and generate public tips.

AUXILIARY CONSTABLE PROGRAM

- ▶ There are currently 17 active Auxiliary Constables in the Chilliwack area, and a further 25 have been recruited and are expected to be training in the spring of 2009.

YOUTH

- ▶ Annual Fraser Valley RCMP Youth Academy
- ▶ Drug Abuse Resistance Education (DARE) delivered in Grade 5 classes throughout School District No. 33
- ▶ A Youth Billiards League was created, providing an area for police and other community partners to connect in a positive environment with youth in our community. The league, a partnership with Chilliwack RCMP, Youth Services, MCFD, School District #33 and Vegas Billiards, is attended by many at risk youth on an ongoing basis.

VOLUNTEER WOW FACT

- ▶ Speed Watch and the 4 Citizens on Patrol (COP) groups have over 100 volunteers who contributed over 6,000 volunteer hours over the last year. In total, all volunteer groups administered under the Chilliwack Community Policing Society contributed 18,734 volunteer hours. The demands for community based Crime Prevention services are growing exponentially. We are very fortunate to have the community engagement and support that we need throughout the Upper Fraser Valley to maintain the success of our many programs.

CRIME FREE HOUSING / BLOCK WATCH / GROW WATCH

- ▶ The Crime Free Multi-Housing program was introduced in 2008, with 6 apartment buildings now certified 'crime free' and another 24 buildings in the process of being certified.
- ▶ 412 active Block Watch areas are now established and the program continues to grow. Block Watch and Grow Watch operate as partner programs in order to provide both programs throughout the community.



MUNICIPAL DEVELOPMENT

The Municipal Development Department is responsible for:

- ▶ Land Use Planning and Development
- ▶ Rezoning Applications
- ▶ Development Permits
- ▶ Agricultural Land Reserve Applications
- ▶ Subdivision Approvals
- ▶ Environmental Planning
- ▶ Long-term Land Use Planning (including updating the Official Community Plan)
- ▶ Property Records Maintenance
- ▶ Building Permits and Inspection
- ▶ One Stop Business Registration and Licensing
- ▶ Dog Licensing
- ▶ Bylaw Enforcement

2008 HIGHLIGHTS

- ▶ 2008 was unquestionably a boom year for Commercial construction. Compared to 2007, Commercial construction value increased by 138%, Industrial by 40%, Institutional by 755% (due to a very low value in 2007) and Agricultural by 43%. These construction projects kept the 2008 Building Permit value total at a very respectable \$175 million, a drop of only 16% from 2007.
- ▶ 388 new lots created
- ▶ 239 new single family dwellings constructed
- ▶ 422 other dwelling units created
- ▶ 710 new Business Licenses
- ▶ 60 Rezoning Applications processed
- ▶ 43 new Development Variance Permits processed
- ▶ 17 Agricultural Land Reserve applications received
- ▶ 269 Health & Safety inspections carried out (including follow-up inspections)
- ▶ 26 Marijuana Grow Operations shut down

HILLSIDE DEVELOPMENT

In the Fall of 2008, Council approved in-principle Hillside Development Guidelines, created in response to the unique challenges of developing our hillsides, including:

- ▶ **Visual Challenges**
Chilliwack's hillsides are highly visible landmarks from the valley floor, providing a green backdrop to the community. This creates a challenge to assure the scenic qualities of our hillsides are preserved.
- ▶ **Functional Challenges**
Hillside areas contain unique topography and natural features. Site-specific responses are often necessary when designing lot layouts, roads and infrastructure.
- ▶ **Environmental Challenges**
The City's hillsides contain many unique environmental attributes. Care must be taken to ensure these unique features are identified and integrated into developments.
- ▶ **Geotechnical Challenges**
Slope stability and safety must be addressed when development occurs on hillsides.
- ▶ **Financial Challenges**
Hillside development is more costly to service, operate and maintain. Discretion is required to ensure that long term financial implications to the City are considered when evaluating the appropriateness of a development concept.



The Hillside Development Guidelines were developed to ensure that all new hillside development:

- ▶ Positively contributes to Chilliwack's hillside character
- ▶ Integrates seamlessly with its hillside context through context-sensitive design approaches
- ▶ Preserves the aesthetic values of Chilliwack's scenic "green backdrop"
- ▶ Respects views both to and from the hillside
- ▶ Provides safe access and services that fit the hillside context

- ▶ Maintains many of the unique natural features of the hillside, such as rock outcrops, watercourses, ravines, mature trees/vegetation and ridgelines
- ▶ Protects wildlife habitat and environmentally sensitive areas
- ▶ Avoids unstable or hazardous portions of the hillside and provides protection against slope instability or erosion
- ▶ Uses economic and efficient approaches to construction and maintenance

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 businesses 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
- ▶ Agriculture

These strategies are facilitated through strategic partnerships with many community and government stakeholders, as well as CEPCO's divisions, 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 (former CFB Chilliwack).

The redevelopment of the former CFB Chilliwack lands presents numerous benefits. The Education Park includes:

- ▶ University of the Fraser Valley (UFV)
- ▶ Justice Institute of British Columbia
- ▶ RCMP's Pacific Region Training Centre
- ▶ Canada Border Services Agency



2008 HIGHLIGHTS

CANADA EDUCATION PARK

- ▶ Justice Institute of BC land purchase of 5.7 acres
- ▶ Canada Border Services Agency leases 20,000 square feet

ECYCLE SOLUTIONS

- ▶ Recycler of Computers and Electronics
- ▶ 40,000 square foot facility

IMW INDUSTRIES

- ▶ Manufacturer of Compressed Natural Gas Equipment
- ▶ 55,000 square foot facility in Highway 1 Business Park

DEVELOPMENT AND SUPPORT OF CHILLIWACK'S INDUSTRIAL PARKS, INCLUDING:

- ▶ Chilliwack Business Estates
- ▶ Highway 1 Business Park
- ▶ Progress Way Industrial Park
- ▶ Legacy Pacific Industrial Park
- ▶ Cattermole Industrial Estates
- ▶ Kerr Avenue Business Park

- ▶ Created the Chilliwack Aviation and Aerospace Planning Committee
- ▶ Advancements in the redevelopment of downtown Chilliwack
- ▶ First Nations partnerships
- ▶ Chilliwack Business Link business retention/expansion program
- ▶ Chilliwack Community Job Fair, with 42 businesses and over 1,200 job seekers in attendance
- ▶ Virtual Job Fair website - www.liveworkplayprosper.com
- ▶ Continued growth of film production, including the NBC / Universal television series "Eureka Season III" and a national Tim Hortons' commercial
- ▶ Physician and health care professionals recruitment strategy
- ▶ Developed marketing materials for business attraction, partnering with Foreign Affairs and International Trade Canada

TOURISM CHILLIWACK INC.

Tourism Chilliwack Inc. 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 established in 1998 as part of the Chilliwack Economic Partners Corporation (CEPCO). The organization was created to forge a partnership between the City of Chilliwack and the tourism industry, to promote growth, diversification and to increase the economic impact of tourism. 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.

Our mission statement,

“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 our community.

A main strategic objective for Tourism Chilliwack Inc. 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/Partnership Development
- A business minded approach that allows the organization to explore non-traditional opportunities for revenue generation and the provision of services

In 2008 Tourism Chilliwack Inc. completed an extensive renovation of the Chilliwack Visitor Centre in order to provide improved visitor services for the community. This was made possible due to a partnership with the City of Chilliwack and a Community Tourism Program grant from the Union of British Columbia Municipalities (UBCM).

The Chilliwack Greeter Program continued to be a great complement to the visitor services offered at the Chilliwack Visitor Centre, with volunteer ambassadors helping people at select local events and tournaments.

Tourism Chilliwack Inc. is also responsible for providing the materials necessary to properly market Chilliwack and the surrounding area. A new comprehensive community website was launched this year at www.thegreatoutside.com. It utilizes some of the latest web-based technology and contains many spectacular images, including virtual tours, to showcase our visitor destination.

The community marketing materials build upon the brand ‘The Great Outside’ and also include:

- A high quality Visitor’s Guide
- Maps
- Sector/Activity focused initiatives
- Agri-Tourism
- Arts and Culture
- Hiking and Sport tourism

The business-minded approach taken by Tourism Chilliwack Inc. provides expanded revenue opportunities not dependent upon government funding.

2008 was Tourism Chilliwack Inc.’s first full year of operations as the Purolator Shipping Agent for Chilliwack and the eastern Fraser Valley, as well as being Owner/Operator of the Chilliwack Flag Shop franchise, one of 13 locations across Canada.

These 2 business initiatives better utilize the high profile nature of the Visitor Centre by attracting people year-round.

2008 HIGHLIGHTS

- ▶ 37% increase in Visitor Centre visits from 2007
- ▶ Volunteer Greeter's involved with 20 local events and tournaments
- ▶ New destination website launched at www.thegreatoutside.com
- ▶ 3rd year of award winning regional Circle Farm Tour Program
- ▶ Self-guided Artisan Tour brochure of studios and galleries completed
- ▶ Established a unique partnership with Chilliwack Ford to promote the tourism industry
- ▶ Fraser Valley Golf Alliance
- ▶ Developed a new detailed Chilliwack road map and souvenir pin
- ▶ Successfully operated as the Purolator Shipping Agent for Chilliwack and the eastern Fraser Valley
- ▶ Owner/Operator of Chilliwack Flag Shop franchise
- ▶ Showcased Chilliwack with photography as part of the Picture BC program
- ▶ Member of BC Sport Tourism Network
- ▶ Operated web-based Virtual Tour business partnership
- ▶ Entered a float in the Chilliwack Christmas 'Parade of Lights & Sound' for the first time
- ▶ Held the 5th Annual 'Business on the Green' Golf Tournament in partnership with the Chilliwack Chamber of Commerce





Photo courtesy of Michelle Warner



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AUDITORS' REPORT

To the Mayor and Council of the City of Chilliwack

We have audited the consolidated statement of financial position of the City of Chilliwack as at December 31, 2008 and the consolidated statements of financial activities, cash flows, current fund operations, capital fund operations, reserve fund operations and equity in capital assets for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2008 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

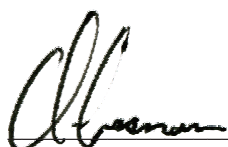
Chartered Accountants

Chilliwack, Canada

March 20, 2009

City of Chilliwack
Consolidated Statement of Financial Position
 December 31, 2008 with comparative figures for 2007

	2008	2007
Financial Assets		
Cash (Note 2)	\$ 42,819,664	\$ 32,209,122
Portfolio investments (Note 2)	62,947,424	84,993,331
Accounts receivable (Note 3)	29,920,425	27,827,430
Loans receivable (Note 4)	296,421	390,501
Property held for resale (Note 5)	2,028,423	3,397,257
Other assets	1,059,108	1,117,928
Deposit - Municipal Finance Authority	-	90,580
	139,071,465	150,026,149
Liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 21,297,940	\$ 13,762,169
Restricted revenue (Note 7)	40,894,011	52,127,797
Unearned revenue (Note 8)	8,800,024	6,866,867
Refundable deposits	3,636,023	4,910,320
Demand loans (Note 9)	1,300,000	6,090,960
Reserve - Municipal Finance Authority	-	90,580
	75,927,998	83,848,693
Capital partnership obligation (Note 10)	10,565,062	11,106,450
Long term debt	-	568,296
	86,493,060	95,523,439
Net Financial Assets	52,578,405	54,502,710
Non-Financial Assets		
Capital Assets (Note 11)	496,335,237	440,384,891
Inventories	727,966	717,755
Municipal Position	\$ 549,641,608	\$ 495,605,356
Municipal Position		
Financial equity		
Current Funds (Note 12)	\$ 41,697,189	\$ 43,724,984
Reserve Funds	21,445,821	25,863,930
	63,143,010	69,588,914
Equity in capital assets	486,498,598	426,016,442
Municipal Position	\$ 549,641,608	\$ 495,605,356



Chris Crosman, CA
 General Manager of Operational Services

See accompanying notes to consolidated financial statements

City of Chilliwack
Consolidated Statement of Financial Activities

December 31, 2008 with comparative figures for 2007

	2008 Actual	2008 Budget (Unaudited)	2007 Actual
Revenues			
Municipal taxation and grants-in-lieu of taxes	\$ 49,981,317	\$ 49,793,176	\$ 46,701,999
Government grants and transfers	5,998,985	8,776,000	5,010,104
Sale of services	24,435,786	21,414,724	25,611,054
Licences, permits, penalties and fines	2,587,347	2,892,000	3,642,938
Return on investments	2,922,494	1,030,000	2,962,939
Contributions from developers and other	31,514,173	51,371,750	9,701,213
Sundry	179,169	458,000	622,361
	117,619,271	135,735,650	94,252,608
Expenditures			
General government services	6,022,198	7,239,435	5,592,292
Protective services	20,683,818	22,149,803	18,195,397
Transportation services	42,445,488	48,993,600	17,101,063
Landfill operations	6,581,691	10,585,457	5,164,057
Water and sewer services	16,948,455	34,469,396	15,479,265
Recreation and cultural services	19,843,666	36,741,288	11,148,398
Environmental development	5,730,261	5,964,874	6,409,426
Interest and other	438,488	282,740	543,846
	118,694,065	166,426,593	79,633,744
Net Change in Financial Activities Before the Following:	(1,074,794)	(30,690,943)	14,618,864
Fiscal Services			
Long term debt principal repayments	(38,762)	(38,771)	(733,943)
Repayment of demand loan principal	(4,790,960)	(4,791,000)	(536,198)
Repayment of capital partnership obligation	(541,388)	(541,000)	(511,080)
Change in Financial Equity	(6,445,904)	(36,061,714)	12,837,643
Financial Equity, beginning of year	69,588,914	69,588,914	56,751,271
Financial Equity, End of Year	\$ 63,143,010	\$ 33,527,200	\$ 69,588,914

See accompanying notes to consolidated financial statements

City of Chilliwack
Consolidated Statement of Cash Flows
 December 31, 2008 with comparative figures for 2007

	2008	2007
Cash provided by (used for):		
Operations:		
Net change in financial activities	\$ (1,074,794)	\$ 14,618,864
Add (deduct):		
Items not involving cash:		
Amortization of restricted revenues	(25,411,816)	(4,271,009)
Change in non-cash operating items:		
Increase in accounts receivable	(2,092,995)	(7,326,630)
Decrease in loans receivable	94,080	164,983
Decrease in other assets	48,609	270,930
Increase in accounts payable	7,535,771	1,799,371
Increase in unearned revenue	1,933,157	1,145,677
(Decrease) increase in refundable deposits	(1,274,297)	1,398,842
	(20,242,285)	7,801,028
Investing:		
Increase in portfolio investments	22,045,907	(44,992,331)
	22,045,907	(44,992,331)
Financing:		
Contributions to restricted revenues	14,178,030	25,327,428
Decrease in capital partnership obligation	(541,388)	(511,080)
Principal repayments on long term debt	(38,762)	(733,943)
Principal repayments on demand loans	(4,790,960)	(536,198)
	8,806,920	23,546,207
Increase (decrease) in cash	10,610,542	(13,645,096)
Cash, beginning of year	32,209,122	45,854,218
Cash, end of year	\$ 42,819,664	\$ 32,209,122

See accompanying notes to consolidated financial statements

City of Chilliwack
Consolidated Statement of Current Fund Operations
December 31, 2008 with comparative figures for 2007

	2008 Actual	2008 Budget (Unaudited)	2007 Actual
Revenues			
Municipal taxation and grants-in-lieu of taxes	\$ 49,981,317	\$ 49,793,176	\$ 46,701,999
Government grants and transfers	1,278,105	1,005,000	1,058,510
Sale of services	24,435,786	21,414,724	25,611,054
Licences, permits, penalties and fines	2,587,347	2,892,000	3,642,938
Return on investments	2,014,953	830,000	2,170,302
Contributions from developers and other	5,400,160	5,150,000	484,117
Sundry	179,169	458,000	622,361
	85,876,837	81,542,900	80,291,281
Expenditures			
General government services	5,521,075	6,253,435	4,901,612
Protective services	19,294,468	20,250,303	17,774,467
Transportation services	7,496,200	7,531,100	6,761,665
Landfill operations	3,688,884	3,870,457	3,569,128
Water and sewer services	9,068,621	9,340,196	8,419,682
Recreation and cultural services	10,697,393	10,993,288	10,262,450
Environmental development	5,237,262	5,164,874	5,522,336
Interest and other	438,488	282,740	543,846
	61,442,391	63,686,393	57,755,186
Net Change in Operating Funds	24,434,446	17,856,507	22,536,095
Fiscal Services			
Long term debt principal repayments	(38,762)	(38,771)	(733,943)
Repayment of capital partnership obligation	(541,388)	(541,000)	(511,080)
Repayment of demand loan principal	(4,790,960)	(4,791,000)	(536,198)
Net interfund transfers			
To capital	(15,646,441)	(25,873,950)	(10,079,903)
To reserves	(5,444,690)	(2,496,744)	(7,790,972)
	(26,462,241)	(33,741,465)	(19,652,096)
Change in Current Fund balance	(2,027,795)	(15,884,958)	2,883,999
Current Fund balance, beginning of year	43,724,984	43,724,984	40,840,985
Current Fund balance, end of year	\$ 41,697,189	\$ 27,840,026	\$ 43,724,984

See accompanying notes to consolidated financial statements

City of Chilliwack
Consolidated Statement of Capital Fund Operations
 December 31, 2008 with comparative figures for 2007

	2008 Actual	2008 Budget (Unaudited)	2007 Actual
Sources of Financing			
Revenues			
Provincial and Federal government grants	\$ 4,720,880	\$ 7,771,000	\$ 3,951,594
Contributions from developers and other	25,879,837	45,721,750	6,238,300
Net interfund transfers			
From current operations	15,646,441	25,873,950	10,079,903
From reserves	11,004,517	23,373,500	1,608,761
	57,251,675	102,740,200	21,878,558
Expenditures			
General government services	501,124	986,000	690,680
Protective services	1,389,350	1,899,500	420,930
Transportation services	34,949,288	41,462,500	10,339,398
Landfill operations	2,892,807	6,715,000	1,594,929
Water and sewer services	7,879,834	25,129,200	7,059,583
Recreation and cultural services	9,146,273	25,748,000	885,948
Environmental development	492,999	800,000	887,090
	57,251,675	102,740,200	21,878,558
Change in Capital Fund balance	-	-	-
Capital Fund balance, beginning of year	-	-	-
Capital Fund balance, end of year	\$ -	\$ -	\$ -

See accompanying notes to consolidated financial statements

City of Chilliwack
Consolidated Statement of Reserve Fund Operations
December 31, 2008 with comparative figures for 2007

	2008 Actual	2008 Budget (Unaudited)	2007 Actual
Sources of Financing			
Property sales, contributions from developers and other	\$ 234,177	\$ 500,000	\$ 2,978,796
Contribution from current operations	5,444,690	2,496,744	7,790,972
Return on investments	907,541	200,000	792,637
	6,586,408	3,196,744	11,562,405
Expenditures			
Contribution to capital fund	11,004,517	23,373,500	1,608,761
Change in Reserve Fund balance	(4,418,109)	(20,176,756)	9,953,644
Reserve Fund balance, beginning of year	25,863,930	25,863,930	15,910,286
Reserve Fund balance, end of year	\$ 21,445,821	\$ 5,687,174	\$ 25,863,930
Summary of Reserve Fund positions			
General capital	\$ 18,543,205		\$ 22,013,369
Equipment replacement	1,983,444		3,021,644
Local improvement	48,837		45,998
Subdivision and development control	870,335		782,919
	\$ 21,445,821		\$ 25,863,930

See accompanying notes to consolidated financial statements

City of Chilliwack
Consolidated Statement of Equity in Capital Assets
 December 31, 2008 with comparative figures for 2007

	2008	2007
Increases		
Operations		
Capital expenditures	\$ 15,646,441	\$ 10,079,903
Property under development expenditures	189,485	335,539
Long term debt principal repayment	38,762	733,943
Capital partnership obligation repayments	541,388	511,080
Repayment of demand loan principal	4,790,960	536,198
Statutory reserves	11,004,517	1,608,761
Provincial Government grants	4,720,880	3,951,594
Contributions from developers and other	25,879,837	6,238,300
Transfer to financial equity	-	-
Actuarial adjustment on debt	529,534	97,512
	63,341,804	24,092,830
Decreases		
Cost of assets disposed of	2,859,648	3,275,254
	2,859,648	3,275,254
Change in equity in capital assets	60,482,156	20,817,576
Equity in capital assets, beginning of year	426,016,442	405,198,866
Equity in capital assets, end of year	\$ 486,498,598	\$ 426,016,442

See accompanying notes to consolidated financial statements

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2008

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 held for resale:

Property held for resale is recorded at the lower of cost and net realizable value and includes direct costs attributable to the project and capitalized interest.

(d) Capital assets:

Property, buildings and equipment, water system and sewer system assets are recorded on the basis of cost. Cost includes interest on short-term financing. Depreciation is not recorded. The City is in the process of accumulating information and developing its accounting policies related to its tangible capital assets in order to comply with the new Public Sector Accounting Board Standard 3150. This new standard will be applicable to the City's 2009 annual financial statements. As at December 31, 2008, the cost and accumulated amortization have not yet been finalized for the individual classes of tangible capital assets and hence details concerning the major categories of tangible capital assets have not been provided.

(e) Debt charges:

Debt principal charges are charged to current operations in the period in which they are incurred.

(f) Inventories:

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

(g) Revenue recognition:

Revenue from municipal taxation, grants in lieu of taxes and utility charges is 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.

(h) Use of estimates:

The preparation of the consolidated financial statements of the City requires management to make estimates and assumptions, mainly considering values, which affect reported amounts of assets, liabilities, change in financial equity and related disclosures. Actual results could differ from these estimates.

City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2008

2 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:

	2008	2007
Cash	\$ 42,819,664	\$ 32,209,122
Portfolio Investments	62,947,424	84,993,331
	105,767,088	117,202,453
Less restricted for:		
Statutory Reserve Funds	21,505,868	25,915,968
Restricted Revenue	31,148,918	40,372,910
	52,654,786	66,288,878
Funds available for operational use	\$ 53,112,302	\$ 50,913,575

3 Accounts receivable:

	2008	2007
Taxes	\$ 4,996,089	\$ 4,259,878
Province of British Columbia	3,471,712	392,173
Government of Canada	813,524	361,991
Regional and local governments	92,072	69,019
Trade receivables	3,043,344	2,833,374
Accrued interest	1,073,140	1,220,469
Tax sale properties subject to redemption	-	25,743
Water trade receivables	1,826,788	1,788,109
Sewer trade receivables	4,858,663	5,013,787
Development cost charges	9,745,093	11,862,887
	\$ 29,920,425	\$ 27,827,430

4 Loans Receivable

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

	2008	2007
Loan, mortgage secured, interest at 8.82%, pledged as security for Chilliwack Business Estates demand loans (note 10)	\$ 267,532	\$ 352,071
Loan, unsecured, interest at 8.79%	28,889	38,430
	\$ 296,421	\$ 390,501

5 Property held for resale:

The property held for resale relates to projects of Chilliwack Economic Partners Corporation as follows:

	2008	2007
Canada Education Park	\$ 2,028,423	\$ 3,397,257
	\$ 2,028,423	\$ 3,397,257

Included in property held for resale is \$258,129 (2007 - \$202,037) in capitalized interest.

6 Accounts payable and accrued liabilities:

	2008	2007
Trade payables	\$ 14,094,929	\$ 6,864,732
Province of British Columbia	1,181,314	1,165,784
Government of Canada	3,155,166	2,925,858
Regional and local governments	264,531	268,795
Landfill closure and post-closure costs	2,602,000	2,537,000
	\$ 21,297,940	\$ 13,762,169

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 2019. The liability amount of \$2,602,000 (2007 - \$2,537,000) has been recorded by multiplying the estimated net present value of total remaining costs related to closure and post-closure care (\$4,734,591) by the cumulative capacity used (55%) 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 \$6,542,598 (2007 - \$7,832,388) is appropriated for other landfill related costs and unforeseen closure and post-closure costs.

7 Restricted revenue:

The restricted revenue 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, 2008, the amount of the DCCs due over the next two years is \$9,745,093 (2007 - \$11,862,887).

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.

City of Chilliwack
Notes to Consolidated Financial Statements

Year Ended December 31, 2008

8 Unearned Revenue:

Included in Unearned Revenue are unspent Federal Gas Tax Agreement Funds, Public Transit and Public Transit Infrastructure Funds as follows:

	Gas Tax	Public Transit	2008 Total	2007 Total
Opening balance	\$ 848,588	-	\$ 848,588	\$ 194,844
Received during the year	943,937	607,491	1,551,428	740,083
Interest Earned	39,230	-	39,230	13,661
Spent during the year	(427,000)	(52,950)	(479,950)	(100,000)
Closing balance	\$ 1,404,755	\$ 554,541	\$ 1,959,296	\$ 848,588

Gas Tax and Public Transit funding are provided by the Government of Canada. The use of the funding is established by funding agreements 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. Public Transit funds are to assist municipalities in acquiring capital assets that support public transit infrastructure or encourage a reduction in car dependency.

9 Demand loans:

Purpose	Year Maturing	Interest Rate	Balance Outstanding 2008	2007
Bank of Montreal demand loan - Canada Education Park	2010	4.71	\$ 1,300,000	\$ 5,500,000
Royal Bank BA - Canada Education Park	2008	5.18	-	590,960
			\$ 1,300,000	\$ 6,090,960

10 Capital partnership obligation:

The City of Chilliwack has 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:

2009	\$ 1,200,000
2010	1,200,000
2011	1,200,000
2012	1,200,000
2013	1,200,000
Thereafter	9,568,998
	15,568,998
Less amounts representing interest at 5.93%	(5,003,936)
	\$ 10,565,062

City of Chilliwack
Notes to Consolidated Financial Statements

Year Ended December 31, 2008

11 Capital assets:

	General	Water	Sewer	2008 Total	2007 Total
Land	\$ 47,225,577	\$ 1,283,118	\$ 1,643,155	\$ 50,151,850	\$ 37,711,593
Buildings	86,652,752	201,892	1,726,344	88,580,988	78,952,836
Engineering structures	191,854,246	54,831,019	74,713,957	321,399,222	289,869,368
Machinery & equipment	32,396,375	731,572	3,075,230	36,203,177	33,851,094
	\$ 358,128,950	\$ 57,047,601	\$ 81,158,686	\$ 496,335,237	\$ 440,384,891

Included in buildings is \$20,300,000 of buildings under capital partnership obligation (note 10).

12 Financial equity - Current funds:

	2008	2007
Unappropriated:		
General Fund	\$ 8,931,955	\$ 7,557,079
CEPCO	549,510	1,714,326
Tourism	205,935	160,980
Water Fund	2,183,794	2,012,855
Sewer Fund	1,949,473	1,724,757
	\$ 13,820,667	\$ 13,169,997
Appropriated		
Building - Protective Services	\$ 1,250,000	\$ 1,000,000
Landfill	6,542,598	7,832,388
Sewer future works	7,985,059	7,004,254
Water future works	7,494,670	9,066,817
Work-in-progress	1,229,600	2,141,350
Property held for resale	78,000	78,000
Soil Removal	510,017	531,125
Snow and ice removal	500,000	500,000
Dyke equipment	785,800	400,800
Building	-	600,000
Other	1,500,778	1,400,253
	\$ 27,876,522	\$ 30,554,987
	\$ 41,697,189	\$ 43,724,984

13 Collections for other governments:

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

	2008	2007
B.C. Assessment Authority	\$ 785,588	\$ 709,657
Fraser Valley Regional Hospital District	2,922,167	2,688,639
Municipal Finance Authority	1,869	2,215
Ministry of Education	29,953,774	27,793,646
Fraser Valley Regional District	2,142,312	1,849,315
	\$ 35,805,710	\$ 33,043,472

14 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 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 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, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be done as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The City of Chilliwack paid \$1,306,670 for employer contributions to the plan in fiscal 2008.

- (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 \$2,790,864 (2007 - 1,846,927), 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.

15 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, 2008 was \$63,438,380 (2007 \$85,494,389). Included in the fair market estimate is accrued interest of \$997,118 (2007 \$1,130,094), 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, long term debt and capital partnership obligation approximate their book values as the interest rates represent borrowing rates for loans under similar terms and maturities.

16 Segmented Information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including Protection Services; Transportation Services; Landfill Operations; Water and Sewer Services; Recreation and Culture 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 includes 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 association 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 includes 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, 2008

Table of Segmented Information:

	General Government	Protective Services	Transportation Services	Landfill Operations	Water & Sewer	Recreation & Culture	Environmental Development	Interest & Other	Reserve Funds	2008	2007
Revenues											
Municipal taxation and grants-in lieu of taxes	\$ 7,453,791	\$ 18,429,329	\$ 13,161,113	\$ -	\$ 174,634	\$ 9,667,452	\$ 654,466	\$ 440,532	\$ -	\$ 49,981,317	\$ 46,701,999
Government grants & transfers	41,986	975,632	4,668,880	-	-	52,000	260,487	-	-	5,998,985	5,010,104
Sales of Services	1,704,086	126,779	536,429	5,356,900	13,123,227	2,445,157	1,143,208	-	-	24,435,786	25,611,054
Licences, permits, penalties and fines	7,000	160,582	16,316	-	-	-	2,403,449	-	-	2,587,347	3,642,938
Return on investments	1,382,929	-	-	-	632,024	-	-	-	907,541	2,922,494	2,962,939
Contributions from developers & others	-	-	20,922,793	-	2,861,643	2,555,811	4,939,750	-	234,176	31,514,173	9,701,213
Sundry	49,452	129,717	-	-	-	-	-	-	-	179,169	622,361
	10,639,244	19,822,039	39,305,531	5,356,900	16,791,528	14,720,420	9,401,360	440,532	1,141,717	117,619,271	94,252,608
Expenditures											
Salaries and benefits	\$ 3,789,639	\$ 6,259,352	\$ 2,879,892	\$ 356,216	\$ 3,230,226	\$ 2,557,656	\$ 2,146,227	\$ -	\$ -	21,219,208	\$ 19,306,046
Consulting & professional services	357,133	5,531	10,040	3,993	12,466	3,441	413,042	-	-	805,646	655,921
Contracted services	969,090	12,131,592	2,522,869	3,215,401	1,052,061	5,837,943	14,717	-	-	25,743,673	23,805,791
Community initiatives funding	334,138	112,000	-	-	-	232,582	-	-	-	678,720	660,644
Repairs & maintenance	596,031	100,484	708,029	5,238	556,718	346,769	144,928	-	-	2,458,197	2,679,354
General services - other	348,814	205,647	809,478	53,184	501,998	410,617	2,086,247	-	-	4,415,985	5,941,416
Insurance	437,648	44,546	233,600	249	167,669	80,920	69,354	-	-	1,033,986	967,591
Internal equipment	33,335	66,201	1,130,098	14,327	530,193	354,283	7,960	-	-	2,136,397	1,965,673
Supplies & materials	223,513	238,050	1,243,489	35,245	762,393	58,776	11,575	-	-	2,573,041	1,042,047
Utilities	66,734	131,065	676,041	5,031	619,897	814,406	114,412	-	-	2,427,586	2,236,622
Water & sewer allocation	(1,635,000)	-	-	-	1,635,000	-	-	-	-	-	-
Equipment & shop recoveries	-	-	(2,717,336)	-	-	-	-	-	-	(2,717,336)	(2,278,565)
Interest and other	-	-	-	-	-	-	-	438,488	-	438,488	543,846
Transfer of collections	-	-	-	-	-	-	228,800	-	-	228,800	228,800
Capital assets	501,123	1,389,350	34,949,288	2,892,807	7,879,834	9,146,273	492,999	-	-	57,251,674	21,878,558
	6,022,198	20,683,818	42,445,488	6,581,691	16,948,455	19,843,666	5,730,261	438,488	-	118,694,065	79,633,744
Net Change in Financial Equity Before the Following:	4,617,046	(861,779)	(3,139,957)	(1,224,791)	(156,927)	(5,123,246)	3,671,099	2,044	1,141,717	(1,074,794)	14,618,864
Fiscal Services											
Long term debt principal repayments	-	-	-	-	(38,762)	-	-	-	-	(38,762)	(733,943)
Repayment of demand loan principal	-	-	-	-	-	-	(4,790,960)	-	-	(4,790,960)	(536,198)
Repayment of capital partnership obligation	-	-	-	-	-	(541,388)	-	-	-	(541,388)	(511,080)
Net Interfund Transfers											
(To) From Capital	95,500	1,223,779	4,011,003	-	-	5,674,234	-	-	(11,004,516)	-	-
(To) From Reserves	(4,200,000)	(362,000)	(871,046)	-	-	(9,600)	-	(2,044)	5,444,690	-	-
Change in Financial Equity	\$ 512,546	\$ -	\$ -	\$ (1,224,791)	\$ (195,689)	\$ -	\$ (1,119,861)	\$ -	\$ (4,418,109)	\$ (6,445,904)	\$ 12,837,643

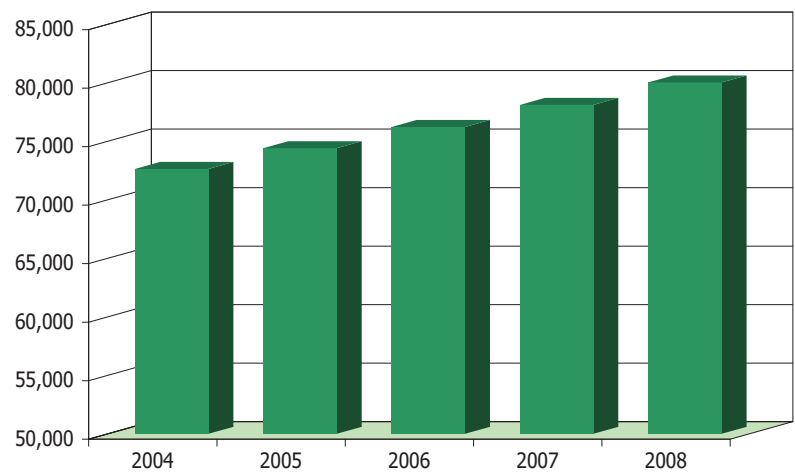
STATISTICAL INFORMATION



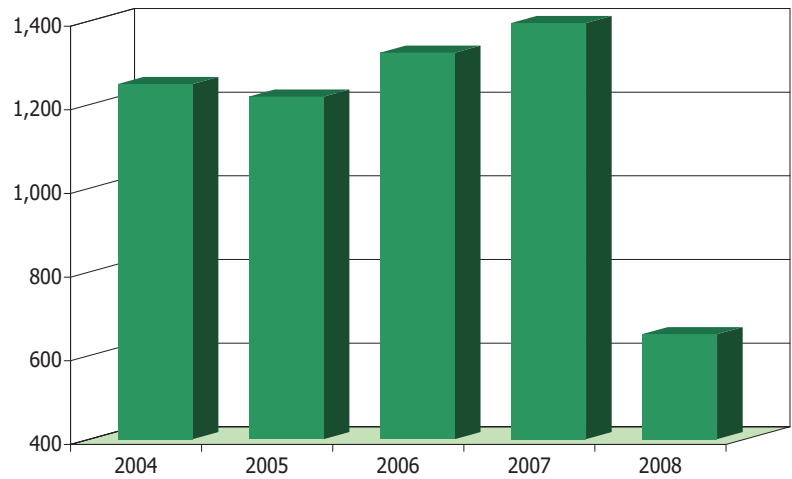
City of Chilliwack

STATISTICAL COMPARISONS

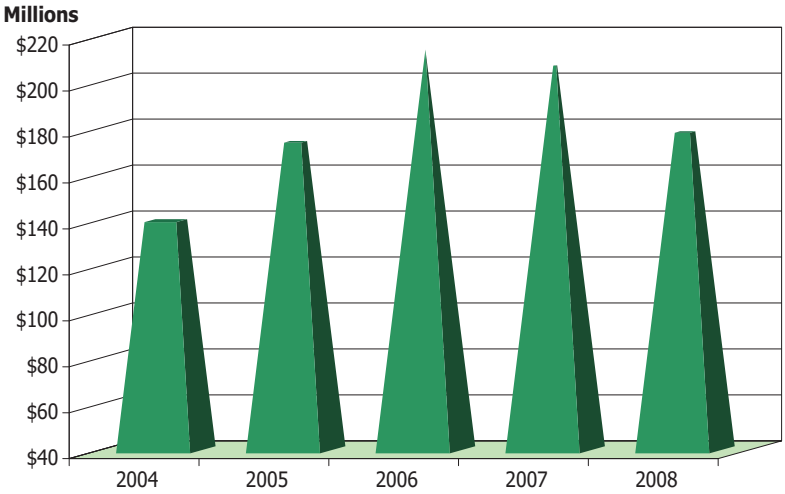
Population Growth



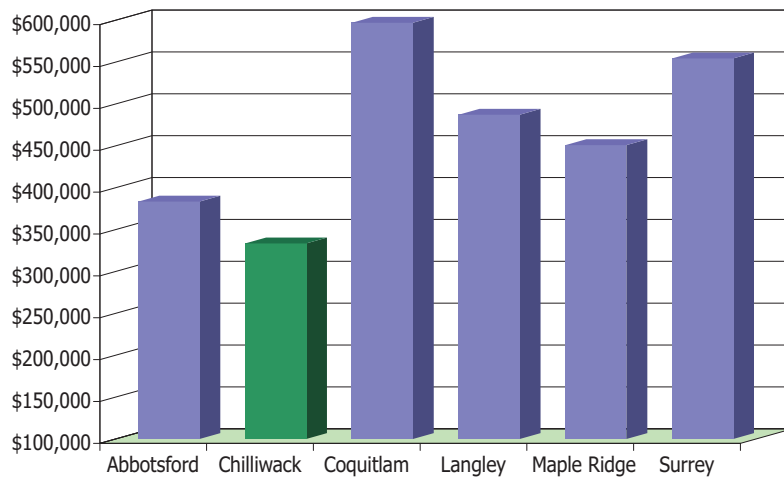
Building Permits



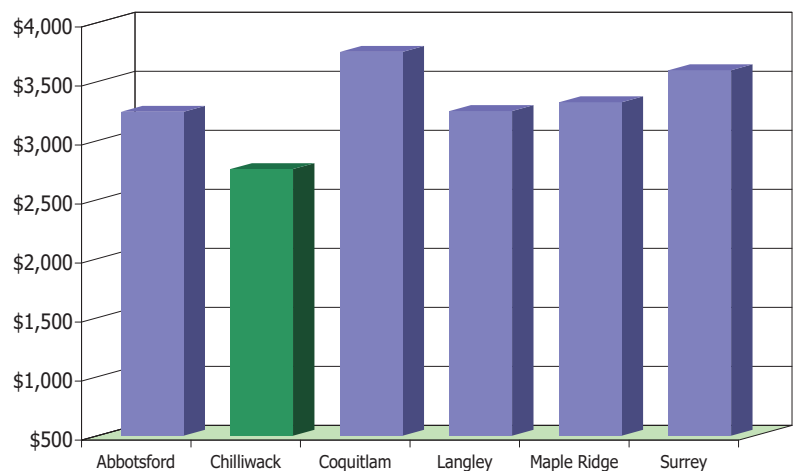
Construction Value



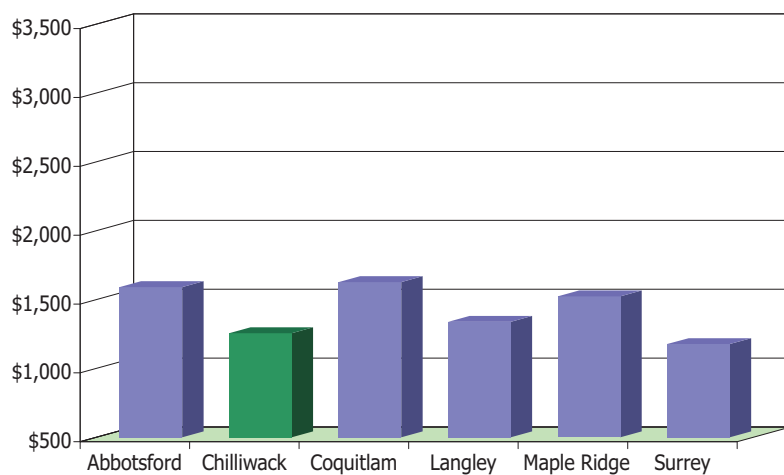
Representative House Price



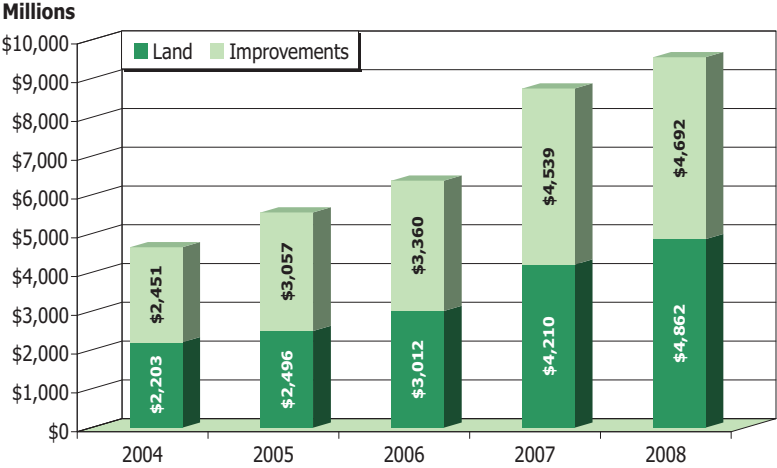
Total Taxes & Charges on a Representative House



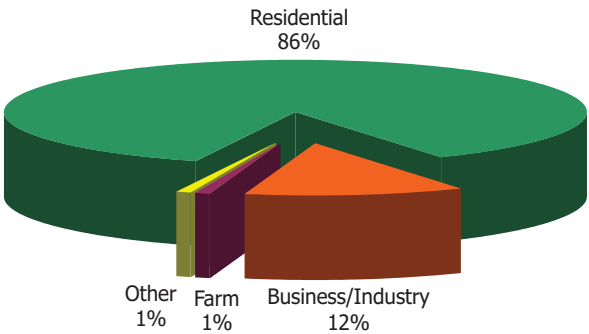
Municipal Taxes on a Representative House



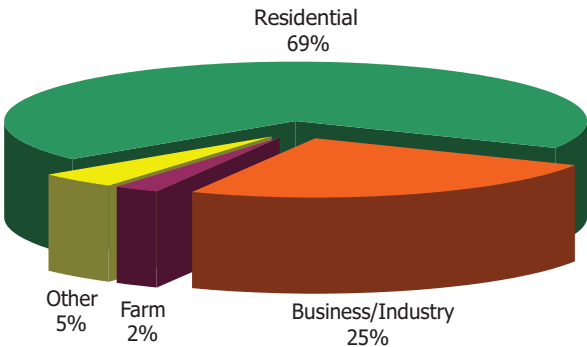
Chilliwack Property Assessment



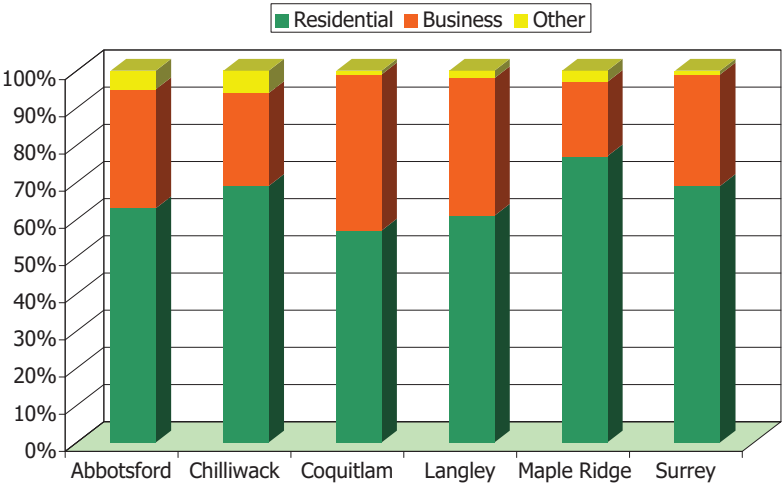
Assessment by Property Class



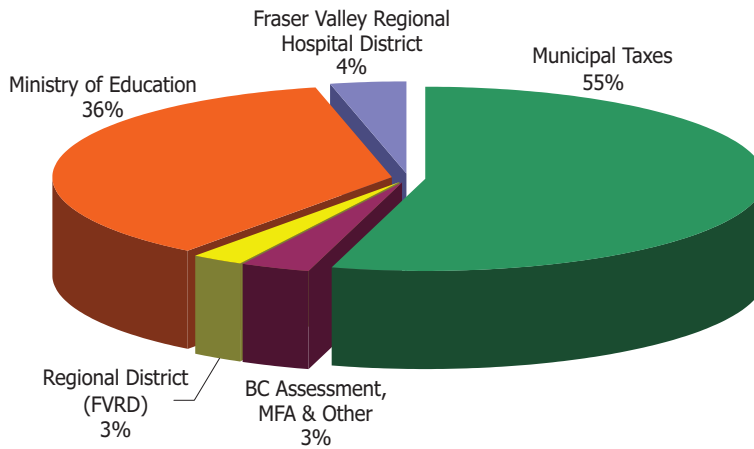
Taxation by Property Class



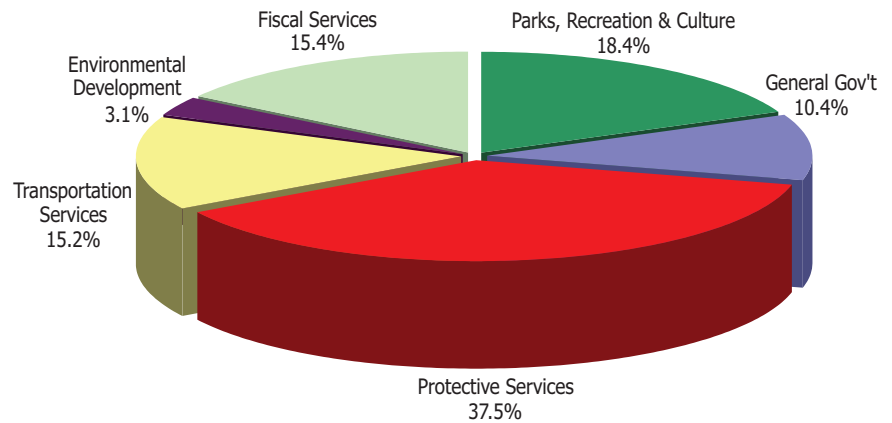
Residential vs Business Tax Comparison



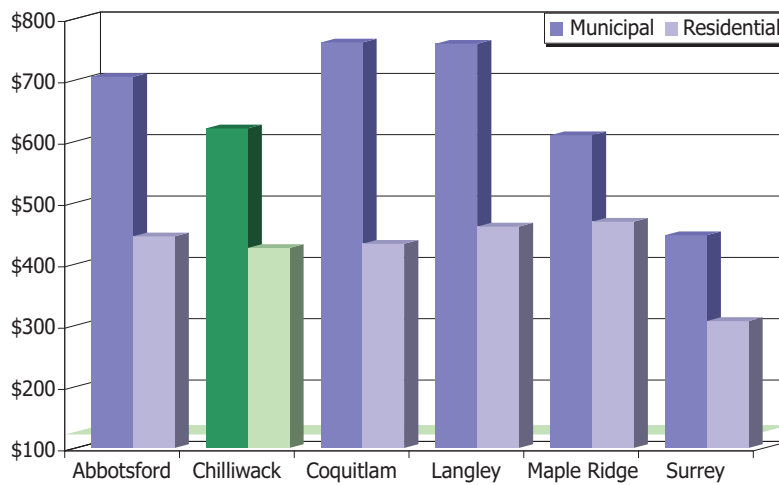
Total Property Tax Distribution



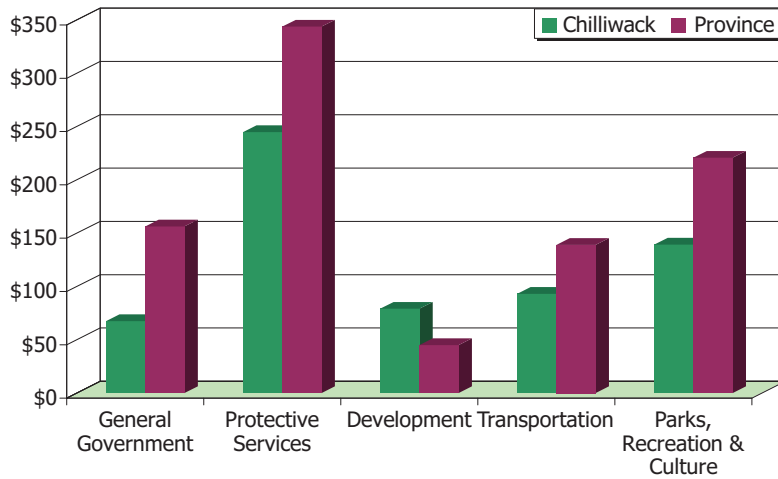
Municipal Property Tax Distribution



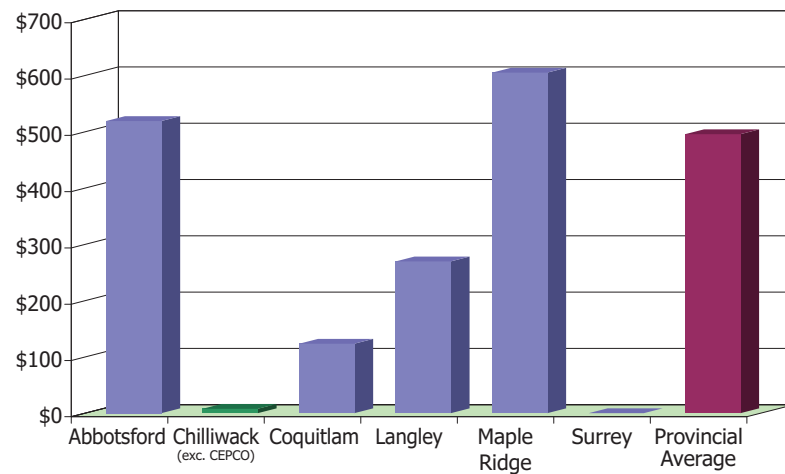
Taxes per Capita



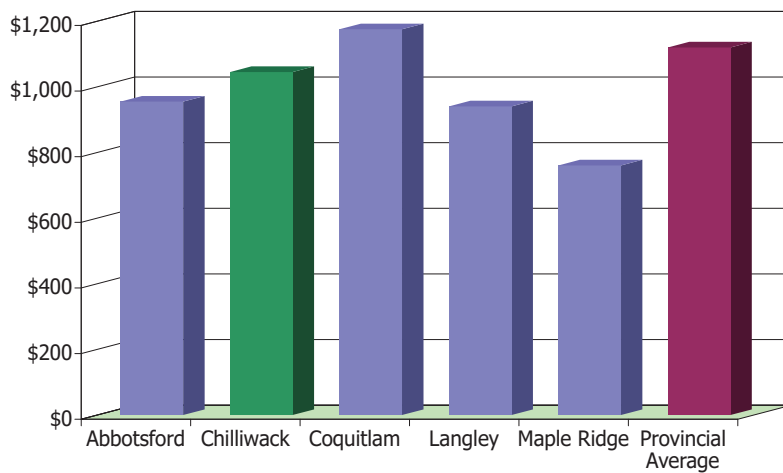
Per Capita Expenditure Comparison (2007)



Long Term Debt Per Capita (2007)



Per Capita Financial Equity (2007)



SUPPLEMENTARY INFORMATION



City of Chilliwack

OBJECTIVES, MEASURES & PROGRESS

OBJECTIVE	STRATEGY	MEASURE	2008 PROGRESS
Financial Stability	Plan for anticipated community needs.	Long term Comprehensive Municipal Plan (CMP) updated annually.	To Council in February 2008.
	Rebuild reserves to fund planned capital expenditures.	Balance CMP without long-term borrowing.	No long-term debt required in 2008 CMP.
	Build reserves for unanticipated community needs.	Have unappropriated General Reserve Fund balances of \$20 million by 2016.	2008 balance of \$8.9 million. CMP includes an annual allocation to the Unappropriated Reserve.
	Maintain a reasonable tax burden for taxpayers.	Tax rate increase similar to rate of inflation and other local governments.	Chilliwack 2008 tax increase was 3.95%, Abbotsford was 4.97% and Langley 5.95%.
		Chilliwack remains at the low end of taxation on a representative home when compared to similar communities.	Chilliwack lowest of 14 communities surveyed.
		Other revenue opportunities explored.	Available Government Grants applied for.
		New growth pays for itself.	DCC Bylaw reviewed and rates amended.
Good Stewardship of Municipal Infrastructure	Maintain the road system.	Pavement quality index average above 5.5.	Investment into road rehabilitation program. PQI approximately 5.8.
	Maintain the utility systems.	Service delivery interruptions minimized.	Flushed entire water system at least once in 2008 and flushed 50% of the water system twice. Replaced 2,240 meters of aging cast iron water pipes. Cleaned and disinfected 75% of the City's water reservoirs in 2008. Cross connection control program surveys increased by 40% in 2008.
	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.	The Fraser River had 400,100 cubic metres removed in 2008.
		Existing funding opportunities for gravel study and dyke upgrades maximized, and senior levels of government lobbied for additional monies.	Received \$1,390,000 in provincial funding in 2008 for dyke relief well and erosion mitigation.
	Maximize utilization of existing infrastructure.	Development directed to serviced areas.	Infill continued in 2008. 651 dwelling units built without extending infrastructure.
	Ensure adequate water supply.	Amount of water consumed meeting daily demand.	Demand met. Some watering restrictions during summer.
	Ensure quality drinking water.	Meets drinking water standards.	Comprehensive testing undertaken. Emergency chlorination system tested. Achieved the best drinking water quality test results in 25 years of record.

OBJECTIVE	STRATEGY	MEASURE	2008 PROGRESS
Good Stewardship of the Environment	Protect the waterways.	Effluent meets or exceeds Provincial standards.	Continues to meets 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 2010, 42% by 2011, and 44% by 2012.	Recycling rate increased to 43% in 2008. Surpassed expectations by 4%. Working on a new curbside contract for 2009.
	Protect the air shed.	Work with the Province to assess manure methane impacts.	Working on an air quality, energy and greenhouse gas action plan.
		Explore economically viable methane extraction opportunities.	New item.
		Reduced reliance on automobiles.	Additional transit funding. Creation of 3,800 meters of additional cycling lanes. Comprehensive neighbourhood planning. Municipal vehicle fleet right sizings.
		Minimize burning.	Updated the Open Air Burning Regulation Bylaw.
	Promote a "zero waste" philosophy to minimize the generation of solid waste in the City, while maximizing reuse and recycling initiatives.	Reduce the annual tonnage of residential garbage being generated per household.	In 2008 the annual tonnage was 0.49 tons per household. New initiatives for 2008 included free scrap metal recycling and city-wide garage sale events held in the spring and fall.
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 items funded in the 10 year CMP include a cultural centre and secondary library.
	Facilitate the attraction of community events.	Events held in local recreational facilities.	Heritage Park and Propsera Centre booked year-round, including large scale events. Partnership with the Chilliwack Spirit of BC Committee and Tourism Chilliwack.
	Support cultural groups.	Facility and funding assistance.	Operational funding in CMP. New Board members appointed. Operating and Management agreements to be negotiated in 2009.
	Foster community spirit.	Recognize volunteers.	Monthly volunteer recognition awards presented. Annual Community Sport Hero Recognition.
		Support community organizations.	Funded \$678,720 through Community Development Initiatives policy in 2008.

OBJECTIVES, MEASURES & PROGRESS

OBJECTIVE	STRATEGY	MEASURE	2008 PROGRESS
Attract & Maintain Business Growth	Contract with CEPCO for economic development.	New business locating in Chilliwack.	Non-market business/industry assessment increased \$88 million in 2009.
		Work cooperatively with CEPCO in setting mutual priorities.	CEPCO contract renewed. CEPCO undertaking a strategic plan in 2009.
	Encourage redevelopment in the downtown area through initiatives such as the revitalization exemption.	Revitalization exemptions applied for.	10 new revitalization exemptions in 2008.
	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, Cultural Centre Project and Cheam Centre Project.
	Provide relevant information through the municipal 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.	Hosted semi-annual meetings.
	Meet regularly with Ratepayer Groups.	Meetings undertaken.	Met with Promontory Ratepayers, Yarrow Ratepayers and Business Improvement Area groups.
Develop and Maintain a first rate Work Force	Have recruiting strategies that attract the brightest and the best.	Qualified applicants.	Successfully filled 67 posted positions in 2008 with qualified employees, including 39 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 27 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.	Surveys undertaken in 2007 and Chilliwack offers competitive compensation.
	Workplace Safety	Number of workdays lost per year due to injury.	Only 85.13 workdays lost due to injury. Awarded WorkSafeBC 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. Offered premium plan review service for building permits.

OBJECTIVE Provide a Safe Community	STRATEGY	MEASURE	2008 PROGRESS
	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.	Added new public educator/fire inspector.
	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.	City plan for emergency preparedness completed and training with senior City staff on EOC operations completed in 2008.
	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.	Provided daytime coverage with an engine and two firefighters for south Chilliwack.
	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 for site 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 (<i>to include Fire, Bylaw, RCMP and an electrical inspector</i>) to identify and inspect properties using high electrical energy.	Reviewed consumption and electricity in Chilliwack to identify potentially dangerous electrical problems and fire hazards. Confirmed a problem does exist.
	Support RCMP initiatives regarding drugs and drug-related crime.	Health & Safety Team (<i>Fire, Bylaw and RCMP</i>) work together to close and clean up residential properties. Bylaw tickets issued.	The Bylaw Department shut down 26 marijuana grow operations and conducted 276 health and safety inspections in 2008.
	Support RCMP youth programs 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 member, 6 new civilian staff support positions, the equivalent of 2 new members in the RCMP Teams, and maintained a population to member ratio of under 800.
	Improve traffic education.	Education undertaken.	Safer City Coordinator worked with schools and ICBC to reduce accidents. Accidents in the Vedder Corridor reduced by 50%.
	Improve the safety of parks and public places.	Crime Prevention Through Environmental Design (CPTED) principles are applied in park and public space upgrades.	Two 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.	Established the Chilliwack Health and Social Development Network.

2008 PERMISSIVE TAX EXEMPTIONS

ORGANIZATION	EXEMPTED UNDER COMMUNITY CHARTER	2008 MUNICIPAL TAXES EXEMPTED
Alano Club of Chilliwack	Section 224 (2) (a)	\$ 1,017.59
Ann Davis Transition Society	Section 224 (2) (a)	1,704.76
Ann Davis Transition Society	Section 224 (2) (a)	1,468.23
Atchelitz Farmers Institute	Section 224 (2) (a)	1,663.42
Bethesda Christian Association	Section 224 (2) (f)	1,485.00
BC S.P.C.A.	Section 224 (2) (a)	1,556.63
Camp River Community Hall Society	Section 224 (2) (i)	1,472.14
Canadian Hard of Hearing Association	Section 224 (2) (a)	526.20
Canadian Red Cross Society	Section 224 (2) (a)	906.28
Chilliwack Academy of Music	Section 224 (2) (a)	4,025.87
Chilliwack Academy of Music	Section 224 (2) (a)	1,784.33
Chilliwack Animal Safe Haven Society	Section 224 (2) (a)	3,543.49
Chilliwack Community Arts Council	Section 224 (2) (a)	365.83
Chilliwack Community Arts Council	Section 224 (2) (a)	2,399.43
Chilliwack Community Arts Council	Section 224 (2) (a)	1,657.83
Chilliwack Community Policing Society	Section 224 (2) (a)	3,717.48
Chilliwack Community Services	Section 224 (2) (a)	7,878.96
Chilliwack Community Services	Section 224 (2) (a)	5,747.49
Chilliwack Community Services	Section 224 (2) (a)	3,489.74
Chilliwack Family YMCA	Section 224 (2) (i)	3,579.16
Chilliwack Family YMCA	Section 224 (2) (i)	8,811.00
Chilliwack Family YMCA	Section 224 (2) (i)	1,805.54
Chilliwack Hospice Society	Section 224 (2) (a)	1,158.14
Chilliwack Lawn Bowling Society	Section 224 (2) (i)	858.68
Chilliwack Opportunity Society	Section 224 (2) (a)	2,595.59
Chilliwack Senior Recreation Centre	Section 224 (2) (i)	755.82
Chilliwack Seniors Social Society	Section 224 (2) (i)	646.61
Chilliwack Senior Veterans Society	Section 224 (2) (i)	1,146.47
Chilliwack Society for Community Living	Section 224 (2) (a)	3,407.63
Chilliwack Society for Community Living	Section 224 (2) (a)	3,298.55
Chilliwack Society for Community Living	Section 224 (2) (a)	5,950.11
Chilliwack Society for Community Living	Section 224 (2) (a)	635.01
Chilliwack Society for Community Living	Section 224 (2) (a)	1,975.18
Chilliwack Society for Community Living	Section 224 (2) (a)	1,302.66
Chilliwack Society for Community Living	Section 224 (2) (a)	1,495.96
Chilliwack Society for Community Living	Section 224 (2) (a)	13,235.01
Chilliwack Society for Community Living	Section 224 (2) (a)	2,181.14
Chilliwack Supportive Housing Society	Section 224 (2) (a)	347.20
Chilliwack Supportive Housing Society	Section 224 (2) (a)	368.74
Chilliwack Supportive Housing Society	Section 224 (2) (a)	347.20
Chilliwack Supportive Housing Society	Section 224 (2) (a)	339.27
Chilliwack Supportive Housing Society	Section 224 (2) (a)	341.33
Chilliwack Supportive Housing Society	Section 224 (2) (a)	350.33
Chilliwack Supportive Housing Society	Section 224 (2) (a)	359.13
Creative Centre Society	Section 224 (2) (a)	1,468.63
Evangelical Missionary Church	Section 224 (2) (g)	1,242.34
Evangelical Missionary Church	Section 224 (2) (g)	6,129.16
Keystone Ministries	Section 224 (2) (f)	2,729.20
Mountain View Free Church	Section 224 (2) (g)	1,582.36
Pentecostal Senior Citizens Society	Section 224 (2) (a)	9,482.68
Promontory Community Church	Section 224 (2) (g)	2,040.79
Ruth & Naomi's Street Mission	Section 224 (2) (a)	4,703.18
Ryder Lake Farmers Institute	Section 224 (2) (a)	1,190.17
Southside Church	Section 224 (2) (g)	1,875.77
Southside Church	Section 224 (2) (g)	2,040.79
The Nature Trust of BC	Section 224 (2) (i)	1,501.67
The Nature Trust of BC	Section 224 (2) (i)	2,628.65
The Nature Trust of BC	Section 224 (2) (i)	17.11
The Nature Trust of BC	Section 224 (2) (i)	1,663.93
The Nature Trust of BC	Section 224 (2) (i)	566.44
The Nature Trust of BC	Section 224 (2) (i)	101.19
The Nature Trust of BC	Section 224 (2) (i)	342.23
The Nature Trust of BC	Section 224 (2) (i)	454.34
The Salvation Army	Section 224 (2) (a)	11,215.06
The Terry Fox Foundation	Section 224 (2) (a)	1,366.90
Vineyard Community Church	Section 224 (2) (g)	146.46
World Trade University	Section 224 (2) (b)	1,097.10
Xolhemet Society	Section 224 (2) (a)	1,487.39
		\$ 160,775.74

Financial Statements of

**CHILLIWACK ECONOMIC
PARTNERS CORPORATION**

Year ended December 31, 2008



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AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the balance sheet of Chilliwack Economic Partners Corporation as at December 31, 2008 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 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
February 13, 2009

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Balance Sheet

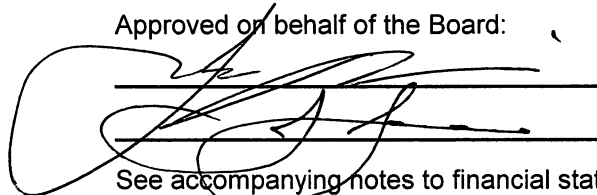
December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash	\$ 1,323,728	\$ 1,469,111
Accounts receivable	74,062	185,699
Inventory and prepaids	38,087	39,208
Current portion of loans receivable (Note 3)	102,700	94,000
	<u>1,538,577</u>	<u>1,788,018</u>
Property under development or held for sale (Note 2)	2,028,423	3,397,257
Loans receivable (Note 3)	193,721	296,501
Property and equipment (Note 4)	5,307,296	4,726,234
	<u>\$ 9,068,017</u>	<u>\$ 10,208,010</u>

Liabilities and Net Assets

Current liabilities:		
Banker's acceptances	\$ -	\$ 590,960
Accounts payable and accrued liabilities (Note 5)	1,127,965	310,149
Unearned revenue	54,723	59,944
Current portion of long-term debt (Note 6)	1,300,000	5,500,000
	<u>2,482,688</u>	<u>6,461,053</u>
Net assets:		
Share capital:		
Authorized and issued:		
100 shares without par value	100	100
Investment in property and equipment	6,035,719	2,032,531
Unrestricted equity	549,510	1,714,326
	<u>6,585,329</u>	<u>3,746,957</u>
Commitments (Note 10)		
	<u>\$ 9,068,017</u>	<u>\$ 10,208,010</u>

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, 2008, with comparative figures for 2007

	2008	2007
Revenues:		
Economic development (Note 7)	\$ 822,685	\$ 761,164
Rent	710,632	652,998
Cost recovery and other receipts	51,876	68,615
Property development	47,017	1,614,844
Interest	30,689	41,221
Government programs	27,353	132,817
Agri programs	2,200	2,200
	1,692,452	3,273,859
Expenditures:		
Agricultural Commission	8,752	11,353
Bad debts	-	9,849
Business Solutions	11,210	109,342
Consulting fees	100,715	112,455
Cost of property development	41,979	1,243,283
Insurance	69,354	75,186
Interest and bank charges	1,840	2,152
Interest on long term debt	149,406	222,834
Marketing	44,136	43,207
Office and miscellaneous	27,234	25,506
Professional fees	20,528	87,608
Rent	140,959	139,973
Repairs and maintenance	131,243	214,079
Special economic projects	14,350	13,183
Seminars and workshops	12,945	-
Travel	15,464	20,277
Utilities	111,246	114,677
Wages and benefits	440,536	529,710
Write down of property under development	-	149,610
	1,341,897	3,124,284
Operating revenue before the following:	350,555	149,575
Other:		
Gain on disposal of property and equipment	9,750	79,079
Amortization	(438,354)	(573,723)
Donation (Note 5)	(1,000,000)	-
	(1,428,604)	(494,644)
Net operating loss	(1,078,049)	(345,069)
Property sales, net (Note 8)	3,916,421	110,827
Excess (deficiency) of revenues over expenditures	\$ 2,838,372	\$ (234,242)

See accompanying notes to financial statements.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

			2008	2007
	Investment in property and equipment (Note 11)	Unrestricted equity	Total	Total
Balance, beginning of year	\$ 2,032,531	\$ 1,714,326	\$ 3,746,857	\$ 4,065,637
Excess (deficiency) of revenues over expenditures	3,487,817	(649,445)	2,838,372	(234,242)
Transfer of equity to Tourism Chilliwack Inc.	-	-	-	(84,538)
Investment in property and equipment	515,371	(515,371)	-	-
Balance, end of year	\$ 6,035,719	\$ 549,510	\$ 6,585,229	\$ 3,746,857

See accompanying notes to financial statements.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenues over expenditures	\$ 2,838,372	\$ (234,242)
Items not involving cash:		
Amortization	438,354	573,723
Gain on disposal of capital assets	(9,750)	(79,079)
Cost of property under development sold	1,013,579	-
Write down of property under development	-	149,610
Changes in non-cash operating working capital:		
Accounts receivable	111,637	273,829
Inventory and prepaids	1,121	13,242
Accounts payable and accrued liabilities	817,816	(817,815)
Unearned revenue	(5,221)	(813,096)
	5,205,908	(933,828)
Financing:		
Decrease in banker's acceptance	(590,960)	(536,196)
Repayment of long-term debt	(4,200,000)	-
	(4,790,960)	(536,196)
Investing:		
Purchase of property and equipment	(474,676)	(828,347)
Proceeds on disposal of property	9,750	487,223
Repayment of loans receivable	94,080	164,983
Increase in property under development	(189,485)	(335,539)
Transfer of assets to Tourism Chilliwack	-	(84,537)
	(560,331)	(596,217)
Decrease in cash and cash equivalents	(145,383)	(2,066,241)
Cash and cash equivalents, beginning of year	1,469,111	3,535,352
Cash and cash equivalents, end of year	\$ 1,323,728	\$ 1,469,111
Cash and cash equivalents consists of:		
Cash	\$ 1,289,720	\$ 1,435,103
Short-term deposits	34,008	34,008
Supplementary cash flow information:		
Interest paid	\$ 240,110	\$ 317,167
Interest received	\$ 67,711	\$ 95,097

See accompanying notes to financial statements.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements

Year ended December 31, 2008

General:

Chilliwack Economic Partners 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) Inventory:

Inventory is recorded at the lower of cost and net realizable value.

(b) 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.

(c) Property and equipment:

Capital assets 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.

(d) Revenue recognition:

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

(e) 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, 2008

1. Significant accounting policies (continued):

(f) 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:

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.

(g) Future accounting policies:

In February 2008, the Canadian Accounting Standards Board announced that Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Government Business Entities are specifically scoped into the definition of a publicly accountable enterprise. As such, the Company will be required to prepare the December 31, 2011 financial statements including comparative information in compliance with IFRS.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. The Company is currently in the process of assessing the differences between current accounting policies and those provided by IFRS, 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.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2008

2. Property under development or held for sale:

	2008	2007
Canada Education Park:		
Land	\$ 1,103,411	\$ 1,344,025
Improvements	321,885	321,885
Buildings	603,127	1,731,347
	2,028,423	3,397,257

Included in property under development is \$258,129 (2007 - \$202,037) in capitalized interest.

3. Loans receivable:

	2008	2007
Loan receivable in monthly installments of \$9,352 including interest at 8.82%; secured and pledged - see below	\$ 267,532	\$ 352,071
Loan receivable in monthly installments of \$1,045 including interest at 8.79%; unsecured	28,889	38,430
	296,421	390,501
Less current portion	102,700	94,000
	\$ 193,721	\$ 296,501

The loan receivable for \$267,532 (2007 - \$352,071) is secured by a mortgage over real property.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2008

4. Property and equipment:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	\$ 4,120,519	\$ 325,644	\$ 3,794,875	\$ 3,076,600
Leasehold improvements	725,509	134,671	590,838	873,837
Computer and office equipment	150,575	122,557	28,018	26,623
Website	76,587	76,587	-	-
Telecommunication equipment	23,289	17,918	5,371	6,718
Land	888,194	-	888,194	742,456
	\$ 5,984,673	\$ 677,377	\$ 5,307,296	\$ 4,726,234

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.

6. Long-term debt:

The Company follows the recommendations of the CICA's Emerging Issues Committee Abstract of Issue Discussed entitled "Balance sheet classification of callable debt obligations and debt obligations expected to be refinanced" (EIC-122). EIC-122 requires debt obligations that, by their terms, are due on demand to be classified as current liabilities in the balance sheet, even though liquidation of a portion of the obligation may not be expected to occur within one year.

	2008	2007
Bank of Montreal revolving demand loan - see below	\$ 1,300,000	\$ 5,500,000

The revolving demand loan is available to finance capital expenditures associated with the Company's initiatives including the Canada Education Park. The maximum available limit for the facility is \$10,500,000 and is on an interest-only basis with the principal due in full on July 5, 2010. The interest rate is set at 2.78% (2007 - 4.71%). Security for the facility is in the form of a guarantee from the City of Chilliwack for the amount of the debt outstanding.

The Company has available a \$700,000 non-revolving demand loan for the purpose of providing temporary bridging for the upgrading of building 1022 which is part of the Canada Education Park development. As at December 31, 2008 no draws had been made on this facility.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2008

7. Related party transactions and economic dependence:

During the year the City of Chilliwack (the "City") provided \$747,685 (2007 - \$686,164) 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 (2007 - \$75,000) in additional revenue to offset rent costs.

During the year, the Company paid the City \$nil (2007 - \$38,609) in consulting fees for property management and other related services.

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

A member of the Company's Board is a partner in a legal firm to which the Company paid \$19,660 (2007 - \$20,521) 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 Company as described in Note 5.

The Company is wholly owned by the City.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2008

8. Property sales:

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

	2008	2007
Sales:		
Canada Education Park	\$ 4,930,000	\$ -
Food Processing Park	-	110,827
	4,930,000	110,827
Less:		
Cost of property sold - Canada Education Park	1,013,579	-
Net property sales	\$ 3,916,421	\$ 110,827

9. Income taxes:

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

10. Commitments:

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

Subsequent to the year end, the Company has committed to provide a donation of \$250,000 for the purchase of specific equipment.

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2008

11. Investment in property and equipment:

Investment in property and equipment is calculated as follows:

	2008	2007
Property and equipment, net of accumulated amortization	\$ 5,307,296	\$ 4,726,234
Property under development	2,028,423	3,397,257
Amounts financed by bankers acceptances	-	(590,960)
Amounts financed by long-term debt	(1,300,000)	(5,500,000)
	\$ 6,035,719	\$ 2,032,531

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

Excess (deficiency) of revenue over expenses:		
Property sales, net	\$ 3,916,421	\$ 110,827
Amortization of property and equipment	(438,354)	(573,723)
Gain on disposal of property and equipment	9,750	79,079
Write down of property under development	-	(149,610)
	\$ 3,487,817	\$ (533,427)

Net change in investment in property and equipment:		
Property and equipment acquired	\$ 474,676	\$ 828,347
Property under development acquired	189,485	335,539
Proceeds on property and equipment sold	(9,750)	(465,500)
Proceeds on properties under development sold	(4,930,000)	(110,827)
Principal repayments:		
Bankers acceptance	590,960	536,198
Long term debt	4,200,000	-
	\$ 515,371	\$ 1,253,718

CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (Continued)

Year ended December 31, 2008

12. Fair value of financial assets and financial liabilities:

For certain of the Company's financial instruments, including cash, accounts receivable, current portion of loans receivable, banker's acceptances, 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 Company for loans under similar terms and maturities.

Financial Statements of

TOURISM CHILLIWACK INC.

Year ended December 31, 2008



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AUDITORS' REPORT

To the Shareholder of Tourism Chilliwack Inc.

We have audited the balance sheet of Tourism Chilliwack Inc. as at December 31, 2008 and the statements of revenues and expenditures, net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 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, Canada

February 26, 2009

TOURISM CHILLIWACK INC.

Balance Sheet

December 31, 2008

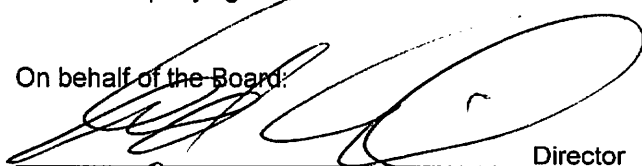
	2008	2007
Assets		
Current assets:		
Cash	\$ 189,938	\$ 234,565
Accounts receivable	48,488	30,392
Inventories (Note 2)	19,156	7,693
Prepaid expenses and deposits	14,421	6,667
	<u>272,003</u>	<u>279,317</u>
Property and equipment (Note 3)	96,749	33,335
Intangible assets	6,120	6,120
	<u>\$ 374,872</u>	<u>\$ 318,772</u>

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities	\$ 45,770	\$ 68,882
Deferred revenue	90,669	47,247
	<u>136,439</u>	<u>116,129</u>
Net Assets:		
Share capital (Note 4)	1	1
Investment in capital assets (Note 9)	32,497	33,335
Unrestricted equity	205,935	169,307
	<u>238,433</u>	<u>202,643</u>
	<u>\$ 374,872</u>	<u>\$ 318,772</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, 2008

	2008	2007
Revenue:		
Grant revenues (Note 6)	\$ 230,412	\$ 251,504
Hotel Tax	135,833	141,120
Advertising revenues	95,574	98,164
Retail sales and other revenues	91,975	21,899
Fundraising revenues	5,851	6,114
Interest income	1,740	323
	561,385	519,124
Cost of retail sales and other revenues	25,745	7,274
	535,640	511,850
Expenses:		
Salaries and benefits	248,456	179,668
Advertising	72,690	79,358
Printing and material costs	57,446	51,463
Amortization	45,555	17,820
Office and general	16,162	12,892
Repairs and maintenance	13,685	16,167
Professional fees	13,573	12,233
Telephone	12,326	11,027
Training courses	6,801	6,625
Vehicles	5,426	-
Courier & Delivery charges	3,376	2,807
Utilities	3,166	2,558
Interest and bank charges	1,188	1,847
	499,850	394,465
Excess of revenue over expenditures	\$ 35,790	\$ 117,385

See accompanying notes to financial statements.

TOURISM CHILLIWACK INC.

Statement of Net Assets

Year ended December 31, 2008

	2008		2007	
	Investment in capital assets	Unrestricted equity	Unrestricted equity	Total
Balance, beginning of year	\$ 33,335	\$ 169,307	\$ 202,642	\$ -
Excess (deficiency) of revenues over expenditures	(18,017)	53,807	35,790	117,385
Transfer of equity from Chilliwack Economic Partners Corp.	-	-	-	85,257
Investment in capital assets	17,179	(17,179)	-	-
Balance, end of year	\$ 32,497	\$ 205,935	\$ 238,432	\$ 202,642

See accompanying notes to financial statements.

TOURISM CHILLIWACK INC.

Statement of Cash Flows

Year ended December 31, 2008

	2008	2007
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 35,790	\$ 117,385
Item not involving cash:		
Amortization of property and equipment	45,555	17,820
Change in non-cash working capital:		
Accounts receivable	(18,096)	(30,392)
Inventories	(11,463)	(7,693)
Prepaid expenses and deposits	(7,754)	(6,667)
Accounts payable and accrued liabilities	(23,113)	68,882
Deferred revenue	43,422	47,247
	64,341	206,582
Financing:		
Issue of share capital	-	1
Contributed assets	-	85,257
	-	85,258
Investments:		
Purchase of property and equipment	(108,968)	(55,793)
Proceeds from disposal of property and equipment	-	4,638
Purchase of intangible assets	-	(6,120)
	(108,968)	(57,275)
Increase (decrease) in cash position	(44,627)	234,565
Cash position, beginning of year	234,565	-
Cash position, end of year	\$ 189,938	\$ 234,565

See accompanying notes to financial statements.

TOURISM CHILLIWACK INC.

Notes to Financial Statements

Year ended December 31, 2008

Tourism Chilliwack Inc. (the "Entity") 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 stated at the lower of cost and net realizable value.

(b) Property and equipment:

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 Board has designated:

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.

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2008

1. Significant accounting policies (continued):

3. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(e) Franchise:

The franchise fees represent the purchase price allocated to the acquisition of the Flag Shop. The franchise fees are being amortized on a straight-line basis over ten years representing the term of the Franchise agreement.

(f) 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.

(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 year. Actual results could differ from those estimates.

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2008

1. Significant accounting policies (continued):

(h) Future accounting policies:

In February 2008, the Canadian Accounting Standards Board announced that Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Government Business Entities are specifically scoped into the definition of a publicly accountable enterprise. As such, the Company will be required to prepare the December 31, 2011 financial statements including comparative information in compliance with IFRS. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. the Company is currently in the process of assessing the differences between current accounting policies and those provided by IFRS, 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:

	2008		2007	
Flag shop inventory	\$	7,662	\$	3,956
Maps and books		11,494		3,737
	\$	19,156	\$	7,693

3. Property and equipment:

	2008		2007	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 16,291	\$ 7,086	\$ 9,206	\$ 5,393
Computer	16,971	7,783	9,188	8,977
Website	26,500	16,010	10,490	9,075
Leasehold improvements	100,362	32,497	67,865	9,890
	\$ 160,124	\$ 63,376	\$ 96,749	\$ 33,335

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2008

4. Share capital:

	2008	2007
Authorized:		
Unlimited Common shares	\$ 1	\$ 1
Issued and authorized with no par value		
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 (2007 - \$130,000) operating grant. The City has agreed to provide future annual operating grants based on a pre-determined formula.

The Company is a wholly owned subsidiary of the City.

7. Income taxes:

The Company 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, 2008

8. Employee Future Benefits:

The Company and its employees contribute to the Municipal Pension Plan (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 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 2010. The actuary does not attribute portions of the surplus to individual employers. The Company accrued \$12,930 for employer contributions to the plan in fiscal 2008.

TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Year ended December 31, 2008

9. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2008	2007
Property and equipment, net of amortization	\$ 96,749	\$ 33,335
Amounts financed by deferred revenues	(64,252)	-
	\$ 32,497	\$ 33,335

Change in net assets invested in capital assets as follows:

Excess (deficiency) of revenues over expenditures:

Amortization of property and equipment	\$ (45,555)	\$ (17,820)
Gain on sale of property, plant and equipment	-	(4,638)
Deferred revenue amortized to income	27,538	-
	\$ (18,017)	\$ (22,458)
Purchase of property and equipment	\$ 108,968	\$ 55,793
Capital funding	(91,789)	-
	\$ 17,179	\$ 55,793

10. Comparative figures:

Certain 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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