



CITY OF
CHILLIWACK

2011
Annual
Municipal
Report
City of Chilliwack



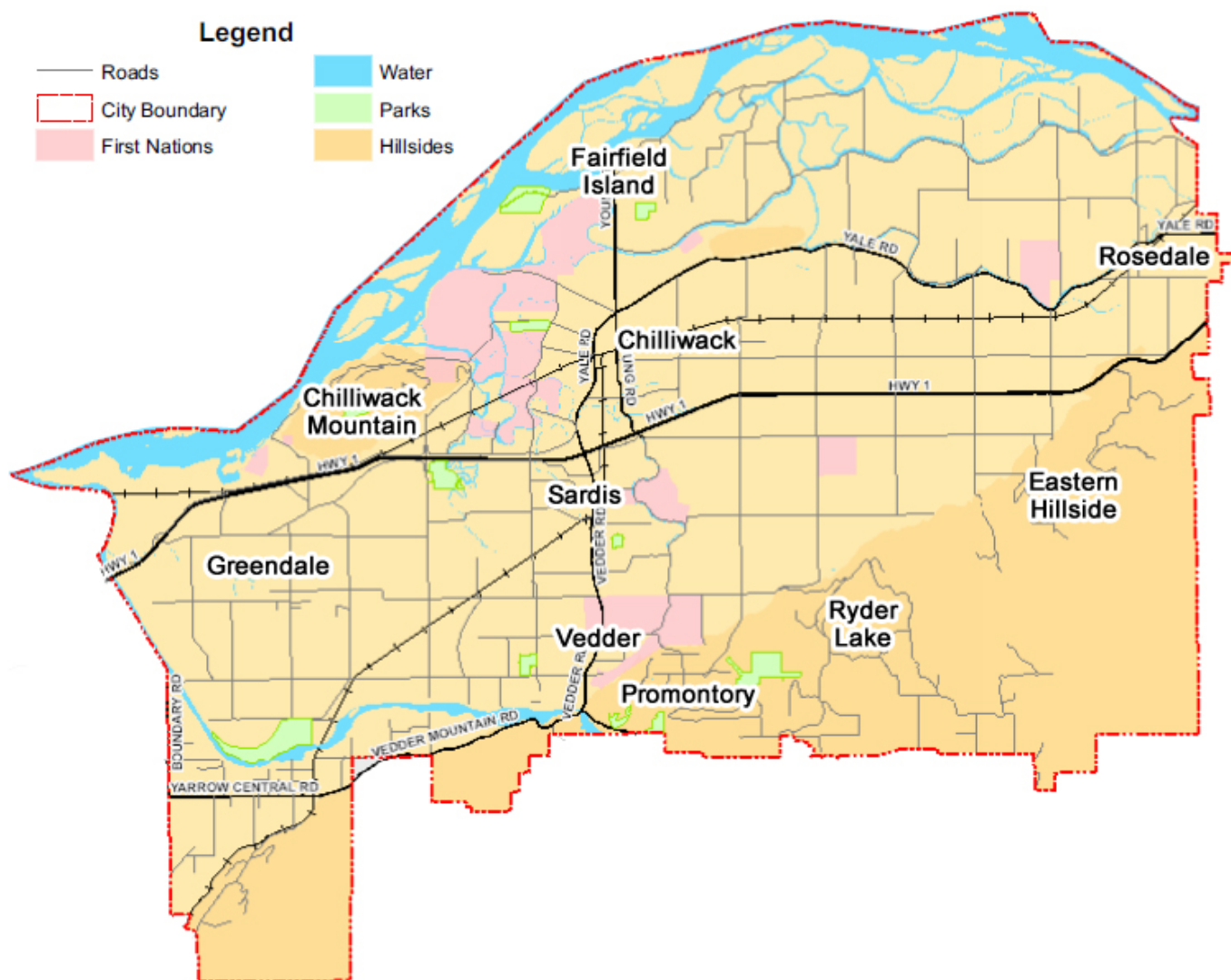


2011 Annual Municipal Report

**for the year ended
December 31, 2011**



CITY MAP





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Mayor Sharon Gaetz

Mayor Sharon Gaetz has been serving the Chilliwack community since December 2, 1996 - first as a Councillor (12 years), and then 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 the:

- » Chilliwack Economic Partners Corporation (CEPCO) as Ex Officio
- » Fraser Valley Regional District Board Chair
- » Regional Corporate Services Committee
- » Former Chair of the Fraser Valley Regional Hospital District Board
- » Emergency Executive Committee
- » Union of BC Municipalities Executive (UBCM) as Director at Large
- » Resolutions Committee
- » Chair of UBCM
- » Environment Committee Member of UBCM
- » Director of the Municipal Finance Authority
- » Chilliwack Hospice Society Honorary Board Member
- » Honorary Member of the Rotary Club of Chilliwack
- » Honorary Member of the Rotary Club of Chilliwack/Fraser
- » Honorary Membership in the Royal Canadian Legion Branch #4
- » Honorary President of the Chilliwack and District Agricultural Society



Sue Attrill

Councillor Sue Attrill has been serving the Chilliwack community as Councillor on Chilliwack City Council since Dec 1, 2008. Councillor Attrill represents her community as a member of the:

- » Chilliwack Agricultural Commission
- » Committee to Approve Public Events (Vice Chair)
- » Design Review Panel (Vice Chair)
- » Fraser Valley Regional District Board (Third Alternate)
- » Fraser Valley Regional Hospital Board (Third Alternate)
- » Mayor's Committee on Housing (Chair)
- » Parcel Tax Roll Review Panel
- » Rural Issues Advisory Committee (Vice Chair)



Ken Huttema

Councillor Ken Huttema has been serving the Chilliwack community as Councillor on Chilliwack City Council since Dec 1, 2008. Councillor Huttema represents his community as a member of the:

- » Chilliwack Economic Partners Corporation
- » Chilliwack Agricultural Commission
- » Downtown Planning Implementation Committee (Chair)
- » Emergency Executive Committee
- » Fraser Valley Regional District Board (Second Alternate)
- » Fraser Valley Regional Hospital Board (Second Alternate)
- » Fraser Valley Regional Library
- » Mayor's Committee on Health Issues (Vice Chair)
- » Rural Issues Advisory Committee (Chair)
- » Transportation Advisory Committee (Vice Chair)





Jason Lum



Councillor Jason Lum has been serving the Chilliwack Community as a Councillor since December of 2011. Councillor Lum represents his community as a member of the:

- » Cultural Centre Board (Liaison)
- » Chilliwack Child and Youth Committee Liaison
- » Chilliwack Health Contract Centre Liaison
- » Downtown Planning Implementation Committee (Vice Chair)
- » Fraser Valley Regional District Board (First Alternate)
- » Fraser Valley Regional Hospital Board (First Alternate)
- » Fraser Valley Regional Treaty Advisory Committee
- » Lower Mainland Local Government Association Flood Control and River Management Committee, Interim Chair
- » Mayor's Committee on Housing (Vice Chair)
- » Parcel Tax Roll Review Panel
- » Transportation Advisory Committee (Chair)



Stewart McLean

Councillor Stewart McLean has been serving the Chilliwack community as Councillor on Chilliwack City Council since Dec 1, 2008. Councillor McLean represents his community as a member of the:

- » Chilliwack Agricultural Commission
- » Committee to Approve Public Events
- » (Chair)
- » Fraser Valley Regional Library (Alternate)
- » Mayor's Committee on Health Issues (Chair)
- » Public Safety Advisory Committee (Vice Chair)



Ken Popove

Councillor Ken Popove has been serving the Chilliwack Community as a Councillor since December of 2011. Councillor Popove represents his community as a member of the:

- » Chilliwack Film Commission
- » Design Review Panel (Chair)
- » Development Process Advisory Committee (Vice Chair)
- » Fraser Valley Regional District Board
- » Fraser Valley Regional Hospital Board
- » Fraser Valley Regional Treaty Advisory Committee (Alternate)
- » Parcel Tax Roll Review Panel



Chuck Stam

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

- » Chilliwack Aviation and Aerospace Planning Committee
- » Development Process Advisory Committee (Chair)
- » Emergency Executive Committee
- » Fraser Valley Regional District Board
- » Public Safety Advisory Committee (Chair)
- » Tourism Chilliwack
- » Fraser Valley Regional Hospital District Board (Chair)

MAYOR'S MESSAGE

On behalf of Council, it is my privilege to present to you, the City of Chilliwack's 2011 Annual Report.

2011 was another fantastic year to live, work and play in Chilliwack and this report offers a great opportunity to look back at our accomplishments. The City's successes would not have been possible without the dedication and commitment of many people: my Council colleagues, members of our advisory committees, volunteers, residents and our City staff. Please accept my sincerest gratitude for all you do to ensure Chilliwack is a great city to call home.

There were many accomplishments in 2011. To name just a few:

- Adopted a new Industrial Revitalization Tax Exemption to grow our industrial base and stimulate local economy
- Worked with our community partners to establish Health Contact Centre
- Rolled out a new City logo and joined the online community with Facebook and Twitter accounts
- Completed sanitary sewer service upgrades to 442 properties in the Tyson-Stevenson area
- Engaged over 7,400 community members in fire and life safety programs through almost 231 Fire department events
- RCMP reported a 19% reduction in residential break and enters and 11% reduction in auto thefts
- Introduced a Street Entertainment program
- Opened the new Cheam Spray Park and completed Rotary Trail addition
- Continued with greening improvements along the Yale Road corridor
- Tourism Chilliwack launched Handpicked in the Valley, an award winning marketing campaign, in partnership with Tourism Langley and Tourism Abbotsford

The City was able to fund all of its projects and commitments without the use of borrowing and with a tax increase below our neighbours. More importantly, we accomplished this with the lowest business taxation level of the nineteen Lower Mainland communities surveyed, along with the second lowest residential taxation level.

In November's Municipal Election, we were honoured to welcome two new members onto Council, Councillors Jason Lum and Ken Popove. We were also pleased to welcome back Councillors, Sue Attrill, Ken Huttema, Stuart MacLean and Chuck Stam. It is a great privilege to represent the City of Chilliwack and to work with these hardworking and dedicated individuals.

I encourage you to read through our Annual Report to learn about our many community accomplishments over the last year. For me and all those who have contributed to our community, the Annual Report represents the goals we have achieved, promises fulfilled and our objectives for the future.

Happy reading!

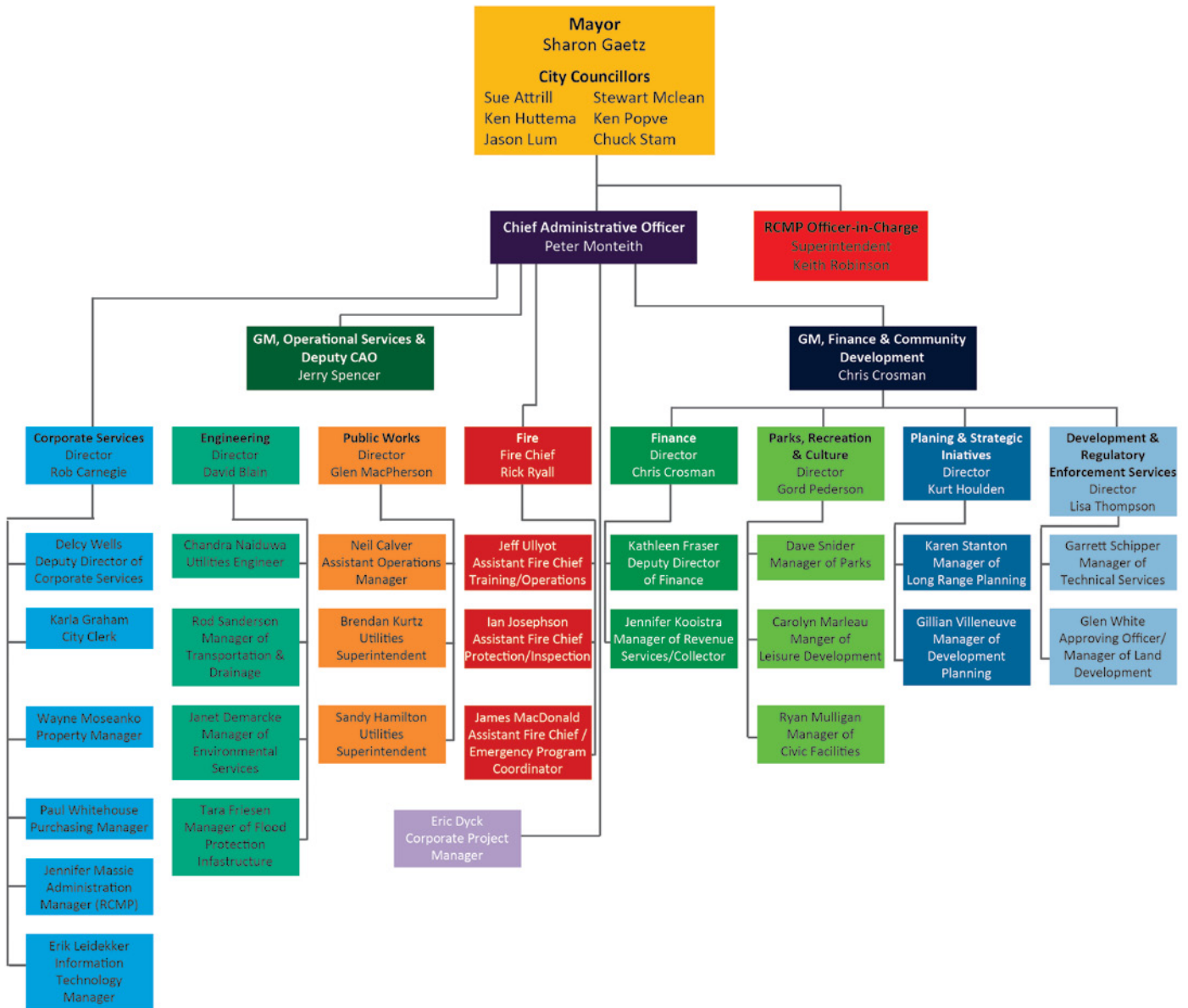


Mayor Sharon Gaetz





ORGANIZATIONAL CHART





Municipal Services & Operations



CORPORATE SERVICES

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

Some of these include:

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

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

- » Preparing Minutes and Agendas
- » Composing, reviewing and providing advice on Municipal Bylaws
- » Initiating the follow-up action to Council meetings

2011 HIGHLIGHTS

- » Successfully established a new three year agreement with the Canadian Union of Public Employees
- » Conducted proceedings for the general election of Mayor and Council, School District 33 and the Cultus Lake Park Board
- » Developed and implemented a Management Employee Development education program
- » Coordinated 11 property acquisitions in support of infrastructure and parks development projects
- » Internet Service Upgrade: Upgraded City's Internet access and Internet Security Facilities
- » Upgraded City's Microsoft Office applications from version 2003 to 2010 and provided Staff training

ADMINISTRATION

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

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

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

2011 HIGHLIGHTS

- » Introduced new City of Chilliwack logo, style guidelines and began implementation of "as needed" rollout
- » Developed and implemented City of Chilliwack Social Media Strategy

FINANCE

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

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

This department's functions include:

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





PARKS, RECREATION & CULTURE



RESPONSIBILITIES

The Parks, Recreation & Culture department is responsible for the coordination and delivery of leisure services in Chilliwack. This division operates a number of facilities including:

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

Funding for the operation of many of Chilliwack's cultural programs is supplied through the Parks, Recreation and Culture Department, such as:

- » Chilliwack Museum and Archives
- » Community Schools
- » Seniors Resources
- » Youth Services
- » Gwynne Vaughan Park

Parks, Recreation & Culture also coordinates the contracted operations of:

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



The Parks, Recreation & Culture department takes a “community development” approach to providing leisure services to Chilliwack. The Department works with various cultural groups, sports organizations, community associations, businesses, not-for-profit societies and service clubs, in order to offer residents a wide variety of leisure opportunities.

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

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

2011 HIGHLIGHTS

- » Assisted with the creation of two new Community School Societies in Greendale and Rosedale. Coordinators were secured and programming began at both locations during the last half of 2011.
- » Provided funding for community multi-purpose space and office area in newly built Rosedale Traditional Community School.
- » Introduced a Street Entertainment program in April, 2011.
- » Coordinated public viewing events of the Stanley Cup playoffs at Exhibition Field.

- » The Cheam Centre Spray Park and Playground opened July 2011
- » The Chilliwack Active for Life Committee hosted the 5th annual Chilliwack Walks Event. The committee also recognized seven new Community Sport Heroes at the annual Chilliwack Community Sport Hero Awards ceremony.
- » The annual Terry Fox Run raised over \$13,438 with approximately 207 participants.
- » Completed construction of sports fields, playing courts and playground at Rosedale Traditional Middle School, thereby meeting requirements outlined in the agreement between the City of Chilliwack and federal and provincial governments through the Recreation Infrastructure of Canada funding program.
- » Completed Phase One of the Vedder South Trail, adding 600 meters to the existing pathway
- » Built and installed a new arbour style entrance at Watson Glen Park. The major components of the entrance used refurbished beams from the Cheam Centre retrofit.
- » Completed a new skateboard park and playground in Yarrow
- » Installed a new bird blind and trail at the Great Blue Heron Nature Reserve.
- » Improvements completed to the AD Rundle Middle school ball diamond infields.
- » Completed renovations totaling over \$100,000 on the upstairs office workspace at the RCMP building.
- » Completed four thousand square foot addition to Archives at Evergreen Hall.
- » Completed \$130,000 upgrades to the Chilliwack Landing Leisure Centre
- » Enclosed the canopy at the Landing Sports Centre to create a new home for the Chilliwack Players Guild.
- » Installed a new roof at the Chilliwack Museum and Archives





ENGINEERING



TRANSPORTATION, DRAINAGE & UTILITIES

The Transportation, Drainage & Utilities divisions work closely with the Planning and Strategic Initiatives Department, to plan works required due to growth in the community. These works include:

- » Potable water systems
- » Sanitary sewer systems
- » Storm sewer and drainage pump stations
- » Transportation network

Infrastructure includes:

- » Roads & bicycle paths
- » Street lights and traffic signals
- » Water mains and reservoirs
- » Sanitary sewers and pump stations
- » Storm sewers and drainage pump stations

Responsibilities also encompass:

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



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

FLOOD PROTECTION

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

This division is responsible for:

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

2011 HIGHLIGHTS

Tyson Stevenson Sewer project

- Completion of sanitary sewer service to 442 properties, to replace aging septic fields. The \$4,565,000 project cost was shared by a federal/provincial stimulus grant, the City of Chilliwack and by the 442 benefitting properties. Paving was completed in April 2011.

2011 Utilities Upgrade

- Replacement of 1300m of 100mm diameter cast iron water main with 200mm ductile iron at McGuire Road from Chilliwack River Road to Prest Road.
- Camp River Road water main replacement of 1100m of 75mm diameter cast iron water main with 100mm Bionax PVC from Standeven Road to 50000 Camp River Road.

Sanitary Pump Station #10

- Completion of submersible pump and pipe work by Precision Service to increase station reliability.

Sanitary Pump #2

- Engineered design for header piping, check valves and evaluations on structural and electrical elements. Work will ensure future use and adequate capacity for future development.

Promontory Road at Extrom Road intersection

- Repaired settlement slump, which made use of the road impossible. Geotechnical investigation revealed a deep base failure over 20 m below the surface. The Provincial Emergency Program approved funding for the project.



2011 Concrete Works Program

- New sidewalk on Higginson from Southdowne Place to Stevenson Road. TELUS poles required relocation for this project.
- Wheelchair Letdown on Bernard Avenue and a crosswalk installation at Vines Street intersection.

Wastewater Treatment Plant Upgrade

- Began construction of Digester #3 to improve the hydraulic capacity and plant operation. Project cost is \$6,000,000 with completion estimated in summer 2012.

2011 Asphalt Rehabilitation

- Broadway – Airport Road to Brooks Avenue
- Keith Wilson Road – Boundary Road to Chadsey Road
- McGrath Road – Elementary School to Camp River
- McGrath Road - Nevin Road at Yale Road
- Thornton Road – Promontory Road to Extrom Road
- Camp River Road – Chapman Road at Standeven Road
- Jespersen Road – Camp River Road to Kitchen Hall Road
- School Street – Hodgins Avenue to Ontario Street
- Young Road – Hocking Avenue and Southlands Drive
- Vedder Road at Luckakuck Way
- Progress Way - Lickman Road to Aitken Road

2011 Pedestrian Safety Improvement

- Young Road at Hocking Avenue – curb radius on the southwest corner was shortened to slow right turning vehicles. Crosswalk was re-aligned to improve pedestrian visibility.
- The “City Hall” sign was relocated to improve pedestrian visibility. A new meandering path will allow for a protected pedestrian route to the intersection on the south side of Southlands Drive.

2011 Road Safety

- ICBC- funded red light camera installed at Vedder Road and Promontory Road to cover all northbound vehicle movement.
- GPS Emergency Pre-emption system is expected to

improve First Responder response time, by anticipating the emergency vehicle arrival time even before it is in sight.

- Back to school – The Safer City team conducted driver awareness campaigns at 12 elementary schools in the Chilliwack School District.

2011 Traffic Signal Program

Intersection signalization at the following locations:

- Ashwell Road at Bernard Avenue
- Tyson Road at South Sumas Road
- Keith Wilson Road at Unsworth Road
- Teskey Way at Promontory Road

Vedder River Flood Response Plan

- Emergency response plan developed to identify City actions to be taken in a high water event on the Vedder River. The plan was presented in two public meetings and residents were provided with information on personal emergency preparedness.

Vedder River Management Plan Update

Process commenced for the update to the 1983 Vedder River Management plan to incorporate new environmental information and current understanding of the hydraulic processes in the river.

Environmental Services Annual Programs

- Household Hazardous Waste Day
- Waste Reduction Week
- Sustainable Business Awards
- Christmas Food Drive and Shred-a-thon
- Spring Pitch-In

Bailey Landfill

- Management of operations at the Bailey landfill including opening the northeast expansion area for waste, progressive closure on the south face and installation of new monitoring wells.

Curbside Program

- Provision of solid waste and recycling collection for over 20,000 residential customers



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).

PUBLIC WORKS

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

The Public Works section maintains:

- 565 km of paved roadways
- 38 km of unpaved roads
- 305 km of storm drainage systems
- 50 km of dykes
- Approx. 1000 km of open drainage ditches
- 300 km of sanitary sewer
- 455 km of water distribution mains
- 8 drinking water production wells
- 13 water storage reservoirs
- 3 storm water drainage pump systems

UTILITIES

The Utilities Electrical/Mechanical and Underground sections operate and maintain:

- 47 sanitary pump stations

- 8 drinking water production wells
- 13 water booster pump stations and 13 reservoirs
- 700 + kilometres of water and sewer pipe systems

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.

WASTEWATER TREATMENT PLANT

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

The Cross Connection Control ("CCC") program is administered by Public Works. The CCC program minimizes risk to the City's drinking water from cross contamination. The department's 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 to excavators and graders. This section also maintains the Chilliwack Fire Department's fleet of vehicles and fire-fighting apparatus.



2011 HIGHLIGHTS

McGillivray Drainage Pump Station Flow Control Gate

A custom fabricated steel flap gate was placed on the outlet side of the McGillivray flood box. The flap is intended to help free flow through the flood box during low water conditions. It also allows the safe passage of migrating fish from McGillivray Creek into the Vedder Canal and vice versa.

The new flap gate uses water pressure created by high water on the Vedder River side of the gate, to seat and close the gate, blocking water passage to the "dry side" of the dyking system.



Once the Vedder River levels fall below the water levels in the McGillivray system the flap opens, allowing water to pass freely through the two water systems. The gate decreases the amount of time the pumps at the McGillivray station will need to run and has already saved the City \$20,000 in power.

Confined Space Rescue Training Event

Conducted a confined space rescue scenario in order to fulfill the requirements of the City's Confined Space Rescue Agreement and meet WCB regulations. A video of the event was taken for future training material.

The scenario involved a worker trapped unconscious inside a reservoir tank and the event was scrutinized by a training consultant.

The scenario allowed the Public Works and Fire Departments to further understand their roles and responsibilities in a confined space rescue situation.

Mount Shannon SCADA Antenna Installation

Trylon TFS was contracted to install new supervisory control and data acquisition (SCADA) antenna equipment on the Rogers cell tower at the Mount Shannon Zone 2 Reservoir site. The installation of the two antennas was part of an initiative to improve SCADA network communications in Chilliwack's eastern sector and improve the reliability of the City's SCADA system. The City had been negotiating with Rogers for over five years to establish a presence on this tower.

Downtown Aesthetics / Graffiti Removal

Quick graffiti removal has proven to be an effective deterrent. The focus for graffiti removal is the downtown core, older neighbourhoods, particularly north of the freeway, the pedestrian tunnels and fenced walkways. Conducted weed removal in urban areas outside of the aquifer capture zone.

Manhole Rehabilitation Pilot Project

A pilot project was initiated with Ross Rex Industrial Painters, on five sanitary sewer manholes in Chilliwack and Sardis, to reduce the amount of clear water entering the sanitary sewer system.

The process used to rehabilitate the manholes involves the application of a two part waterproofing system to the concrete surface which dries and forms a new inner skin onto the manhole.

The manholes are being inspected regularly to determine if the product will address the inflow & infiltration (I&I) problems and provide longevity. If the pilot project is successful, then the program will be expanded throughout the City.

Automated Fleet Tracking GPS System

A new GPS system was installed on the City's fleet of heavy trucks used for snow and ice control. The system allows supervisors to locate, track and log the progress of the fleet and provide an increased level of service to the community. Supervisors can use the GPS information to refine routing, resulting in a more cost effective and fuel efficient method of snow removal. The GPS system also makes it possible to monitor vehicle data, which can be used to improve driving habits.

McGillivray Drainage Station Pump Repairs

Contractors, Precision Service and Pumps conducted repairs on the McGillivray Pump Station drainage located next to the Vedder Canal. The drainage pumps were both rebuilt and vibration monitoring equipment was installed on each, allowing staff to track changes to the running vibration and provide early detection of component failure. This station is critical in reducing the drainage ditch water levels in the Greendale area to prevent flooding.

Yale Road Greening Initiative

Greening improvements continued along the Yale Road corridor, between Five Corners and Nowell Street. Greening involved:

- » removal of existing concrete sidewalk panels
- » placement of new pedestrian walkways and letdowns
- » hydro-excavation of the soils around the existing trees
- » placement of new ground cover
- » installation of an automatic irrigation system
- » onstallation of street furniture with custom graphics for waste receptacles

The Yale Road corridor project was a joint project between the Public Works and Parks Departments, with funding contributions from the City, the Downtown Business Improvement Association and Chilliwack Economic Partners Corporation.

Brine Maker Installation

The Brine Maker is capable of producing up to 20,000 litres of brine per hour. It allows crews to apply brine directly to all first, second and third priority routes within 16 hours. Brine has two purposes:

- » Direct application on road surfaces prevents the 'bond' between ice and the asphalt pavement
- » Sprayed on salt and sand mix to reduce 'scatter' and initiate melting of salt crystals

Due to the reduced cost of having an 'in house' brine production, the \$20,000 cost to purchase and install the Brine Maker was recovered in the first winter season.





FIRE



The Fire Department employs 24 career and 130 'paid on call' or volunteer firefighters who are managed and supported by:

- » four Chief Officers
- » one Fire Prevention Officer
- » one Training Officer
- » one Public Safety Educator/Fire Inspector
- » two administrative assistants.

Chilliwack's six fire halls protect an area over 250 square kilometres and are all staffed as needed by 'paid-on-call' responsible for fire suppression, rescue and emergency medical aid. Fire engines staffed with career firefighters operate out of downtown Fire Hall 1 and Sardis Fire Hall 4 on a 24 hour basis.

The Chilliwack Fire Department is responsible for providing:

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

The Fire Department is proactive with prevention programs. Programs range from inspections of public buildings to teaching life and fire safety to school children, seniors,

community groups and local employers. Prevention Programs include:

- » Fire Prevention week
- » Burn Awareness week
- » Emergency Preparedness Week
- » Juvenile Fire Setter program
- » Home Smoke Alarm program
- » Fire safety for seniors ('Remember When' Program)
- » Health and safety inspections
- » Fire Alarm Upgrade Program

Under the direction of an Assistant Fire Chief, the Fire Department organizes emergency response to disaster, emergency preparedness and recovery planning. The Fire Department works closely with, and relies on local volunteer groups and other community organizations and government such as:

- » Emergency Social Services
- » Amateur Radio Club
- » Search and Rescue
- » School District 33
- » Fraser Health Authority
- » Provincial government
- » First Nations.
- » Other local municipalities





2011 HIGHLIGHTS

Responded to 2,228 calls for service, including 270 fires, performed 21 rescues and provided emergency medical aid 123 times

Paid-on call firefighters contributed 18,950 hours of service to training and emergency response in 2011

Trained all 150 members in all aspects of fire and rescue services to provincial standards, culminating in several live fire exercises

Engaged over 7,400 community members in fire and life safety programs and/or training, through almost 231 events.

Took delivery of a new fire engine for career staff

Participated in 45 health and safety inspections of public buildings, in coordination with Bylaw and the RCMP, to safeguard public safety in multi-family buildings

Conducted an Emergency Operations Centre exercise with representatives from all City departments and provided training and support for local Emergency Social Services volunteers.

Two enclosed trailers were purchased and outfitted for emergency group lodging, through a grant from Farm Credit Canada.

Additional lighting added to Heritage Park to facilitate group lodging with a federal JEPP grant.

Presentations on personal and neighbourhood emergency preparedness were delivered to a variety of community groups, neighbourhoods, service organizations, municipal employees and members of the public.

Participated in several community events, including the Salvation Army's Christmas Food Drive, collecting over 12,000 items for the food bank

Raised over \$25,000 dollars for the BC Burn Fund and local charities through several fundraisers, such as a fire department calendar.

The Chilliwack Firefighters Education Fund awarded 16 bursaries to local students to further their post education ambitions





COMMUNITY POLICING

Community Policing

The Chilliwack Detachment provides a wide range of policing services from patrol and investigations to proactive services. Operational support is enhanced by support staff (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 161 volunteers who work out of the downtown Wellington Community Policing and Operational Support Office (CPOS) which houses:

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

The CPOS sub-station is operated by the Chilliwack Community Policing Society, which receives a significant amount of funding from the City of Chilliwack. The Society would not be able to function adequately without the dedication of its volunteers. All of its employees and volunteers are committed to making Chilliwack a safe place to live and work. The RCMP is very proud of

the dedication and hard work these individuals put into helping keep the community safe.

Crime Reduction Strategies

Intelligence lead policing is a key element to crime reduction as it ensures policing resources are used in a way that will have the greatest impact on reducing crime in the community. The crime reduction initiative focuses on three main tenets:

- » prolific/priority offender management
- » identifying crime hotspots
- » identifying crime causation factors

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

Prolific Offender Management program

The Upper Fraser Valley Regional Detachment RCMP Prolific Offender Management Program was launched in Chilliwack in February 2009. It is now a regional program which expands to Agassiz, Harrison, Hope and Boston Bar. The program continues to be a success throughout the region.

The Prolific Offender Program continues

to see success. A few prolific offenders have gained employment and some have left the criminal lifestyle. While some prolific offenders have felt the extra police attention and left town for another where they will not be known by police, others have recognized that they needed to leave town to start fresh and get away from their "friends" and the only lifestyle they have known.

Marijuana Growing Operations

In 2011, the Upper Fraser Valley Regional Detachment RCMP Crime Reduction Unit once again had a targeted enforcement approach to identifying and disrupting marijuana growing operations.

Public and Internal Education and Training

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

In 2011, police also focused on the education of members to provide them with additional training and development, so they have the skills and tools needed to fulfill crime reduction goals.





Police Visibility, Non-Vehicle Patrols and Seasonal Policing

Our key police visibility and community relations initiatives were:

- » Non-vehicle patrols (foot/bike/boat/ATV)
- » Seasonal policing enforcement and education
- » Road safety and traffic enforcement;
- » Auxiliary Constable recruitment and training

Third Annual Chilliwack RCMP “Stuff The Cruiser Event”

The Third Annual Chilliwack RCMP “Stuff the Cruiser” Event was again a huge success with the generous help from the community. Several police officers volunteered their time and were onsite at three Overwaitea Foods locations throughout Chilliwack.

Seasonal Policing

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

Road Safety/Traffic Enforcement

Our traffic services unit continues to be proactive, concentrating their efforts on school zones and impaired driving. Traffic safety is a top priority in the region and traffic members as well as General Duty members will continue to ensure safety on Chilliwack roads.

Organized Crime and Drugs

Several charges were recommended in connection with marijuana grow operations. The significant number of charges laid, as a result of the hard work of the Upper Fraser Valley Regional Detachment RCMP Crime Reduction Unit, has had an impact on the street level drug trade in the Chilliwack area and an overall impact on organized crime in the community.

There were several “crack shacks” dismantled through various means including door to door knocks from the police as well with the assistance from By-law officers.

First Nations Policing

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

The UFVRD RCMP First Nations Police Unit was selected to conduct a pilot project for the Aboriginal Shield Program. This program is similar to the DARE program, but with First Nations content and involvement.

2011 HIGHLIGHTS

- » 19% reduction in residential break and enters
- » 11% reduction in auto theft
- » Chilliwack Community Policing Society saw over 2,800 hours of volunteer time
- » Auxiliary policing program has 34 active volunteers who volunteered over 5,340 hours
- » UFVRD RCMP “Stuff the Cruiser” Event collected \$4,179 in cash donations and 3260 pounds of food
- » First Nations Police Unit conducted over 25 boat patrols on the Fraser River





CEPCO



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

CEPCO's role is to facilitate economic growth for the city of Chilliwack. To accomplish this, CEPCO:

- » Supports local businesses in achieving their growth plans, also known as business retention and expansion
- » Encourages businesses outside Chilliwack to establish their businesses in the community.
- » Engages businesses in key industries, such as manufacturing, health care, technology, education, film, aviation/aerospace, and agriculture.

CEPCO also facilitates strategies through partnerships with many community and government stakeholders, as well as CEPCO's subsidiaries:

- » Chilliwack Agricultural Commission
- » Chilliwack Film Commission
- » Chilliwack Aviation and Aerospace Planning Committee

CEPCO continues to be the lead agency involved in the development of Canada Education Park. The redevelopment of the former CFB Chilliwack lands presents numerous benefits, as the park includes the:

- » University of the Fraser Valley (UFV)
- » Justice Institute of British Columbia
- » RCMP Pacific Region Training Centre
- » Canada Border Services Agency National Institute of Learning and Excellence. (CBSA)

2011 HIGHLIGHTS

Canada Education Park

- » Leasing space to CBSA for their scenario based training. It is anticipated that they will require more space as their program expands.
- » CBSA completed construction of new modular firearms range.
- » UFV's \$40 million building project at Canada Education Park nearing completion. Project includes 5,000 square metres of renovation (Engineering Building) and 9,000 square metres of new construction.
- » Construction of servicing infrastructure at the Park is nearly complete.

- » Working with UFV and the City of Chilliwack on the redevelopment of UFV's North campus.

Downtown Chilliwack

- » Participated on City of Chilliwack Downtown Task Force and the completion of the Downtown Chilliwack Plan.
- » CEPCO and the City of Chilliwack purchased the former Empress Hotel and demolished it to facilitate future development.
- » Sutton Group Showplace Realty opened the 15,000 sq.ft. Sutton Downtown Business Centre. The facility is home to Sutton Group Showplace Realty and Community Futures South Fraser, as well as service businesses including drafting and design, marketing, and home insurance.





Eagle Landing

The Home Depot opened its 80,000 sq.ft. store as well as several restaurants and service businesses. Upon completion, Eagle Landing will become one of the largest open air centre developments in BC, with approximately 600,000 sq.ft. of retail space.

Odessa Group

Built a 20,000 sq.ft. manufacturing plant at Highway 1 Business Park. Max-Swi, a Chinese company, will be manufacturing high voltage switches at the facility.

Eureka – TV Series

Returned to Chilliwack to film the fifth and final season.

Flatiron Graham Joint Ventures

The company has opened its offices at Legacy Pacific Business Park. They were awarded the contract to design and build the BC Hydro Interior to Lower Mainland (ILM) 500 kV transmission line.

Food Innovation Centre of BC

The Food Innovation Centre of BC has opened its doors at the Legacy Pacific Business Park. The Centre fosters innovative

thinking and practices in the food processing sector and is a hub for creative commercialization solutions.

Other

Development and support of Chilliwack's various industrial and commercial parks: Chilliwack Business Estates, Eagle Landing, Highway 1 Business Park, Progress Way Industrial Park, Legacy Pacific Industrial Park, Cattermole Industrial Estates and Kerr Avenue Food Processing Park.

Worked with the City of Chilliwack to promote the new Industrial Revitalization Tax Exemption Bylaw.

First Nations Partnerships.

Chilliwack Business Link business retention and expansion program – acquired new and improved software through Executive Pulse.

The Chilliwack Agricultural Commission, in collaboration with the City of Chilliwack, completed the Chilliwack Agricultural Area Plan.

Completed the Chilliwack Aviation and Aerospace Sector Strategy.

Physician and health care professionals recruitment.





PLANNING & DEVELOPMENT

Since the fall of 2010, the City's Municipal Development functions have operated as two new departments within the organization. The first department is Planning and Strategic Initiatives and is led by Kurt Houlden. The second is Development and Regulatory Services which is led by Lisa Thompson.

The functions of these departments include:

Planning & Strategic Initiatives

- » Development Planning
- » Long Range Planning
- » Rezoning & Development Variance Permits
- » Development Permits (Form & Character)

- » Agricultural Land Reserve Applications
- » Official Community Plan
- » 'One Stop' Business Registration and Licensing

Development and Regulatory Services

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

2011 HIGHLIGHTS

Planning & Strategic Initiatives

- » 532 New business licences
- » 59 Rezoning applications
- » 28 Development variance permits
- » 5 Agricultural Land Reserve applications
- » 18 Form & Character Development Permits

Development and Regulatory Services

- » 141 New lots created
- » 149 New single family dwellings constructed
- » 154 Other dwelling units (including multi-family)
- » 146 Health and safety inspections carried out
- » 31 Marijuana Grow Operations shut down
- » 13 Development Permits (Geotechnical, Environmental & Riparian)





2011 PLANNING AND DEVELOPMENT HIGHLIGHTS

- » The City's decrease in Development Cost Charge (DCC) rates for industrial developments was recognized by the Vancouver Chapter of the National Association of Industrial and Office Properties (NAIOP). NAIOP acknowledged the City with an award for excelling in creating an environment that is positive to business creation.
- » As a result of lowering DCC rates for industrial developments, cost reductions for the Development Cost Survey, distributed to 20 municipalities within Metro Vancouver and the Fraser Valley decreased by six per cent from previous survey results in 2009.
- » Established Industrial Revitalization Tax Exemption program in which new industrial buildings with a value of construction in excess of \$1 million (or an alteration/addition of an existing industrial building with the same value), can qualify to save on industrial property taxes for five years with this new industrial incentive. The Program is intended to stimulate local economy by encouraging industrial capital investment, expanding industrial tax base, creating new permanent employment opportunities and reducing need for residents to work outside Chilliwack.
- » The Agricultural Area Plan project progressed with an extensive stakeholder consultation program and the development of a draft plan highlighting major issues affecting the future of agriculture in Chilliwack. The Plan outlines goals, policies and actions to ensure a sustainable agriculture sector over the next 20 years.
- » Provincial funding for the Health Contact Centre and a supportive housing project was announced. The funding establishes a five year coordinated community effort for a one stop access to a range of health and social services, with on-site supported housing. Key project partners include BC Housing, the Pacific Community Resource Society, Fraser Health, the City of Chilliwack, plus the many community partners that have worked to establish the original vision. The Centre is expected to be operating by the end of 2012.
- » The City's zoning bylaw was amended to require 50% of all new apartments to be built to the BC Building Code's Adaptable Housing Standards. The amendment supports 'aging in place' for seniors who are able to live independently.
- » The Downtown Revitalization Task Force completed their examination of factors that affect the viability of a vibrant downtown core area. They provided a recommended strategy and actions that could accelerate the revitalization and redevelopment of downtown, in a manner consistent with the Downtown Land Use Plan.
- » Work on the Eastern Hillside Comprehensive Area Plan continued through 2011. The City's goal is to establish a sustainable vision for the area. The resulting plan will balance community values with respect to hillside development and market realities and a development scale that is supported by a servicing strategy and a clear cost recovery model.





TOURISM



Our Mission Statement: “Working together with the tourism industry, to attract and retain visitors to our community”

Tourism Chilliwack is a leading community destination marketing organization in British Columbia, with a mandate to strengthen the tourism industry in the City of Chilliwack.

Led by a private sector Board of Directors, Tourism Chilliwack was incorporated in December 2006 with the City of Chilliwack the sole shareholder. Tourism Chilliwack’s Mission Statement captures the partnership approach necessary to increase the economic benefits derived from the tourism industry for the community.

Objectives & Strategies

A main strategic objective for Tourism Chilliwack is to increase overnight visitors to Chilliwack and a range of programs and services are offered to engage the tourism industry and the community in working together toward this objective. The strategies include:

- » visitor services
- » marketing, sector and partnership development
- » exploring non-traditional opportunities for revenue generation and provision of services

Handpicked in the Valley

In 2011, Tourism Chilliwack launched Handpicked in the

Valley, an award winning marketing campaign, in partnership with Tourism Langley and Tourism Abbotsford. The goal of this partnership is to increase overnight stays through a creative and collaborative marketing initiative. Handpicked in the Valley capitalizes on the opportunity to enhance similar tourism products, while creating more awareness and leveraging the uniqueness of each community.



LANGLEY • ABBOTSFORD • CHILLIWACK

Handpicked in the Valley

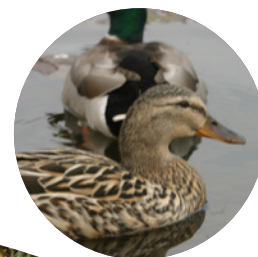
Where adventures take route.

Handpicked in the Valley:

- » provides diversity in product mix
- » increases the economic impact for each community
- » improves cost efficiencies

Chilliwack Visitor Centre

The Chilliwack Visitor Centre is open year round and offers a large quantity of information for both local residents and visitors. In 2011, the Chilliwack Visitor Centre was recognized by RV West Magazine readers as one of the top three visitor centres in British Columbia. While the Chilliwack Visitor Centre saw a decrease in visitor numbers in 2011, this was largely due to the ongoing negative impacts of the global economy on travel and ceasing to operate as a Purolator Shipping Agent. Tourism Chilliwack will continue to be proactive in exploring new ways to provide visitor services by using highway signage, social media, blogging, and other online technology.





Promotional Materials

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

fishing.

Alternate Revenue Sources

The business minded approach taken by Tourism Chilliwack provides expanded revenue opportunities not dependent upon government funding. Since 2007, Tourism Chilliwack has been the owner and operator of the Chilliwack Flag Shop franchise, one of 12 locations across Canada. This business initiative uses the high profile nature of the Visitor Centre by attracting people year-round.

Following a competitive public tender process in 2011, Tourism Chilliwack was selected as the new operator of Chilliwack Heritage Park. As part of a five-year management agreement, Tourism Chilliwack will develop a multi-year investment plan for this city-owned facility. This will include land and buildings, with the objective of making changes and improvements that attract new users, offer new or improved services and amenities and generate additional revenue.

2011 HIGHLIGHTS

- » Over 20,000 people served at Chilliwack Visitor Centre in 2011
- » Visitor Centre voted in top three in British Columbia
- » Awarded contract to operate Chilliwack Heritage Park
- » Hand Picked in the Valley - Received 'Most Valuable Marketing Program' award from Vancouver Coast and Mountains Tourism Region
- » Fish Chilliwack - Comprehensive sport fishing cooperative marketing program
- » Extensive use of social media and other online marketing initiatives
- » 6th year of award winning regional Circle Farm Tour Program
- » Coordinated 3rd Slow Food Cycle Tour - an agri-tourism event with over 600 participants
- » Self guided Artisan Tour brochure of studios/galleries completed for 4th year
- » Owner/Operator of Chilliwack Flag Shop franchise
- » Community Service Provider for WorldHost Training courses from Tourism British Columbia
- » Showcase Chilliwack with high definition video footage and photography
- » Member of BC Sport Tourism Network
- » Operate web based Virtual Tour business partnership
- » Held 8th Annual Business on the Green Golf Tournament in partnership with the Chilliwack Chamber of Commerce





Supplementary Information

Objectives, Measures & Progress



OBJECTIVE	STRATEGY	MEASURE	PROGRESS
Financial Stability	Plan for anticipated community needs.	Long term Comprehensive Municipal Plan (CMP) updated annually.	To Council in March 2011.
	Fund planned capital expenditures.	Balance CMP without long-term borrowing.	No long-term debt required in 2011 CMP.
	Build reserves for unanticipated community needs.	Have Unrestricted General Reserve Fund balance of \$12 million by 2014.	2011 closing balance of \$7 million. CMP includes an annual allocation to the Unrestricted Reserve.
	Maintain a reasonable tax burden for taxpayers.	Tax rate increase similar to rate increase of other local governments.	Chilliwack 2011 tax increase was 3.45%, Abbotsford 4.30%, Maple Ridge 5.00%, and Langley 3.95%.
		Chilliwack remains at the low end of municipal taxation on a representative home when compared to similar communities in the lower mainland.	Only Surrey is lower than Chilliwack of 19 communities surveyed. With Utilities and Other Gov't levies, Chilliwack is lowest.
		Chilliwack remains at the low end of business taxation when compared to similar communities in the lower mainland.	Chilliwack has the lowest class multiplier of 19 communities surveyed.
		Other revenue opportunities explored.	Available Government Grants applied for. Received \$3,564,733 for the Bailey Landfill Gas Extraction System project under the RSP Gas Tax Program. Applying for the next round of flood infrastructure grants.
		Identify priority projects that will be eligible for infrastructure grants and save for municipal portion.	Incorporated a savings plan into the 10 Year Financial Plan for 1/3 funding for the Collinson, McGillivray and Hope River drainage pump stations.
		New growth pays for itself.	DCC Bylaw reviewed and rates amended.
		Average pavement quality index goals set at: Arterial 6.5, Collector 6.0, Local 5.5.	Investment into road rehabilitation program was updated in 2011 to \$2.375 million to allow additional paving, which was concentrated in the collector and local road classes. The 2012 and 2013 budget for road rehabilitation is \$ 2.375 million per annum, rising to \$2.5 million in 2014. Additional patch truck in operation in 2011.
Good Stewardship of Municipal Infrastructure	Maintain the road system.		
	Maintain the utility systems.	Service delivery interruptions minimized.	Flushed 150% of water system in 2011. Replaced 3,440 metres of aging cast iron water pipes. Over 600 life expired water metres replaced in 2011. Over 1,200 backflow prevention devices tested in 2011. Replaced 500 metres of sanitary sewer and flushed 135 km.
	Maintain municipal fleet.	Repair and replacement program planned and funded.	Vehicle Maintenance Management System in use. Equipment Replacement Reserve Fund in balance. Replaced aged items.
	Maintain municipal facilities.	Fund maintenance programs.	Funded all major maintenance identified as required.
	Manage Airport Lease.	Manage Airport Lease.	Compliance with Airport Head Lease and Operating Agreement as measured by breaches and recorded variance from contractual terms. Successfully completed upgrades to airport infrastructure. Completed airport roof and HVAC upgrading project in 2011. Completed vehicle access security upgrade in 2011. Completed pavement assessment in 2011. Planned replacement of apron pavement sections in 2012. GPS approach survey completed in 2011.
	Protect the community from flood risk.	420,000 cubic metres of gravel removed from the Fraser River annually . 110,000 cubic metres of gravel removed from the Vedder River every second year.	No gravel removed from the Fraser River in 2011. Provincial Government developing a 10-year gravel management plan. Gravel to be removed from the Vedder River in 2012.
		Existing funding opportunities for gravel study and dyke upgrades maximized. Senior levels of government lobbied for additional monies.	Applied for \$4 million in provincial-federal funding for dyke and pump station upgrades in 2011-2014.
		Open drainage watercourses and ditches in the floodplain cleaned on a 3 - 7 year cycle to maintain drainage integrity.	Cleaned over 58,000 metres of open drainage channels with DFO and CEAA approval in 2011.
		Drainage pumping stations to be operable at all times.	Drainage pumping equipment at Collinson and McGillivray drainage stations received major overhauls in 2011.
		Dykes maintained to Provincial standards.	All dykes inspected and maintained in 2011 prior to freshet. Bank armour rock repairs to Vedder trail in 2011.

Objectives, Measures & Progress



Good Stewardship of the Environment	Maximize utilization of existing infrastructure.	Development directed to serviced areas.	Infill continued in 2011.
	Ensure adequate water supply.	Amount of water produced meeting daily demand.	Demand met. Lawn watering restrictions during summer. Approved 180 applications for the toilet rebate program. A comprehensive water conservation plan is being designed and implemented.
	Ensure quality drinking water.	Meets drinking water standards.	Comprehensive and extensive drinking water quality testing program undertaken in 2011, with 2,200 water samples tested. High drinking water quality standards being maintained without chemical additives or treatment. Review of Drinking Water Emergency Response Plan in 2012 will be undertaken.
	Protect the waterways.	Effluent meets or exceeds Provincial standards.	Continues to meet Provincial standards. New digester construction at the WWTP to meet demand.
		Enhancement of fish habitat.	Three salmonid habitat areas constructed as compensation for 2011 ditch clearing works.
	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. 5 km of streamside plantings undertaken after the completion of 2011 ditching program.
	Encourage recycling.	Diversion rate for recycling items increased to 40% by 2012, 41% by 2013 and 42% by 2014.	Recycling rate 38% in 2011. Increasing education on requirements of recycling programs.
	Protect the air shed.	Work with the Province to assess agricultural air quality impacts.	Community air quality, energy and greenhouse gas action plan completed.
		Explore economically viable methane extraction opportunities. Install a gas extraction system at the Bailey Landfill.	Exploring potential biogas utilization at the wastewater treatment plant. Gas Tax Funding (\$3.5 M) was received for the installation of a gas extraction system at the Bailey Landfill. A biogas boiler will be installed at the WWTP to utilize the methane.
		Reduced reliance on automobiles.	Local transit fleet expansion from 6 to 7 buses in June 2012 will enable route redesign. Budget increase in 2013 of \$250,000 will allow creation of Abbotsford to Chilliwack Express transit service, intended to provide an alternative to single occupancy automobile use for UFV students, commuters and shoppers. With possible trip extension, using the Abbotsford Transit system travellers could reach points west in the Metro Region. Additional funding in the 2014 proposed budget will provide for local fleet expansion from 7 to 8 buses to extend the length of our service day. New technologies investigated. City's "no idling" policy in effect.
Facilitate a High Quality of Life		Protect the Air Shed by fostering a community to become more energy efficient.	Amended Building Regulation Bylaw to require that single family dwellings be constructed to facilitate the future installation of solar hot water system.
		Minimize burning.	Burning reduction measures included in community air quality, energy and greenhouse gas action plan.
	Minimize energy consumption in municipal facilities.	Reduction in energy consumption.	Civic facilities have been equipped with energy efficient systems to reduce consumption. Secured Gas Tax funding for an Energy Integration Study for the Chilliwack Landing Area. Received a 2012 Innovations Fund Grant for \$22,500 for energy planning study for the Chilliwack Landing.
	Promote a "zero waste" philosophy to minimize the generation of solid waste in the City, while maximizing reuse and recycling initiatives.	Reduce the annual amount of residential garbage being generated per household and increase the diversion rate. Implement the recommendations of the 2010 Waste Audit.	2011 annual waste generated was 457 kilograms per household. A waste audit was undertaken in 2010 to identify opportunities for further diversion.
	Provide quality parks and recreational opportunities.	Comparison to other communities. Taxpayer feedback.	Chilliwack provides excellent parks, trails and recreational opportunities. New facilities opened in 2011 included the Cheam Leisure Centre Spray Park, Museum Archives addition, and the Yarrow Skateboard Park. Established and provided CDI funding for community school recreation coordinates and Rosedale and Greendale community schools. A Parks, Recreation & Culture master plan process in 2012 will review and identify facility and service delivery needs.

Objectives, Measures & Progress



Attract & Maintain Business Growth	Facilitate the attraction of community events.	Events held in local recreational facilities.	Heritage Park, Prospera Centre, and the Chilliwack Cultural Centre booked year-round, including large scale events. Partnership with the Active Communities Committee and Tourism Chilliwack for hosting health and wellness events and sport tourism opportunities.
	Support cultural groups.	Facility and funding assistance.	The Chilliwack Cultural Centre completed its first year of operation having many shows and events. Renovations were completed on the Landing Sports Centre to be used by the Chilliwack Players Guild.
	Foster community spirit.	Recognize volunteers.	Recognized volunteers through the Annual Community Sport Hero Recognition program.
		Support community organizations.	Funded \$1,137,000 through Community Development Initiatives policy in 2011.
	Contract with CEPCO for economic development.	New business locating in Chilliwack.	Non-market business/industry assessment increased \$12.7 million in 2011.
		Work cooperatively with CEPCO in setting mutual priorities.	CEPCO contract renewed in 2008 for 5 years. Work continues on development of the Canada Education Park. Worked together on Chilliwack Aviation and Aerospace Planning Committee.
	Encourage redevelopment in the downtown area through initiatives such as the revitalization tax exemption.	Revitalization exemptions applied for.	5 new revitalization exemptions in 2010 and 2 new in 2011. The new focused bylaw came into effect on November 1, 2009. Established a Downtown Task Force to review options for the downtown.
	Create an environment that is positive to business creation.	Comparison of taxes and fees, and timing of service delivery.	Chilliwack remains at the low end of taxes & fees.
			In 2011, the City was awarded a National Association of Industrial & Office Properties (NAIOP) award.
			Established a new Industrial Revitalization Tax Exemption Bylaw in 2011.
Engage the Community	Ensure plans are in place to facilitate regional growth predictions.	Regional growth accommodated in OCP and CMP.	Working with the ALC.
	Provide community forum venues on major issues under consideration.	Public Meetings.	Held Open Houses on DCC's in conjunction with the Development Process Advisory Committee. Held public meetings in Ryder Lake, Yarrow, Rosedale and Greendale for the Rural Issues Advisory Committee. Held resident meetings for the Eastern Hillside Comprehensive Area Plan. Held a public meeting for the Agricultural Area Plan. Held 5 public meetings for the Healthier Community Strategic Action Plan. Held an Open House for the new Sardis Library project.
			Met with the Builders, Developers and Real Estate groups in the community to update them on the focus and direction of Community Development as it relates to the City's Planning, Strategic Initiatives, Development and Regulatory Enforcement Services.
Develop and Maintain a First Rate Work Force	Provide relevant information through the City website, Greenheart News and the Leisure Guide.	Leisure Guide, Greenheart News, Annual Report, Tax Insert made available. Updated website regularly.	All done to satisfaction. Met statutory deadline for presentation of Annual Report.
	Work closely with Committees of Council.	Committees meet regularly, have Council representation and provide feedback to Council.	All Committees active during year.
	Work cooperatively with senior government elected officials.	Meet regularly with MLA's and MP to review mutual issues.	Unable to coordinate a joint group meeting in 2011; however, did meet individually for specific issues.
	Ensure timely and accurate information to the community.	Information provided.	Established social media presence in 2011.
	Meet regularly with Ratepayer groups.	Meetings undertaken.	Met with Promontory Ratepayers, Yarrow Ratepayers and BIA groups.
	Have recruiting strategies that attract the brightest and the best.	Qualified applicants.	Successfully filled 66 posted positions in 2011 with qualified employees, including 43 new employees to the organization.

Objectives, Measures & Progress



Provide Excellent Customer Service	Undertake on-site training for employee development, as well as encourage employee professional development.	On site training undertaken. Employees taking relevant professional training.	There were 98 instances of employer-sponsored education programs provided for employees in areas of leadership development, conflict resolution and course tuition reimbursement for work-related courses.
	Provide opportunity for internal advancement.	Employee turnover.	33 employees obtained new positions within the organization to advance in their careers.
	Offer a competitive compensation package and employee programs.	Comparison to other communities.	Spot surveys conducted to verify competitive rates on individual positions.
	Workplace safety.	Number of workdays lost per year due to injury.	190 workdays lost due to injury.
Provide a Safe Community	Provide customer service training to employees.	Training provided.	Provided group training for all employees.
	Seek taxpayer/customer feedback.	Customer feedback system in place and followed up on.	Almost all feedback was positive. Complaints followed up on promptly.
	Provide fast and efficient service.	Timeliness of customer service.	Turn-around times met regularly. Offer premium plan review service for building permits.
	Provide the community with effective fire and life safety education in an effort to reduce the loss of life and property.	Provide fire safety and emergency preparedness education to community groups and the public.	Held over 200 education events involving over 6,000 persons.
	Increase the fire and life safety in multi-family residential and senior housing properties.	Participate in "Health and Safety" inspections for multi-family housing units program. Work towards achieving fire and life safety upgrades in older apartment buildings.	Conducted over 1,300 fire inspections and over 100 health and safety inspections in conjunction with Bylaw Enforcement.
	Plan for the response and recovery of the City and community in times of disaster.	Exercise the City's Emergency Preparedness (EP) Plan. Complete individual City department emergency plans.	Completed two EP exercises at the City EOC involving senior staff.
	Increase the number of fire-fighters in order to provide safe and efficient firefighting operations and reduce entry times at fires.	Increase staffing levels to 4 firefighters on both Engines 1 and 4.	Engine 1 (Hall 1) staffed with 3 firefighters 100% of the time and Engine 4 (Hall 4) with 2 firefighters approximately 80% of the time.
	Increase the training capacity for firefighters.	Staff a fire trainer position and increase the use of contracted training. Begin planning for a dedicated fire training site.	Started preliminary planning for the use of the Parr Road site as a fire training grounds. Dedicated a paid-on-call member to CPR training.
	Support RCMP initiatives regarding drugs and drug-related crime.	Health & Safety Team (Fire, Bylaw and RCMP) work together to close and clean up residential properties. Bylaw tickets issued.	RCMP, Bylaw and Fire Departments involved in shutting down approximately 31 marijuana grow operations and conducted 143 health and safety inspections in 2011.
	Support RCMP youth program initiatives.	Youth liaison positions funded.	Funding continues. Prioritized high usage areas of youth, performed youth probation checks, ran the annual RCMP youth academy, ran the billiards club for high risk youths, and worked with schools on youth education programs.
	Support RCMP activities in the downtown area.	Fund bike patrols, downtown RCMP station. Feedback from taxpayers.	More police presence in the Downtown Core. Crime-free multi-family housing initiatives have helped reduce crime.
	Maintain an adequate number of police officers, consistent with provincial averages.	Police to population.	Funded 1 new civilian member, 2 part time civilian staff support positions, the equivalent of 2 new members in the RCMP Teams, and maintained a population to member ratio of under 800. In 2012, funding an additional civilian member, a full-time civilian support position and a part-time position.
	Support RCMP initiatives regarding prolific offenders.	Crime trends.	Chilliwack has seen an overall reduction in crime trends.
	Improve traffic education.	Education undertaken.	Public Safety Specialist worked with RCMP and ICBC on programs and projects to educate motorists, pedestrians and cyclists to reduce accidents.
	Improve the safety of parks and public places.	Crime Prevention through Environmental Design (CPTED) principles are applied in park and public space upgrades.	Three employees are CPTED trained. Improvements during year done with CPTED principles in mind.
	Support improved coordination between social agencies in the community.	Support establishment of Healthier Community Strategic Plan Stewardship Council.	A Healthier Community Plan has been developed to address major social issues affecting the community; homelessness, mental health, addictions and crime. A Stewardship Council is proposed in the Plan to facilitate its implementation.

2011 Permissive Tax Exemptions



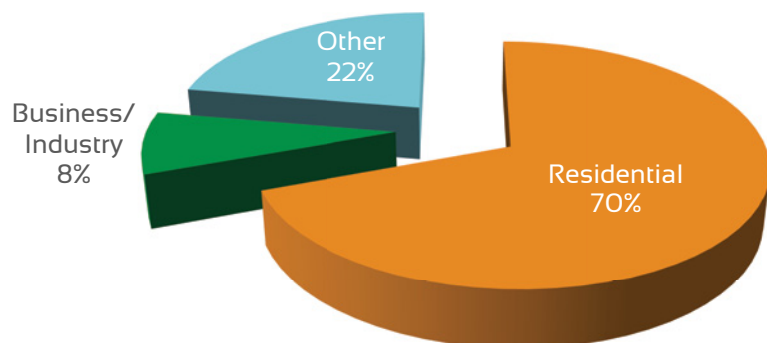
Organization Name	Community Charter Section	2011 Municipal Taxes
Alano Club	Section 224(2)(a)	\$ 1478
Ann Davis	Section 224(2)(a)	9178
Ann Davis	Section 224(2)(a)	1323
Ann Davis	Section 224(2)(a)	1878
Atchelitz Farmers Institute	Section 224(2)(a)	2118
Bethesda Christian Association	Section 224(2)(a)	1573
Bethesda Christian Association	Section 224(2)(a)	1485
BCSPCA	Section 224(2)(a)	1660
Camp River Community Hall Society	Section 224(2)(i)	1864
Canadian Hard of Hearing Association	Section 224(2)(a)	469
Canadian Red Cross Society	Section 224(2)(a)	1207
Chilliwack Academy of Music	Section 224(2)(a)	1691
Chilliwack Animal Safe Haven Society	Section 224(2)(a)	3428
Chilliwack Community Arts Council	Section 224(2)(a)	412
Chilliwack Community Arts Council	Section 224(2)(a)	3177
Chilliwack Community Arts Council	Section 224(2)(a)	2595
Chilliwack Community Policing Society	Section 224(2)(a)	3505
Chilliwack Community Services	Section 224(2)(a)	8503
Chilliwack Community Services	Section 224(2)(a)	6758
Chilliwack Community Services	Section 224(2)(a)	3120
Chilliwack Community Services	Section 224(2)(a)	7830
YMCA	Section 224(2)(i)	4865
YMCA	Section 224(2)(i)	12338
YMCA	Section 224(2)(i)	2340
Chilliwack Hospice Society	Section 224(2)(a)	1225
Chilliwack Lawn Bowling Society	Section 224(2)(i)	1360
Chilliwack Opportunity Workshop Society	Section 224(2)(a)	2556
Chilliwack Senior Recreation Centre	Section 224(2)(i)	1650
Chilliwack Seniors Social Society	Section 224(2)(i)	742
Chilliwack Senior Veterans Society	Section 224(2)(i)	1494
Chilliwack Society for Community Living	Section 224(2)(a)	3900
Chilliwack Society for Community Living	Section 224(2)(a)	3627
Chilliwack Society for Community Living	Section 224(2)(a)	6539
Chilliwack Society for Community Living	Section 224(2)(a)	676
Chilliwack Society for Community Living	Section 224(2)(a)	2108
Chilliwack Society for Community Living	Section 224(2)(a)	1532
Chilliwack Society for Community Living	Section 224(2)(a)	1692
Chilliwack Society for Community Living	Section 224(2)(a)	13815
Chilliwack Society for Community Living	Section 224(2)(a)	2963
Chilliwack Society for Community Living	Section 224(2)(a)	1282
Chilliwack Society for Community Living	Section 224(2)(a)	1647
Chilliwack Supportive Housing Society	Section 224(2)(a)	322
Chilliwack Supportive Housing Society	Section 224(2)(a)	324
Chilliwack Supportive Housing Society	Section 224(2)(a)	325
Chilliwack Supportive Housing Society	Section 224(2)(a)	371
Chilliwack Supportive Housing Society	Section 224(2)(a)	390
Chilliwack Supportive Housing Society	Section 224(2)(a)	399
Chilliwack Supportive Housing Society	Section 224(2)(a)	358
Chilliwack Supportive Housing Society	Section 224(2)(a)	358
Chilliwack Supportive Housing Society	Section 224(2)(a)	358
Chilliwack Victory Church	Section 224(2)(g)	4967
Coqualeetza Cultural Education Centre	Section 224(2)(f)	2742
Creative Centre Society	Section 224(2)(g)	1323
Elizabeth Fry Society of Greater Vancouver	Section 224(2)(a)	3315
Evangelical Missionary Church Canada West District	Section 224(2)(g)	2618
Evangelical Missionary Church Canada West District	Section 224(2)(g)	4772
Evangelical Missionary Church Canada West District	Section 224(2)(g)	2007
Keystone Ministries	Section 224(2)(f)	7108
Mountain View Free Church	Section 224(2)(g)	1836
Pentecostal Senior Citizens Society	Section 224(2)(a)	12935
Promontory Community Church	Section 224(2)(g)	6090
Promontory Community Church	Section 224(2)(g)	1465
Ruth & Naomi's Street Mission	Section 224(2)(a)	5542
Ryder Lake Farmers Institute	Section 224(2)(a)	1208
Southside Church	Section 224(2)(g)	2742
Southside Church	Section 224(2)(g)	4967
Nature Trust of BC	Section 224(2)(i)	1545
Nature Trust of BC	Section 224(2)(i)	3417
Nature Trust of BC	Section 224(2)(i)	21
Nature Trust of BC	Section 224(2)(i)	1995
Nature Trust of BC	Section 224(2)(i)	757
Nature Trust of BC	Section 224(2)(i)	160
Nature Trust of BC	Section 224(2)(i)	419
Nature Trust of BC	Section 224(2)(i)	626
Nature Trust of BC	Section 224(2)(i)	16173
Salvation Army	Section 224(2)(a)	12570
Terry Fox Foundation	Section 224(2)(a)	1331
Vineyard Community Church	Section 224(2)(g)	204
Xolhemet Society	Section 224(2)(a)	1572
		\$243,230



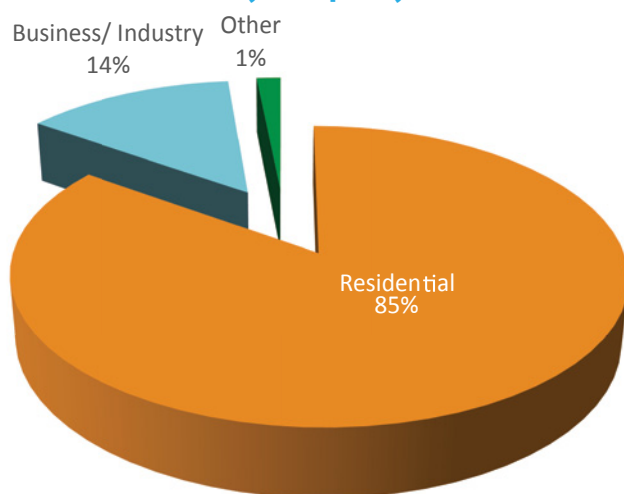
Statistical Information



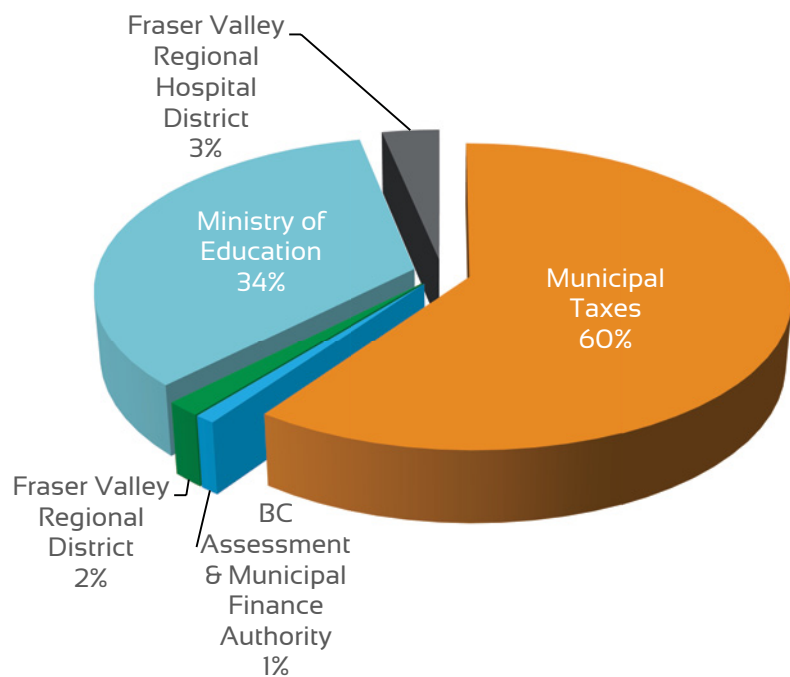
Taxes by Property Class



Assessment by Property Class

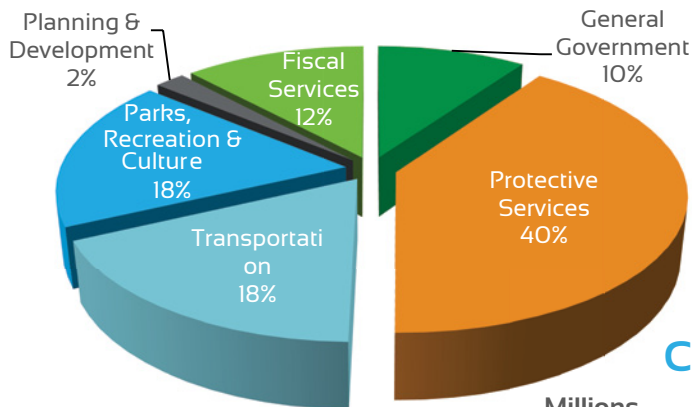


Total Property Tax Distribution

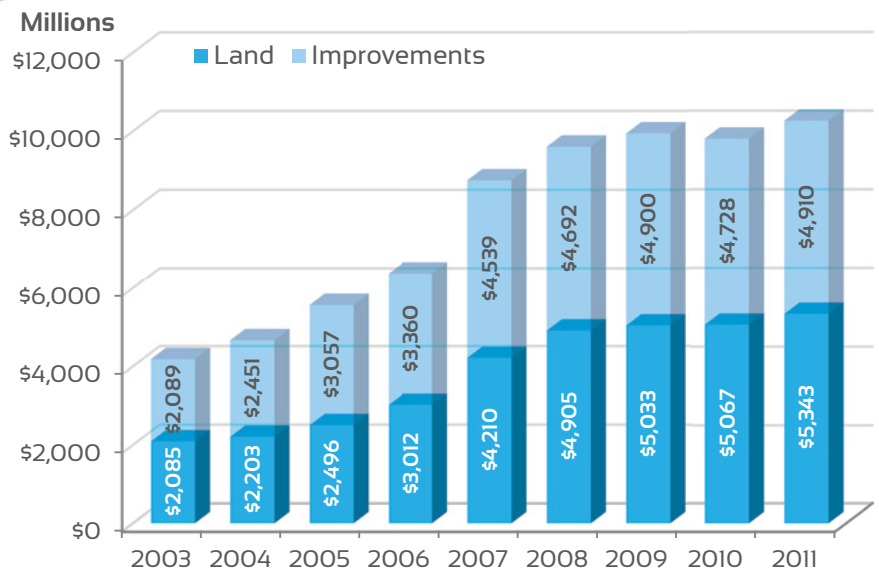




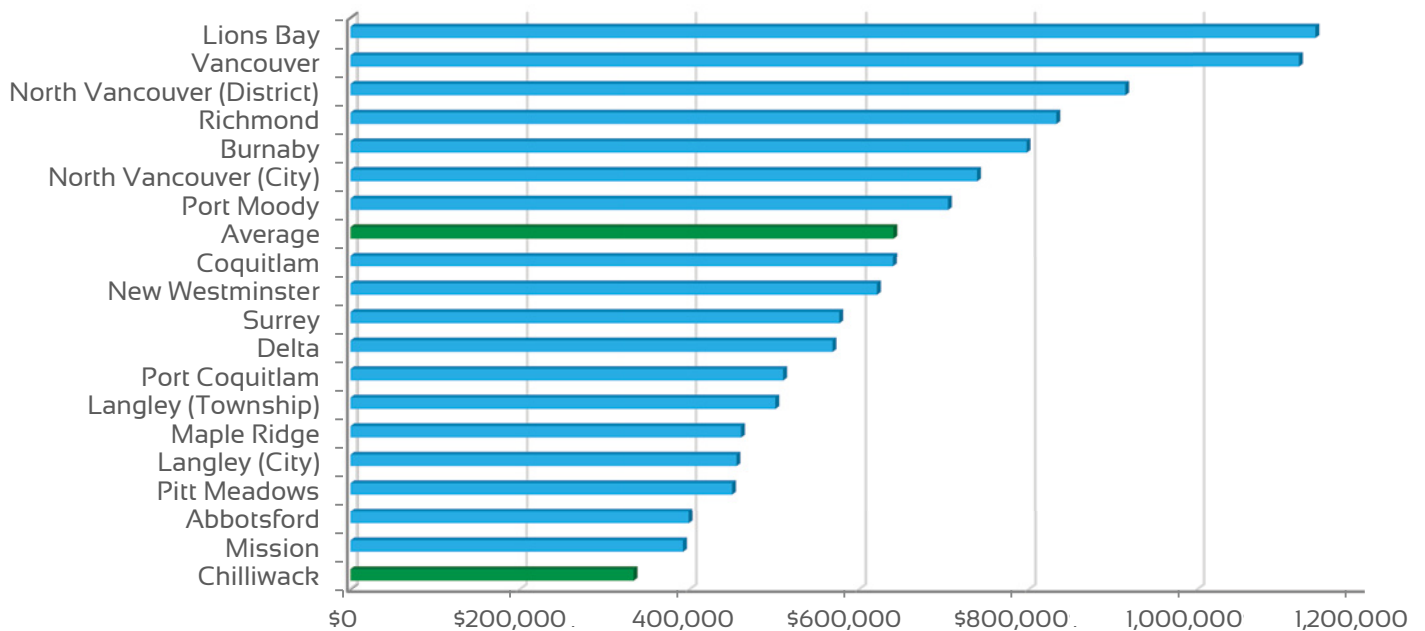
Municipal Property Tax Distribution



Chilliwack Property Assessments

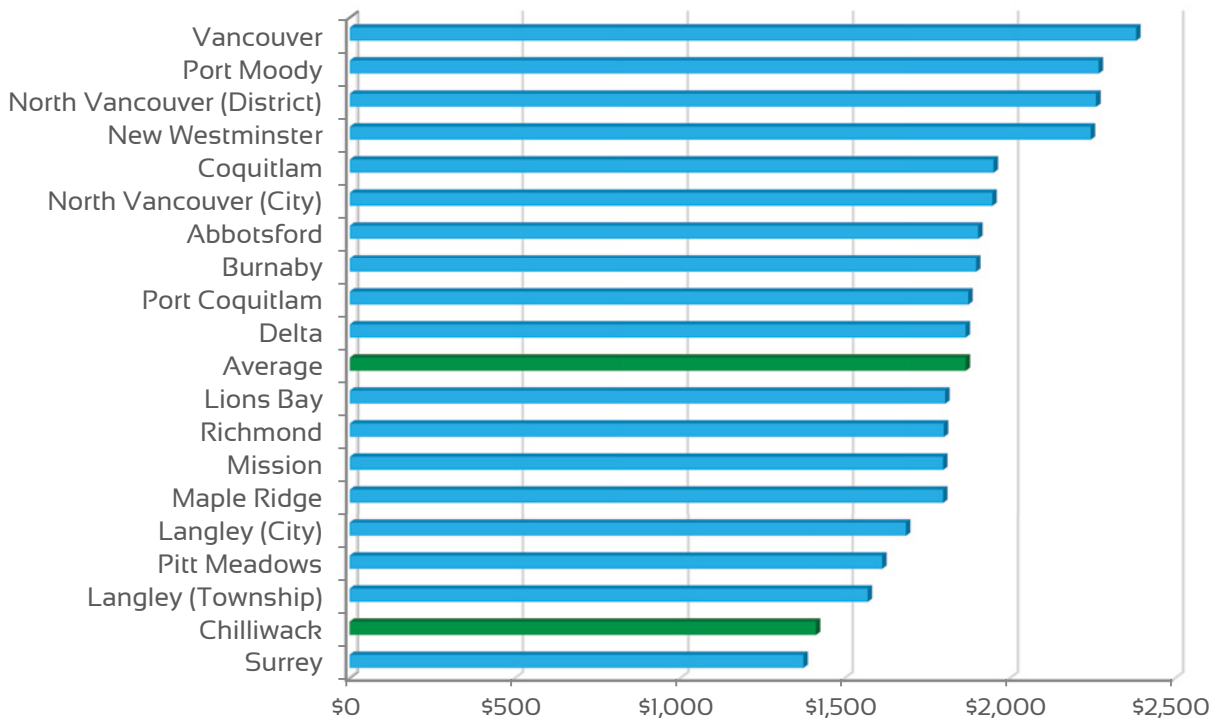


Lower Mainland Representative House Value

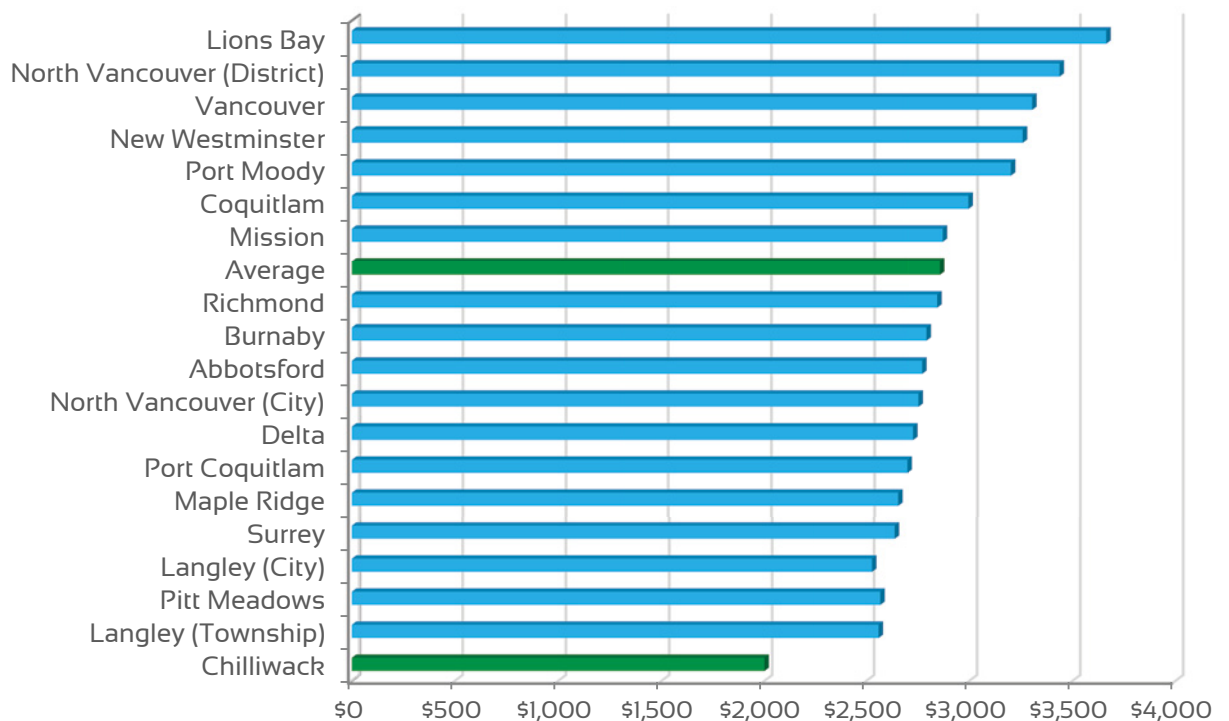




Municipal Taxes on a Representative House

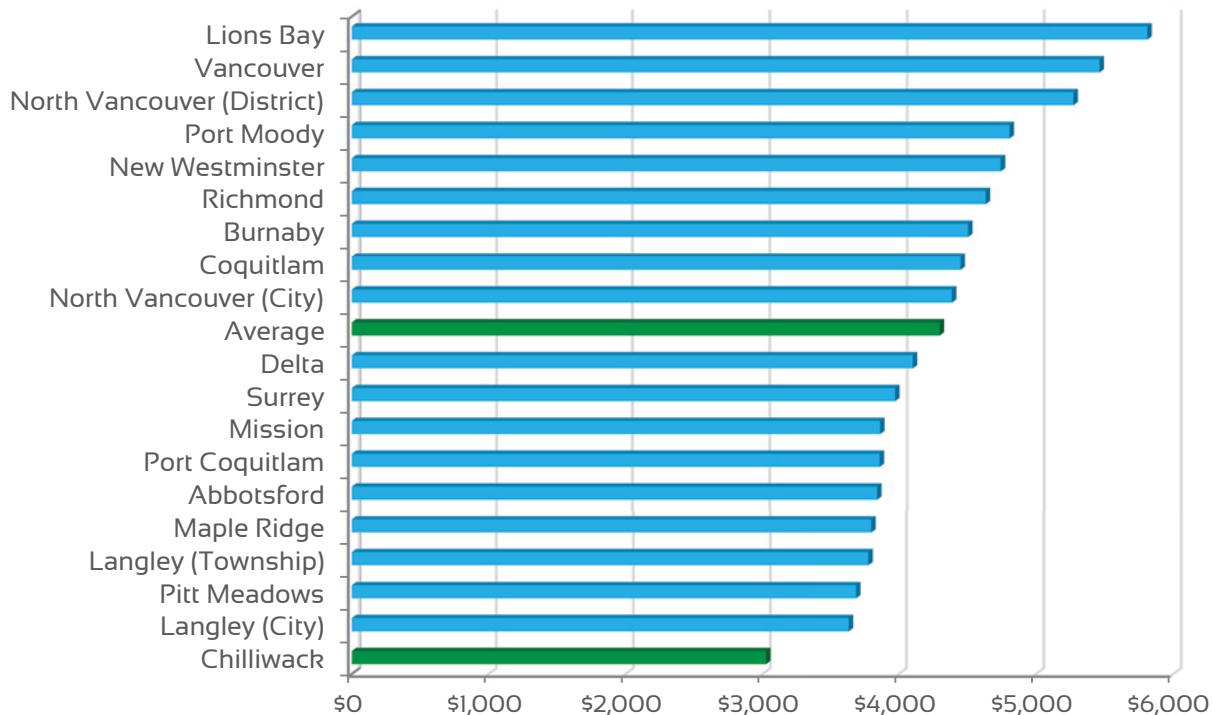


Lower Mainland - Municipal Taxes & Utilities

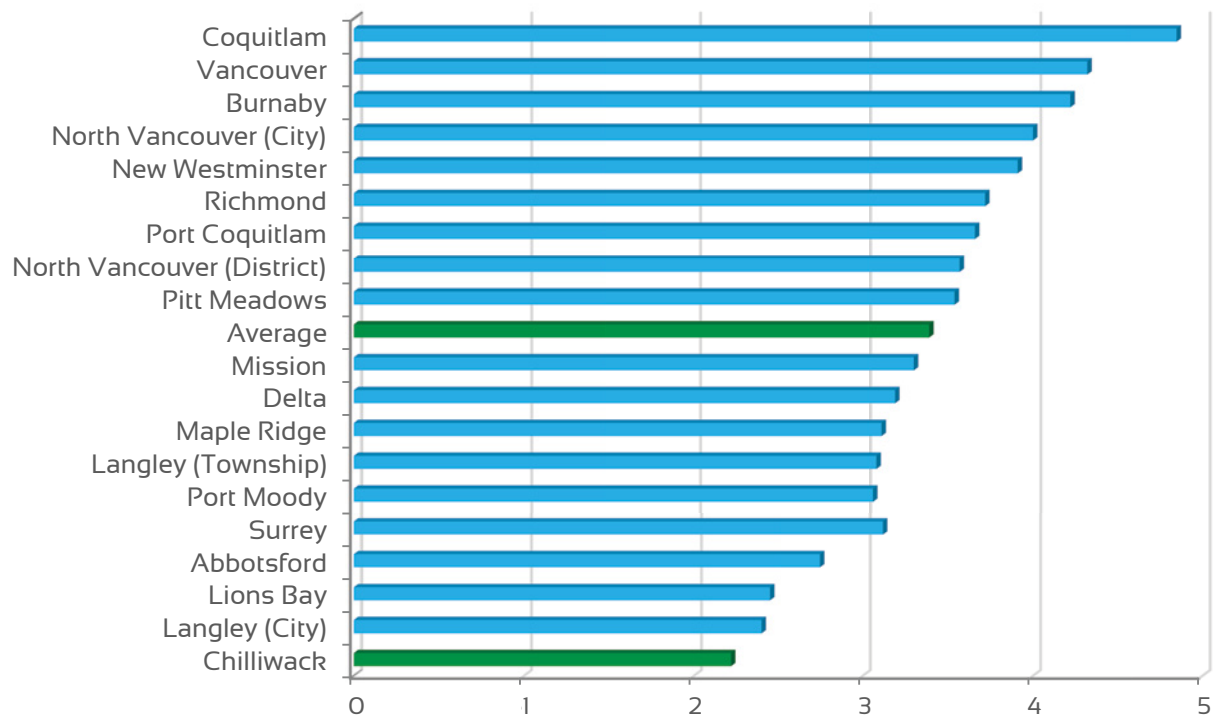




Lower Mainland - Total Taxes & Charges

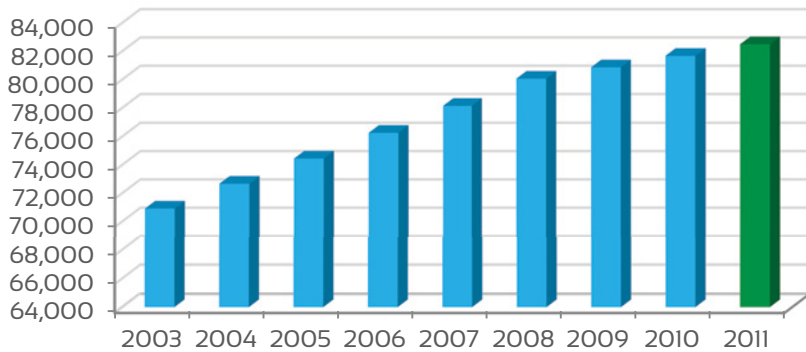


Lower Mainland - Business Class Tax Multiples

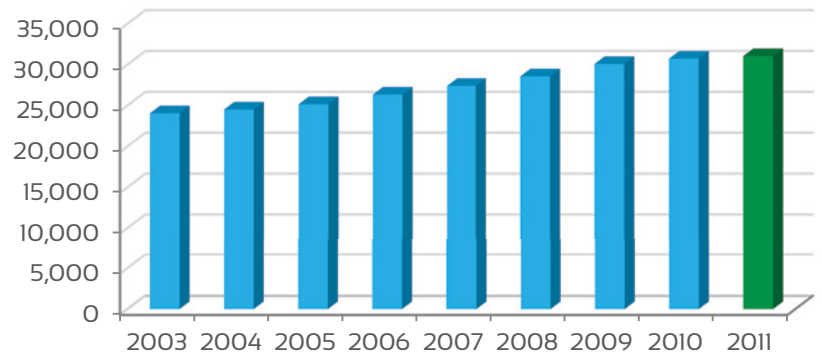




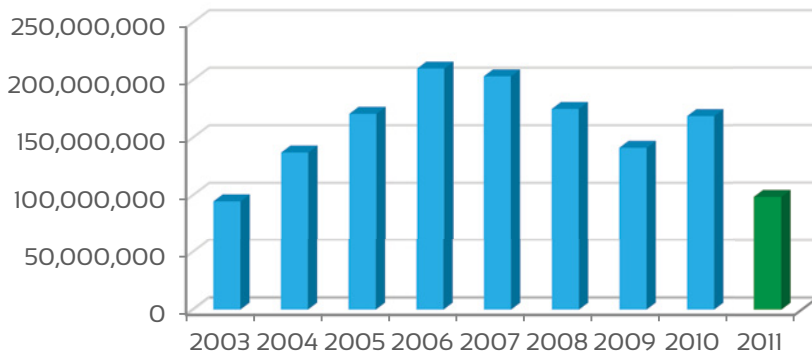
Population Growth



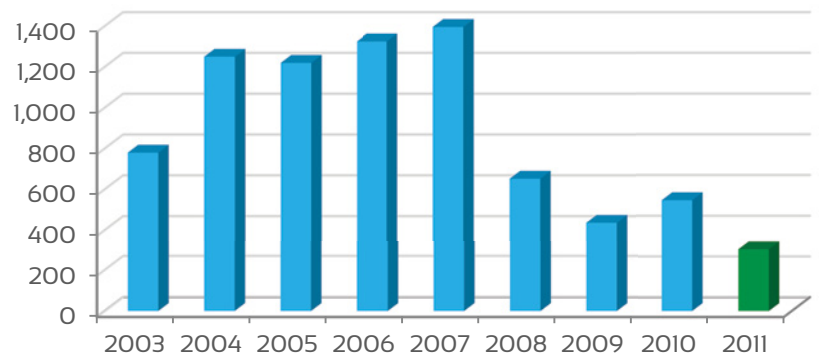
Residential Property Growth



Construction Value



Building Permits





Financial Statements of CITY OF CHILLIWACK

Year ended December 31, 2011



KPMG LLP
Chartered Accountants
200-9123 Mary Street
Chilliwack BC V2P 4H7
Canada

Telephone (604) 793-4700
Fax (604) 793-4747
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Chilliwack

We have audited the accompanying consolidated financial statements of the City of Chilliwack which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Chilliwack as at December 31, 2011, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants

May 1, 2011

Chilliwack, British Columbia



City of Chilliwack

Consolidated Statement of Financial Position

December 31, 2011 with comparative figures for 2010

	2011	2010
Financial Assets		
Cash (Note 2)	\$ 22,555,522	\$ 24,980,088
Portfolio investments (Note 2)	54,214,337	41,778,226
Accounts receivable (Note 3)	21,805,756	27,915,999
Loans receivable (Note 4)	697,003	955,864
	99,272,618	95,630,177
Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 16,212,760	\$ 20,130,276
Development Cost Charges (Note 6)	23,683,738	22,120,094
Unearned revenue (Note 7)	10,148,848	9,597,631
Refundable deposits	5,410,988	5,542,798
Demand loans (Note 8)	1,800,000	1,800,000
Capital partnership obligation (Note 9)	8,740,545	9,384,070
	65,996,879	68,574,869
Net Financial Assets	33,275,739	27,055,308
Non-Financial Assets		
Property Under Development (Note 10)	7,452,265	5,202,965
Tangible Capital Assets (Note 11)	671,475,161	663,663,458
Inventories	772,100	763,557
Prepaid expenses	1,267,016	1,217,848
	680,966,542	670,847,828
Accumulated Surplus (note 12)	\$ 714,242,281	\$ 697,903,136
Represented by:		
Operating Funds	39,132,726	36,523,315
Statutory Reserve Funds	6,722,674	3,697,468
Equity in Tangible Capital Assets & Property Under Development	668,386,881	657,682,353
	\$ 714,242,281	\$ 697,903,136

Chris Crosman, CA

General Manager of Finance & Community Development

See accompanying notes to consolidated financial statements



City of Chilliwack

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31, 2011 with comparative figures for 2010

	2011 Actual	2011 Budget (Unaudited)	2010 Actual
Revenues			
Municipal taxation and grants-in-lieu of taxes	\$ 59,114,712	\$ 57,464,880	\$ 56,106,862
Government grants and transfers	3,665,291	7,321,666	8,475,158
Sale of services	26,339,001	26,774,781	25,603,066
Licences, permits, penalties and fines	2,960,362	3,073,000	3,215,223
Return on investments	1,001,281	572,000	752,626
Development Cost Charges	3,134,720	16,882,800	3,800,725
Developer contributions	12,818,302	4,952,000	27,838,760
Other revenue	1,168,086	955,600	233,274
	110,201,755	117,996,727	126,025,694
Expenditures			
General government services	7,845,369	8,200,300	6,478,087
Protective services	25,114,141	26,066,750	23,678,830
Transportation services	16,587,077	17,348,100	15,511,183
Environmental health services	5,147,112	5,426,670	5,230,258
Water and sewer services	16,973,596	17,499,770	16,260,565
Recreation and cultural services	15,602,689	16,217,729	14,658,249
Planning and development	4,888,190	5,038,950	4,628,506
Interest and other	248,647	232,000	220,180
	92,406,821	96,030,269	86,665,858
Annual Surplus Before Other Revenues (Expenditures)	17,794,934	21,966,458	39,359,836
Other revenues (expenditures)			
Loss on sale of tangible capital assets	(967,290)	-	(278,425)
Net profit from sale of property under development	-	-	1,684,774
Tangible Capital Assets transferred to senior governments	(488,499)	-	(1,832,970)
	(1,455,789)	-	(426,621)
Annual Surplus	16,339,145	21,966,458	38,933,215
Accumulated Surplus, beginning of year	697,903,136	697,903,136	658,969,921
Accumulated Surplus, End of Year	\$ 714,242,281	\$ 719,869,594	\$ 697,903,136

See accompanying notes to consolidated financial statements



City of Chilliwack

Consolidated Statement of Change in Net Financial Assets

Year Ended December 31, 2010 with comparative figures for 2009

	2011 Actual	2011 Budget (Unaudited)	2010 Actual
Annual surplus	\$ 16,339,145	\$ 21,966,458	\$ 38,933,215
Acquisition of tangible capital assets	(14,422,518)	(47,684,300)	(39,180,230)
Acquisition of property under development	(2,249,300)	(2,400,000)	(2,733,656)
Developer contributions	(12,818,302)	(4,952,000)	(27,838,760)
Amortization of tangible capital assets	17,241,653	14,931,000	15,968,852
Net profit from sale of property under development	-	-	(1,684,774)
Proceeds from sale of property under development	-	-	1,750,000
Tangible Capital Assets transferred to senior governments	488,499	-	1,832,970
Loss on sale of tangible capital assets	967,290	-	278,425
Proceeds on sale of tangible capital assets	731,675	-	2,602,561
	6,278,142	(18,138,842)	(10,071,397)
Change in inventories	(8,543)	-	11,044
Change in prepaid expenses	(49,168)	-	(145,682)
Change in net financial assets	6,220,431	(18,138,842)	(10,206,035)
Net financial assets, beginning of year	27,055,308	27,055,308	37,261,343
Net financial assets, end of year	\$ 33,275,739	\$ 8,916,466	\$ 27,055,308

See accompanying notes to consolidated financial statements



City of Chilliwack

Consolidated Statement of Cash Flows

Year Ended December 31, 2011 with comparative figures for 2010

	2011	2010
Cash provided by (used for):		
Operating Activities:		
Annual surplus	\$ 16,339,145	\$ 38,933,215
Non-cash items:		
Amortization of tangible capital assets	17,241,653	15,968,852
Developer contributions	(12,818,302)	(27,838,760)
Tangible Capital Assets transferred to senior governments	488,499	1,832,970
Loss on sale of tangible capital assets	967,290	278,425
Gain on sale of property under development	-	(1,684,774)
Change in non-cash assets and liabilities:		
Accounts receivable	6,110,243	1,151,190
Loans receivable	258,861	(762,161)
Inventories	(8,543)	11,044
Prepaid expenses	(49,168)	(145,682)
Accounts payable and accrued liabilities	(3,917,516)	415,295
Development cost charges	1,563,644	(455,478)
Unearned revenue	551,217	662,708
Refundable deposits	(131,810)	1,320,996
	26,595,213	29,687,840
Capital Activities:		
Proceeds on sale of tangible capital assets	731,675	2,602,561
Acquisition of property under development	(2,249,300)	(2,733,656)
Proceeds on sale of property under development	-	1,750,000
Cash used to acquire tangible capital assets	(14,422,518)	(39,180,230)
	(15,940,143)	(37,561,325)
Investing Activities:		
Portfolio investments	(12,436,111)	14,533,404
	(12,436,111)	14,533,404
Financing Activities:		
Decrease in capital partnership obligation	(643,525)	(607,500)
Increase in demand loans	-	500,000
	(643,525)	(107,500)
Increase (decrease) in cash	(2,424,566)	6,552,419
Cash, beginning of year	24,980,088	18,427,669
Cash, end of year	\$ 22,555,522	\$ 24,980,088

See accompanying notes to consolidated financial statements



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

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 standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. All material interfund and intercompany accounts and transactions have been eliminated.

(b) Portfolio investments:

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

(c) Property under development:

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

(d) Tangible capital assets:

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

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

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

(e) Inventories:

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

(f) Revenue recognition:

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



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits.

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

Actual results could differ from these estimates.

2 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:

	2011	2010
Cash	\$ 22,555,522	\$ 24,980,088
Portfolio Investments	54,214,337	41,778,226
	76,769,859	66,758,314
Less restricted for:		
Statutory Reserve Funds	6,722,674	3,688,272
Restricted Revenue	21,600,075	20,336,919
	28,322,749	24,025,191
Funds available for operational use	\$ 48,447,110	\$ 42,733,123

3 Accounts receivable:

	2011	2010
Taxes	\$ 7,468,626	\$ 6,633,651
Province of British Columbia	459,881	6,499,635
Government of Canada	383,962	1,405,121
Regional and local governments	103,676	100,696
Trade receivables	3,957,271	3,880,965
Accrued interest	623,018	499,035
Tax sale properties subject to redemption	47,663	84,079
Water trade receivables	1,991,593	2,000,858
Sewer trade receivables	4,686,403	5,028,784
Development cost charges	2,083,663	1,783,175
	\$ 21,805,756	\$ 27,915,999



City of Chilliwack

Notes to Consolidated Financial Statements

Year Ended December 31, 2011

4 Loans receivable

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

	2011	2010
Loan, secured by real property, interest at 5.00%	\$ 697,003	\$ 874,312
Loan receivable	-	74,446
Loan receivable	-	7,106
	\$ 697,003	\$ 955,864

5 Accounts payable and accrued liabilities:

	2011	2010
Trade payables	\$ 7,610,935	\$ 10,857,132
Province of British Columbia	1,197,109	1,975,053
Government of Canada	4,094,356	3,886,954
Regional and local governments	306,360	599,137
Landfill closure and post-closure costs	3,004,000	2,812,000
	\$ 16,212,760	\$ 20,130,276

Landfill closure and post-closure costs:

The City has responsibility for closure and post-closure care of the Bailey Landfill site. Potential costs related to closure activities at this site include drainage control, leachate monitoring, gas monitoring and recovery, and final ground cover. The landfill site is expected to require post-closure care for twenty-five years after its estimated closure in 2045. The liability amount of \$3,004,000 (2010 - \$2,812,000) has been recorded by multiplying the estimated net present value of total remaining costs related to closure and post-closure care (\$11,017,000) by the cumulative capacity used (27%) and is reduced as landfill restoration costs are incurred. There are no assets designated for settling the closure and post-closure care liability.

In addition, the City has appropriated a portion of financial equity as a landfill reserve. The balance of \$5,558,250 (2010 - \$5,611,808) is appropriated for other landfill related costs and unforeseen closure and post-closure costs.

6 Development Cost Charges:

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

Developers are entitled to pay development cost charges (DCCs) in equal installments over three years if the total amount payable is equal to or greater than \$50,000. Installments due for the next two years are recorded as accounts receivable and are guaranteed by the developer by providing an irrevocable letter of credit payable to the City of Chilliwack for the remaining amount of DCCs owing. As at December 31, 2011, the amount of the DCCs due over the next two years is \$2,083,663 (2010 - \$1,783,175).

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, 2011

7 **Unearned revenue:**

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

	2011	2010
Opening balance	\$ 1,399,993	\$ 843,763
Received during the year	1,910,279	1,924,870
Interest Earned	42,472	31,360
Spent during the year	(1,637,163)	(1,400,000)
Closing balance	\$ 1,715,581	\$ 1,399,993

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

8 **Demand loans:**

Purpose	Year Maturing	Interest Rate	Balance Outstanding	
			2011	2010
Royal Bank demand loan - Canada Education Park	2012	prime + 0.35%	\$ 1,800,000	\$ 1,800,000
			\$ 1,800,000	\$ 1,800,000

9 **Capital partnership obligation:**

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

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

2012	\$ 1,200,000
2013	1,200,000
2014	1,200,000
2015	1,200,000
2016	1,200,000
Thereafter	5,968,998
	11,968,998
Less amounts representing interest at 5.93%	(3,228,453)
	\$ 8,740,545



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

10 Property under development:

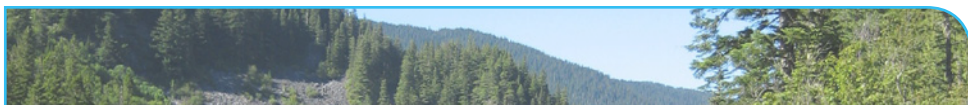
The property under development relates to projects of Chilliwack Economic Partners Corporation as follows:

	2011	2010
Canada Education Park	\$ 5,008,374	\$ 3,313,347
Downtown Redevelopment	2,443,891	1,889,618
	\$ 7,452,265	\$ 5,202,965

Included in property under development is \$349,002 (2010 - \$269,174) in capitalized interest.

11 Tangible capital assets:

	2011				
	Opening Cost	Additions	Disposals	Change - Under Construction	Closing Cost
General					
Land	\$ 109,004,923	\$ 7,183,726	\$ (748,899)	\$ -	\$ 115,439,750
Buildings	103,122,791	1,981,222	(528,971)	-	104,575,042
Equipment	25,145,424	2,169,953	(698,895)	-	26,616,482
Engineering Structures	274,813,309	5,877,929	(35,140)	-	280,656,098
Under Construction	477,982	-	-	509,728	987,710
	512,564,429	17,212,830	(2,011,905)	509,728	528,275,082
Water					
Land	1,764,878	22,506	-	-	1,787,384
Buildings	256,694	-	-	-	256,694
Equipment	1,391,439	138,697	(191,661)	-	1,338,475
Engineering Structures	166,777,441	4,490,755	(608,247)	-	170,659,949
Under Construction	801,081	-	-	(789,866)	11,215
	170,991,533	4,651,958	(799,908)	(789,866)	174,053,717
Sewer					
Land	1,643,155	-	-	-	1,643,155
Equipment	1,572,283	234,145	-	-	1,806,428
Engineering Structures	213,809,114	2,796,481	(608,700)	-	215,996,895
Under Construction	805,244	-	-	2,003,208	2,808,452
	217,829,796	3,030,626	(608,700)	2,003,208	222,254,930
CEPCO					
Land	517,478	-	-	-	517,478
Buildings	5,211,336	119,691	-	-	5,331,027
Equipment	263,955	6,752	-	-	270,707
	5,992,769	126,443	-	-	6,119,212
Tourism Chilliwack					
Goodwill	6,120	-	-	-	6,120
Buildings	110,384	-	-	-	110,384
Equipment	79,211	7,394	-	-	86,605
	195,715	7,394	-	-	203,109
	\$ 907,574,242	\$ 25,029,251	\$ (3,420,513)	\$ 1,723,070	\$ 930,906,050



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

11 Tangible capital assets (continued):

	Opening Accum. Amort.	2011 Amortization	Disposals	Ending Accum. Amort	NBV 2011	NBV 2010
General						
Land	\$ -	\$ -	\$ -	\$ -	115,439,750	\$ 109,004,923
Buildings	20,530,154	3,420,238	(199,435)	23,750,957	80,824,085	82,592,637
Equipment	13,276,036	1,364,189	(577,477)	14,062,748	12,553,734	11,869,388
Engineering Structures	105,540,052	5,615,771	(2,858)	111,152,965	169,503,133	169,273,257
Under Construction	-	-	-	-	987,710	477,982
	139,346,242	10,400,198	(779,770)	148,966,670	379,308,412	373,218,187
Water						
Land	-	-	-	-	1,787,384	1,764,878
Buildings	6,417	12,835	-	19,252	237,442	250,277
Equipment	852,855	68,071	(151,484)	769,442	569,033	538,584
Engineering Structures	43,007,421	2,663,643	(384,983)	45,286,081	125,373,868	123,770,020
Under Construction	-	-	-	-	11,215	801,081
	43,866,693	2,744,549	(536,467)	46,074,775	127,978,942	127,124,840
Sewer						
Land	-	-	-	-	1,643,155	1,643,155
Equipment	621,543	99,267	-	720,810	1,085,618	950,740
Engineering Structures	58,834,167	3,768,526	(405,311)	62,197,382	153,799,513	154,974,947
Under Construction	-	-	-	-	2,808,452	805,244
	59,455,710	3,867,793	(405,311)	62,918,192	159,336,738	158,374,086
CEPCO						
Land	-	-	-	-	517,478	517,478
Buildings	871,661	199,446	-	1,071,107	4,259,920	4,339,675
Equipment	238,299	8,760	-	247,059	23,648	25,656
	1,109,960	208,206	-	1,318,166	4,801,046	4,882,809
Tourism Chilliwack						
Goodwill	-	-	-	-	6,120	6,120
Buildings	72,221	9,458	-	81,679	28,705	38,163
Equipment	59,958	11,449	-	71,407	15,198	19,253
	132,179	20,907	-	153,086	50,023	63,536
	\$ 243,910,784	\$ 17,241,653	\$ (1,721,548)	\$ 259,430,889	\$ 671,475,161	\$ 663,663,458



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

12 Accumulated Surplus:

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

	2011	2010
Operating Funds		
Unrestricted:		
General	\$ 7,125,003	\$ 3,814,048
CEPCO	(226,265)	1,519,522
Tourism	309,152	284,300
Water Fund	2,300,000	2,250,000
Sewer Fund	2,140,000	2,070,000
Building - Protective Services	910,922	1,126,759
Landfill	5,558,250	5,611,808
Sewer future works	9,925,313	8,905,212
Water future works	7,461,374	7,046,015
Work-in-progress	1,749,000	2,439,800
Soil Removal	248,987	272,235
Other	1,630,990	1,183,616
	39,132,726	36,523,315
Statutory Reserve Funds		
General Capital	4,103,531	1,018,510
Equipment Replacement	1,888,856	1,703,590
Subdivision Control	730,287	975,368
	6,722,674	3,697,468
Investment in Tangible Capital Assets & Property Under Development		
General	370,567,867	363,834,116
Water	127,978,941	127,124,839
Sewer	159,336,739	158,374,088
CEPCO	10,453,310	8,285,773
Tourism	50,024	63,537
	668,386,881	657,682,353
	\$ 714,242,281	\$ 697,903,136

13 Collections for other governments:

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

	2011	2010
B.C. Assessment Authority	\$ 856,585	\$ 870,143
Fraser Valley Regional Hospital District	3,053,169	3,132,106
Municipal Finance Authority	2,565	2,459
Ministry of Education	31,753,043	32,628,488
Fraser Valley Regional District	1,462,027	1,820,701
	\$ 37,127,389	\$ 38,453,897



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

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 173,000 active members and approximately 63,000 retired members. Active members include approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and adequacy of Plan funding. The most recent valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be done as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The City of Chilliwack paid \$1,721,580 for employer contributions to the plan in fiscal 2011.

- (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 \$7,322,573 (2010 - \$5,685,410), 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, 2011 was \$54,999,147 (2010 - \$42,403,110). Included in the fair market estimate is accrued interest of \$600,890 (2010 - \$477,547), which is recorded within accounts receivable.

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

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

16 Commitments:

The City is committed to the acquisition of 6 properties with purchase prices totaling approximately \$2,946,000.



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

17 **Segmented Information:**

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

General Government Services

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

Protective Services

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

Transportation Services

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

Landfill Operations

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

Water and Sewer Services

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

Recreation and Cultural Services

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

Environmental Development Services

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

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



City of Chilliwack
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

Table of Segmented Information:

	General Government	Protective Services	Trans. Services	Landfill Operations	Water & Sewer	Recreation & Culture	Planning & Devel.	Interest & Other	2011	2010
Revenues										
Municipal taxation and grants-in lieu of taxes	\$ 16,120,423	\$ 22,948,148	\$ 9,170,216	\$ -	\$ 185,320	\$ 9,917,020	\$ 609,303	\$ 164,282	\$ 59,114,712	\$ 56,106,862
Government grants & transfers	53,481	1,241,732	1,468,079	-	415,196	203,566	283,237	-	3,665,291	8,475,158
Sales of Services	897,006	10,056	500,513	5,513,869	14,901,246	3,185,748	1,330,563	-	26,339,001	25,603,066
Licences, permits, penalties and fines	1,024,551	31,315	-	-	-	-	1,904,496	-	2,960,362	3,215,223
Return on investments	567,375	-	-	-	314,663	-	54,670	64,573	1,001,281	752,626
Developer Cost Charges	-	-	193,014	-	2,027,545	914,161	-	-	3,134,720	3,800,725
Developer contributions	11,897	41,583	7,882,126	-	2,893,671	2,167,415	21,610	-	12,818,302	27,838,760
Other revenue	99,745	230,063	867,463	(192,000)	-	47,616	95,407	19,792	1,168,086	233,274
	18,774,478	24,502,897	19,881,411	5,321,869	20,737,641	16,435,526	4,299,286	248,647	110,201,755	126,025,694
Expenditures										
Salaries and benefits	5,043,458	7,959,013	3,022,056	406,049	3,699,655	3,032,795	2,352,743	-	25,515,769	24,277,542
Goods and services	3,392,128	16,543,884	8,333,658	4,557,818	4,931,599	10,149,721	1,210,394	-	49,119,202	45,922,484
Administration allocation	(1,730,000)	-	-	-	1,730,000	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	248,647	248,647	220,180
Amortization of Tangible Capital Assets	1,139,783	611,244	5,231,363	183,245	6,612,342	2,420,173	1,043,503	-	17,241,653	15,968,852
Transfer of collections	-	-	-	-	-	-	281,550	-	281,550	276,800
	7,845,369	25,114,141	16,587,077	5,147,112	16,973,596	15,602,689	4,888,190	248,647	92,406,821	86,665,858
Annual Surplus Before Other	10,929,109	(611,244)	3,294,334	174,757	3,764,045	832,837	(588,904)	-	17,794,934	39,359,836
Other revenues (expenditures)										
Loss from sale of tangible capital assets	-	-	(500,458)	-	(466,832)	-	-	-	(967,290)	(278,425)
Net profit from sale of property held for resale	-	-	-	-	-	(488,499)	-	-	-	1,684,774
Government transfers related to capital	-	-	(500,458)	-	(466,832)	(488,499)	-	-	(488,499)	(1,832,970)
	-	-	(500,458)	-	(466,832)	(488,499)	-	-	(1,455,789)	(426,621)
Annual Surplus	\$ 10,929,109	\$ (611,244)	\$ 2,793,876	\$ 174,757	\$ 3,297,213	\$ 344,338	\$ (588,904)	\$ -	\$ 16,339,145	\$ 38,933,215



Financial Statements of CHILLIWACK ECONOMIC PARTNERS CORPORATION

Year ended December 31, 2011



KPMG LLP
Chartered Accountants
200-9123 Mary Street
Chilliwack BC V2P 4H7
Canada

Telephone (604) 793-4700
Fax (604) 793-4747
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Chilliwack Economic Partners Corporation

We have audited the accompanying financial statements of Chilliwack Economic Partners Corporation which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of operations and accumulated surplus, change in net debt and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chilliwack Economic Partners Corporation as at December 31, 2011, December 31, 2010 and January 1, 2010, and the results of its operations, its changes in net debt and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian public sector accounting standards.

Chartered Accountants

March 29, 2012
Chilliwack, British Columbia

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CHILLIWACK ECONOMIC PARTNERS CORPORATION


Statements of Financial Position

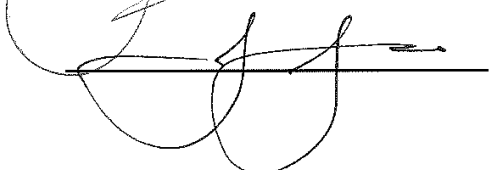
December 31, 2011, December 31, 2010 and January 1, 2010

	December 31 2011	December 31 2010	January 1 2010
Financial assets:			
Cash	\$ 109,877	\$ 1,683,758	\$ 1,377,635
Accounts receivable	132,092	1,511,566	149,913
Loans receivable (Note 2)	697,003	955,864	193,703
	938,972	4,151,188	1,721,251
Financial liabilities:			
Bank indebtedness (Note 3)	895,394	-	-
Accounts payable and accrued liabilities	105,001	2,440,319	1,197,770
Demand loans (Note 4)	1,800,000	1,800,000	1,300,000
Unearned revenue	196,288	225,241	235,973
	2,996,683	4,465,560	2,733,743
Net debt	(2,057,711)	(314,372)	(1,012,492)
Non-financial assets:			
Prepaid expenses	31,446	33,994	30,061
Property under development (Note 5)	7,452,265	5,202,965	2,534,536
Tangible capital assets (Note 6)	4,801,045	4,882,808	5,298,122
	12,284,756	10,119,767	7,862,719
Accumulated surplus (Note 7)	\$ 10,227,045	\$ 9,805,395	\$ 6,850,227

Commitments (Note 12)

See accompanying notes to financial statements.


 _____ Director


 _____ Director



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statements of Operations and Accumulated Surplus

Years ended December 31, 2011 and 2010

	2011 Budget (Unaudited)	2011 Actual	2010 Actual
Revenues:			
Rent	\$ 804,500	\$ 1,001,664	\$ 1,030,192
Economic development (Note 9)	625,000	625,000	725,000
Property development	-	73,803	48,271
Interest	41,900	46,363	39,655
Cost recovery and other receipts	2,000	8,495	9,835
Government programs	16,900	5,000	12,500
Agricultural programs	-	2,525	2,700
Property sales	-	-	2,950,000
	1,490,300	1,762,850	4,818,153
Expenditures:			
Wages and benefits	481,000	441,107	467,450
Amortization	213,300	208,206	218,273
Utilities	25,500	186,849	226,813
Rent	121,800	113,799	120,891
Marketing	82,000	108,624	79,199
Cost of property development	-	60,973	38,029
Insurance	77,000	46,381	73,547
Special economic projects	48,000	45,307	7,662
Repairs and maintenance	50,000	43,067	50,417
Professional fees	22,000	23,052	19,983
Office and miscellaneous	38,100	23,024	20,610
Travel	18,000	15,609	15,771
Consulting fees	40,000	13,471	42,068
Agricultural commission	11,500	10,210	30,488
Interest and bank charges	2,100	1,521	1,698
Cost of property sales	-	-	437,202
Interest on demand loans	-	-	12,884
	1,230,300	1,341,200	1,862,985
Annual surplus	260,000	421,650	2,955,168
Accumulated surplus, beginning of year	9,805,395	9,805,395	6,850,227
Accumulated surplus, end of year	\$ 10,065,395	\$ 10,227,045	\$ 9,805,395

See accompanying notes to financial statements.



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statements of Change in Net Debt

Years ended December 31, 2011 and 2010

	2011 Budget (Unaudited)	2011 Actual	2010 Actual
Annual surplus	\$ 260,000	\$ 421,650	\$ 2,955,168
Acquisition of tangible capital assets	(3,000)	(126,443)	(174,934)
Amortization of tangible capital assets	213,300	208,206	218,273
Gain on sale of property	-	-	(2,512,798)
Proceeds on sale of property	-	-	2,950,000
Increase in property under development	(70,000)	(2,249,300)	(2,733,656)
Change in prepaid expenses	-	2,548	(3,933)
	140,300	(2,164,989)	(2,257,048)
Change in net debt	400,300	(1,743,339)	698,120
Net debt, beginning of year	(314,372)	(314,372)	(1,012,492)
Net financial assets (debt), end of year	\$ 85,928	\$ (2,057,711)	\$ (314,372)

See accompanying notes to financial statements.



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Statements of Cash Flows

Years ended December 31, 2011 and 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 421,650	\$ 2,955,168
Item not involving cash:		
Amortization	208,206	218,273
Gain on sale of property	-	(2,512,798)
	629,856	660,643
Change in non-cash operating working capital:		
Accounts receivable	1,379,474	(1,361,653)
Prepaid expenses	2,548	(3,933)
Accounts payable and accrued liabilities	(2,335,318)	1,242,549
Unearned revenue	(28,953)	(10,732)
	(352,393)	526,874
Capital activities:		
Acquisition of tangible capital assets	(126,443)	(174,934)
Proceeds on sale of property	-	2,950,000
Increase in property under development	(2,249,300)	(2,733,656)
	(2,375,743)	41,410
Investing activities:		
Repayments net of (issuances) of loans receivable	258,861	(762,161)
Financing activities:		
Proceeds from demand loans	-	500,000
Increase in bank indebtedness	895,394	-
	895,394	500,000
Increase (decrease) in cash	(1,573,881)	306,123
Cash, beginning of year	1,683,758	1,377,635
Cash, end of year	\$ 109,877	\$ 1,683,758
Supplemental cash flow information:		
Cash paid for interest	\$ 79,828	\$ 23,358
Cash received from interest	51,052	45,390

See accompanying notes to financial statements.



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements

Years ended December 31, 2011 and 2010

General:

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

On January 1, 2011, the Corporation adopted standards issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. These are the first financial statements prepared in accordance with PSAB.

In accordance with the transitional provisions in PSAB, the Corporation has adopted the changes retrospectively. The transition date is January 1, 2010 and all comparative information provided has been presented by applying PSAB.

There are no adjustments to accumulated surplus as at January 1, 2010 or annual surplus for the year ended December 31, 2010 as a result of the transition to PSAB.

1. Significant accounting policies:

These financial statements are prepared using guidelines issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Corporation's significant accounting policies are as follows:

(a) Property under development or held for sale:

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

(b) Tangible capital assets:

Tangible 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 using the following methods and annual rates:

Asset	Basis	Useful life - years
Buildings	Declining balance	4%
Computer and office equipment	Declining balance	20% - 30%
Telecommunication equipment	Declining balance	20%



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

1. Significant accounting policies (continued):

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

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

(c) Revenue recognition:

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

(d) Budget figures:

Budget figures are approved by the Board of Directors and are not audited.

(e) Use of estimates:

The preparation of the 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 revenue and expenses during the year. Actual results could differ from those estimates.

2. Loans receivable:

	2011	2010
Loan receivable in quarterly instalments of \$54,506 including interest at 5.00%; secured by real property	\$ 697,003	\$ 874,312
Loan receivable	-	74,446
Loan receivable	-	7,106
	697,003	955,864

3. Bank indebtedness:

The Corporation has an operating line of credit for a maximum of \$3,000,000 (2010 - \$3,000,000) that is due on demand, bears interest at prime plus 0.35% and is secured by a general security agreement.



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

4. Demand loan:

The revolving demand loan is available to finance capital expenditures associated with the Corporation's initiatives including the Canada Education Park. The maximum available limit for the facility is \$1,800,000 and is on an interest-only basis with the principal due in full on July 31, 2012. The interest rate is set at prime plus 0.35%. Security for the facility is in the form of a guarantee from the City of Chilliwack for the amount of debt outstanding.

5. Property under development or held for sale:

	2011	2010
Canada Education Park:		
Land	\$ 1,579,469	\$ 1,579,469
Roads, water, and sewer	2,581,392	869,330
Buildings	525,628	542,663
Other improvements	321,885	321,885
	5,008,374	3,313,347
Downtown Redevelopment:		
Building	67,037	19,513
Empress Hotel Property:		
Land	1,870,105	1,870,105
Ewert Property:		
Land and Building	506,749	-
	\$ 7,452,265	\$ 5,202,965

Included in property under development is \$349,002 (2010 - \$269,174) in capitalized interest.



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

6. Tangible capital assets:

	2011 Opening Cost	Additions	Disposals	2011 Closing Cost
Buildings	\$ 4,479,177	\$ 95,101	\$ -	\$ 4,574,278
Leasehold improvements	732,159	24,590	-	756,749
Computer and office equipment	164,077	6,752	-	170,829
Website	76,587	-	-	76,587
Telecommunication equipment	23,291	-	-	23,291
Land	517,478	-	-	517,478
	\$ 5,992,769	\$ 126,443	\$ -	\$ 6,119,212

	2011 Opening Accumulated Amortization	Disposals	Amortization Expense	2011 Closing Accumulated Amortization
Buildings	\$ 640,140	\$ -	\$ 152,646	\$ 792,786
Leasehold improvements	231,521	-	46,800	278,321
Computer and office equipment	141,861	-	8,075	149,936
Website	76,587	-	-	76,587
Telecommunication equipment	19,852	-	685	20,537
	\$ 1,109,961	\$ -	\$ 208,206	\$ 1,318,167

	2011 Opening Net Book Value	2011 Closing Net Book Value
Buildings	\$ 3,839,037	\$ 3,781,492
Leasehold improvements	500,638	478,428
Computer and office equipment	22,216	20,893
Website	-	-
Telecommunication equipment	3,439	2,754
Land	517,478	517,478
	\$ 4,882,808	\$ 4,801,045



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

6. Tangible capital assets (continued):

	2010 Opening Cost	Additions	Disposals	2010 Closing Cost
Buildings	\$ 4,312,950	\$ 166,227	\$ -	\$ 4,479,177
Leasehold improvements	725,509	6,650	-	732,159
Computer and office equipment	162,020	2,057	-	164,077
Website	76,587	-	-	76,587
Telecommunication equipment	23,291	-	-	23,291
Land	889,453	-	(371,975)	517,478
	\$ 6,189,810	\$ 174,934	\$ (371,975)	\$ 5,992,769

	2010 Opening Accumulated Amortization	Disposals	Amortization Expense	2010 Closing Accumulated Amortization
Buildings	\$ 481,199	\$ -	\$ 158,941	\$ 640,140
Leasehold improvements	181,473	-	50,048	231,521
Computer and office equipment	133,435	-	8,426	141,861
Website	76,587	-	-	76,587
Telecommunication equipment	18,994	-	858	19,852
	\$ 891,688	\$ -	\$ 218,273	\$ 1,109,961

	2010 Opening Net Book Value	2010 Closing Net Book Value
Buildings	3,831,751	3,839,037
Leasehold improvements	544,036	500,638
Computer and office equipment	28,585	22,216
Website	-	-
Telecommunication equipment	4,297	3,439
Land	889,453	517,478
	\$ 5,298,122	\$ 4,882,808



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

7. Accumulated surplus:

	2011	2010
Share capital (Note 8)	\$ 100	\$ 100
Equity in tangible capital assets	10,453,310	8,285,773
Unrestricted equity	(226,365)	1,519,522
	<u>\$ 10,227,045</u>	<u>\$ 9,805,395</u>

8. Share capital:

	2011	2010
Issued and authorized with no par value:		
100 Common shares	\$ 100	\$ 100

9. Related party transactions and economic dependence:

During the year, the City of Chilliwack (the "City") provided \$550,000 (2010 - \$650,000) in revenue for economic development purposes.

During the year, the City provided \$75,000 (2010 - \$75,000) in additional revenue to offset rent costs.

Included in accounts receivable are \$nil (2010 - \$1,362,000) of costs that the City has agreed to pay related to providing utility services for the Canada Education Park. Included in accounts payable is \$nil (2010 - \$20,000) that is due to the City.

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

A member of the Corporation's Board is a partner in a legal firm to which the Corporation paid \$7,086 (2010 - \$23,901) 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 debt of the Corporation as described in Note 4.

The Corporation is wholly-owned by the City.



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

10. Fair value of financial assets and financial liabilities:

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

11. Income taxes:

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

12. Commitments:

The Corporation has committed to lease premises until April 2014 for minimum annual lease payments of \$57,045.

13. Segmented information:

The Corporation is a diversified other government organization that provides a wide range of services, including:

Property sales

Property sales includes the proceeds and costs related to the development and sales of commercial industrial or institutional buildings and lots in Chilliwack.

Rent

Rent includes all activities associated with the rental of buildings and land owned by the Corporation.

Economic development

Economic development includes all activities associated with the economic development activity in Chilliwack.

The following table outlines the Corporation's revenues and expenditures by operating segments:



CHILLIWACK ECONOMIC PARTNERS CORPORATION

Notes to financial statements (continued)

Years ended December 31, 2011 and 2010

13. Segmented information (continued):

	Property Sales	Rent	Economic Development	2011	2010
Revenues:					
Rent	\$ -	\$ 1,001,664	\$ -	\$ 1,001,664	\$ 1,030,192
Economic development	-	-	625,000	625,000	725,000
Property development	73,803	-	-	73,803	48,271
Interest	46,363	-	-	46,363	39,655
Other	-	-	16,020	16,020	25,035
Property sales	-	-	-	-	2,950,000
	120,166	1,001,664	641,020	1,762,850	4,818,153
Expenditures:					
Wages and benefits	8,822	92,632	339,653	441,107	467,450
Insurance and utilities	-	233,230	-	233,230	300,360
Amortization	-	199,445	8,761	208,206	218,273
Rent	5,690	23,898	84,211	113,799	120,891
Marketing	-	-	108,624	108,624	79,199
Other	20,356	20,356	46,175	86,887	143,502
Cost of property development	60,973	-	-	60,973	38,029
Special economic projects	-	-	45,307	45,307	7,662
Repairs and maintenance	-	43,067	-	43,067	50,417
Cost of property sales	-	-	-	-	437,202
	95,841	612,628	632,731	1,341,200	1,862,985
	\$ 24,325	\$ 389,036	\$ 8,289	\$ 421,650	\$ 2,955,168


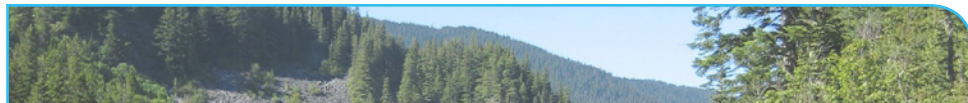


Photo Credit: Arnold Nicholas

Financial Statements of **TOURISM CHILLIWACK INC.**

Year ended December 31, 2011



KPMG LLP
Chartered Accountants
200-9123 Mary Street
Chilliwack BC V2P 4H7
Canada

Telephone (604) 793-4700
Fax (604) 793-4747
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Tourism Chilliwack Inc.

We have audited the accompanying financial statements of Tourism Chilliwack Inc. which comprise the statement of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of operations, change in net financial assets and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tourism Chilliwack Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010 and the results of its operations, its changes in net financial assets and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian public sector accounting standards.

Chartered Accountants

February 14, 2012
Chilliwack, British Columbia

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.



TOURISM CHILLIWACK INC.

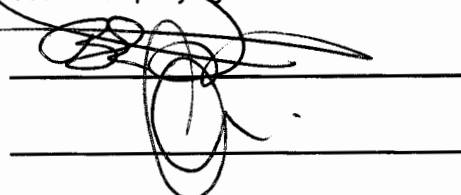
Statements of Financial Position

December 31, 2011, December 31, 2010 and January 1, 2010

	December 31 2011	December 31 2010	January 1 2010
Financial assets:			
Cash and cash equivalents	\$ 135,602	\$ 306,792	\$ 249,199
Accounts receivable	21,214	27,482	25,530
Long-term investments (Note 3)	188,172	-	-
	<u>344,988</u>	<u>334,274</u>	<u>274,729</u>
Financial liabilities:			
Accounts payable and accrued liabilities	26,520	26,958	32,089
Deferred revenue	34,838	61,229	51,636
	<u>61,358</u>	<u>88,187</u>	<u>83,725</u>
Net financial assets	<u>283,630</u>	<u>246,087</u>	<u>191,004</u>
Non-financial assets:			
Inventories (Note 4)	12,078	16,932	15,932
Prepaid expenses and deposits	13,445	15,162	18,648
Tangible capital assets (Note 5)	43,904	57,417	82,815
Goodwill	6,120	6,120	6,120
	<u>75,547</u>	<u>95,631</u>	<u>123,515</u>
Accumulated surplus (Note 2)	<u>\$ 359,177</u>	<u>\$ 341,718</u>	<u>\$ 314,519</u>
Represented by:			
Share capital (Note 6)	\$ 1	\$ 1	\$ 1
Unrestricted equity	315,272	284,300	231,703
Equity in tangible capital assets	43,904	57,417	82,815
	<u>\$ 359,177</u>	<u>\$ 341,718</u>	<u>\$ 314,519</u>

Commitment (Note 11)

See accompanying notes to financial statements.


 _____ Director
 _____ Director



TOURISM CHILLIWACK INC.

Statements of Operations

Years ended December 31, 2011 and 2010

	2011 Budget (Unaudited)	2011 Actual	2010 Actual
Revenues:			
Grant revenues	\$ 179,472	\$ 160,200	\$ 165,000
Hotel tax	142,000	143,023	150,050
Advertising revenues	142,735	131,370	131,806
Retail sales and other revenues	89,850	89,203	123,738
Interest income	2,000	8,307	2,002
Fundraising revenues	6,000	4,570	5,338
	562,057	536,673	577,934
Cost of retail sales and other revenues	49,000	43,011	53,726
	513,057	493,662	524,208
Expenditures:			
Salaries and benefits	229,405	235,934	220,516
Advertising	138,400	95,449	118,394
Printing and material costs	45,368	43,624	49,319
Amortization of tangible capital assets	21,201	20,907	27,828
Office and general	22,255	15,661	15,329
Professional fees	13,100	15,002	15,124
Vehicles	-	13,693	13,022
Repairs and maintenance	14,425	12,625	12,618
Training courses	11,250	7,640	8,942
Telephone	7,475	7,324	6,922
Utilities	4,250	4,324	4,324
Interest and bank charges	2,000	2,022	1,930
Courier and delivery charges	3,600	1,998	2,741
	512,729	476,203	497,009
Annual surplus (Note 2)	328	17,459	27,199
Accumulated surplus, beginning of year (Note 2)	341,718	341,718	314,519
Accumulated surplus, end of year	\$ 342,046	\$ 359,177	\$ 341,718

See accompanying notes to financial statements.



TOURISM CHILLIWACK INC.

Statements of Change in Net Financial Assets

Years ended December 31, 2011 and 2010

	2011 Budget	2010 Actual	2010 Actual
	(Unaudited)		
Annual surplus	\$ 328	\$ 17,459	\$ 27,199
Acquisition of tangible capital assets	-	(7,394)	(2,430)
Amortization of tangible capital assets	21,201	20,907	27,828
	21,201	13,513	25,398
Change in inventories	-	4,854	(1,000)
Change in prepaid expenses	-	1,717	3,486
	-	6,571	2,486
Change in net financial assets	21,529	37,543	55,083
Net financial assets, beginning of year	246,087	246,087	191,004
Net financial assets, end of year	\$ 267,616	\$ 283,630	\$ 246,087

See accompanying notes to financial statements.



TOURISM CHILLIWACK INC.

Statements of Cash Flows

Years ended December 31, 2011 and 2010

	2011	2010
Cash provided by (used in):		
Operations		
Annual surplus	\$ 17,459	\$ 27,199
Item not involving cash:		
Amortization of tangible capital assets	20,907	27,828
	38,366	55,027
Change in non-cash operating assets and liabilities:		
Accounts receivable	6,268	(1,952)
Inventories	4,854	(1,000)
Prepaid expenses and deposits	1,717	3,486
Accounts payable and accrued liabilities	(438)	(5,131)
Deferred revenue	(26,391)	(9,593)
	24,376	60,023
Capital activities:		
Acquisition of tangible capital assets	(7,394)	(2,430)
Investing activities:		
Acquisition of long-term investments	(188,172)	-
Increase (decrease) in cash and cash equivalents	(171,190)	57,593
Cash and cash equivalents, beginning of year	306,792	249,199
Cash and cash equivalents, end of year	\$ 135,602	\$ 306,792

See accompanying notes to financial statements.



TOURISM CHILLIWACK INC.

Notes to Financial Statements

Years ended December 31, 2011 and 2010

General:

Tourism Chilliwack Inc. (the "Company") was incorporated on December 16, 2006 and began operations on January 1, 2007. The Company is wholly-owned by the City of Chilliwack. The mandate of the Company 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.

On January 1, 2011, the Company adopted standards issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. These are the first financial statements prepared in accordance with PSAB.

In accordance with the transitional provisions in PSAB, the Company has adopted the changes retrospectively. The transition date is January 1, 2010 and all comparative information provided has been presented by applying PSAB.

The transitional adjustment is described in Note 2.

1. Significant accounting policies:

These financial statements are prepared using standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Company's significant accounting policies are as follows:

(a) Inventories:

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

(b) Tangible capital assets:

Tangible capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Useful life - years
Furniture and fixtures	Declining balance	30%
Computer	Declining balance	30%
Leasehold improvements	Declining balance	30%
Website	Declining balance	45%



TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

1. Significant accounting policies (continued):

(c) Revenue recognition:

Grant revenues are recognized when the grants have been approved and the conditions required to earn the grants have been completed.

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) Long-term investments:

Long-term investments are recorded at amortized cost plus accrued interest. If it is determined that there is a permanent impairment in the value of an investment, it is written down to net realizable value.

(e) Goodwill:

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated, at the date of the business combination, to the Company'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 may 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.



TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

1. Significant accounting policies (continued):

(f) Budget figures:

Budget figures represent its budget approval by board of directors and are not subject to audit.

(g) Use of estimates:

The preparation of the 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 revenue and expenses during the year. Actual results could differ from those estimates.

2. Transitional adjustments:

In accordance with PSAB guidelines, the Company has made the following adjustment:

Deferred revenue:

Grant revenues are recognized when the grants have been approved and spent to purchase tangible capital assets.

The impact of this adjustment on Accumulated surplus and Annual surplus is as follows:

(a) Accumulated surplus:

Accumulated surplus:

As previously reported under Canadian generally accepted accounting principles, December 31, 2009	\$ 260,754
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Adjustment to recognized grants for capital assets as revenue when spent	53,765
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Restated, January 1, 2010	\$ 314,519
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TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

2. Transitional adjustments (continued):

(b) Annual surplus:

As previously reported under Canadian generally accepted accounting principles for year ended December 31, 2010	\$	43,534
Decrease in grant revenues as a result of recognizing grants when spent		(16,335)
Restated for the year ended December 31, 2010	\$	27,199

3. Long-term investments:

	2011	2010
Term deposit with interest at 1.25%, maturing on June 30, 2013	\$ 104,484	\$ -
Term deposit with interest at 1.25%, maturing on June 29, 2013	83,688	-
	\$ 188,172	\$ -

4. Inventories:

	2011	2010
Flag shop inventory	\$ 9,436	\$ 9,861
Maps and books	2,642	7,071
	\$ 12,078	\$ 16,932



TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

5. Tangible capital assets:

	2011 Opening Cost	Additions	Disposals	2011 Closing Cost
Furniture and fixtures	\$ 19,695	\$ 1,560	\$ -	\$ 21,255
Website	42,544	1,500	-	44,044
Computer	16,971	4,334	-	21,305
Leasehold improvements	110,384	-	-	110,384
	\$ 189,594	\$ 7,394	\$ -	\$ 196,988

	2011 Opening Accumulated Amortization	Disposals	Amortization expense	2011 Closing Accumulated Amortization
Furniture and fixtures	\$ 13,212	\$ -	\$ 2,411	\$ 15,623
Website	34,277	-	4,396	38,673
Computer	12,468	-	2,651	15,119
Leasehold improvements	72,220	-	11,449	83,669
	\$ 132,177	\$ -	\$ 20,907	\$ 153,084

	2011 Opening Net book value	2011 Closing Net book value
Furniture and fixtures	\$ 6,483	\$ 5,632
Website	8,267	5,371
Computer	4,503	6,186
Leasehold improvements	38,164	26,715
	\$ 57,417	\$ 43,904

6. Share capital:

	2011	2010
Authorized: Unlimited Common shares		
Issued and authorized with no par: 100 Common shares	\$ 1	\$ 1



TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

7. Related party transactions and economic dependence:

During the year, the City of Chilliwack (the "City") provided a \$130,000 (2010 - \$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.

8. Financial instruments:

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

9. Income taxes:

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

10. Employee future benefits:

The Company and its employees contribute to the Municipal Pension Plan (Plan), a jointly trusteesd 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 included 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 the Plan funding. The most recent valuation as at December 31, 2009 indicated an underfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012, with results available in 2013. The actuary does not attribute portions of the surplus to individual employers.



TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

11. Commitment:

The Company entered into an agreement in 2011 with the City of Chilliwack which will take into effect on January 1, 2012. The agreement outlines the management and operation of Chilliwack Heritage Park. The Company will receive \$300,000 annually over the five year agreement for operating the Chilliwack Heritage Park. The Company will be responsible for operating costs of Chilliwack Heritage Park.

As a condition of the agreement with the City, the Company issued a non-revocable Letter of Credit in the amount of \$50,000 as a guarantee for the due and faithful performance of the agreement.

12. Segmented information:

The Company is a diversified other government organization that provides a range of services, including:

Tourism Services

Tourism Services includes all activities associated with the operation of the Chilliwack Visitor Centre including co-ordinating and delivering tourism marketing programs aimed at promoting Chilliwack as a tourist destination.

Retail Services

Retail Services includes all activities associated with operation of the Flag Shop including selling various national and international flags and other souvenir items.

The following table outlines the Company's revenues and expenditures by operating segments:



TOURISM CHILLIWACK INC.

Notes to Financial Statements (continued)

Years ended December 31, 2011 and 2010

12. Segmented information (continued):

	Tourism services	Retail services	2011	2010
Revenues:				
Grant revenues	\$ 160,200	\$ -	\$ 160,200	\$ 165,000
Hotel tax	143,023	-	143,023	150,050
Advertising revenues	131,370	-	131,370	131,806
Retail sales and other revenues	-	89,203	89,203	123,738
Interest income	8,307	-	8,307	2,002
Fundraising revenues	4,570	-	4,570	5,338
	447,470	89,203	536,673	577,934
Cost of retail sales and other revenues	-	43,011	43,011	53,726
	447,470	46,192	493,662	524,208
Expenditures:				
Salaries and benefits	214,524	21,410	235,934	220,516
Advertising	92,467	2,982	95,449	118,394
Printing and material costs	43,624	-	43,624	49,319
Amortization of tangible capital assets	20,907	-	20,907	27,828
Office and general	12,110	3,551	15,661	15,329
Professional fees	14,502	500	15,002	15,124
Vehicles	13,693	-	13,693	13,022
Repairs and maintenance	12,490	135	12,625	12,618
Training courses	6,860	780	7,640	8,942
Telephone	6,813	511	7,324	6,922
Utilities	4,324	-	4,324	4,324
Interest and bank charges	2,022	-	2,022	1,930
Courier and delivery charges	749	1,249	1,998	2,741
	445,085	31,118	476,203	497,009
	\$ 2,385	\$ 15,074	\$ 17,459	\$ 27,199



CITY OF CHILLIWACK



Address: 8550 Young Road
Chilliwack, BC, Canada
Phone: 604-792-9311
Fax: 604-795-8443