



AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED,
DECEMBER 31, 2007



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Auditors' Report

To the Members of Council of
THE CORPORATION OF THE CITY OF VERNON

We have audited the consolidated statement of financial position of The Corporation of the City of Vernon as at December 31, 2007 and the consolidated statements of financial activities, equity in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Vernon, British Columbia
March 14, 2008

THE CORPORATION OF THE CITY OF VERNON
Consolidated Statement of Financial Position
Statement A



December 31		2007	2006
Financial Assets			
Cash and investments		\$ 42,757,613	\$ 48,997,782
Accounts receivable	(Note 3)	12,080,085	8,853,828
Prepaid expenses		552,442	57,754
Municipal Finance Authority deposits		3,050,161	3,250,400
		<u>58,440,301</u>	<u>61,159,764</u>
Liabilities			
Bank advances		311,507	2,541,583
Accounts payable and accrued liabilities	(Note 4)	14,712,114	15,177,756
Municipal Finance Authority reserves		3,050,161	3,250,400
Long-term debt	(Note 11)	46,785,022	49,797,838
Deferred charges	(Schedule 6)	13,808,604	14,159,343
		<u>78,667,408</u>	<u>84,926,920</u>
Net Debt		(20,227,107)	(23,767,156)
Physical Assets			
Tangible capital assets	(Note 5)	<u>214,042,516</u>	<u>200,251,232</u>
NET POSITION		<u>\$ 193,815,409</u>	<u>\$ 176,484,076</u>
Municipal Position			
Financial equity	(Note 6)	26,557,916	26,030,682
Equity in tangible capital assets	(Note 7)	<u>167,257,493</u>	<u>150,453,394</u>
		<u>\$ 193,815,409</u>	<u>\$ 176,484,076</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Approved by:

 Manager of Finance

THE CORPORATION OF THE CITY OF VERNON
Consolidated Statement of Financial Activities
Statement B



For the Year Ended December 31	Budget 2007	Actual 2007	Actual 2006
Revenue			
Taxation (Note 8)	\$ 20,830,471	\$ 20,151,533	\$ 19,523,778
Services provided to other local governments	1,713,531	1,525,673	1,341,050
Government grants	3,644,200	4,214,591	3,955,463
Sales of services:			
Licences and permits	1,514,800	1,855,749	1,937,907
Sewer fees and charges	8,410,927	8,590,816	8,003,986
Environmental health	1,308,000	1,387,361	1,359,103
Airport	-	726,184	645,802
Public transit and parking	1,244,800	1,344,656	1,279,851
Development fees	360,500	371,384	437,582
Fines and rentals	622,000	638,159	701,944
Other	633,100	937,970	814,228
Fiscal services:			
Penalties and interest on taxes	255,000	282,256	257,654
Interest on investments	266,617	2,688,001	2,670,963
Interest on overdue trade receivables & utilities	38,000	66,884	59,195
Natural gas system lease and franchise agreement	3,052,000	3,022,879	3,104,719
Proceeds of land sales	2,000,000	103,060	3,911,654
Capital contributions from developers	1,150,000	3,578,358	3,548,161
	47,043,946	51,485,514	53,553,050
Expenditures			
General government and common services	5,952,451	5,624,240	4,581,096
Protective services:			
Police	7,450,642	6,782,956	6,936,183
Fire and rescue	3,097,901	2,948,492	2,794,151
Bylaw enforcement	476,277	495,204	207,618
Planning, development and engineering	2,688,587	2,568,003	2,116,796
Operations:			
Road transportation	3,412,426	3,513,957	2,641,296
Airport	97,985	815,712	795,338
Public transit and parking	2,152,856	2,202,764	1,921,467
Storm drainage	210,476	183,063	196,678
Environmental health	1,158,172	1,274,852	1,226,135
Public health	184,033	272,436	158,688
Sanitary sewer	3,504,098	3,310,441	3,491,248
Other	1,026,490	1,206,416	1,054,407
Fiscal services:			
Interest on long-term debt	4,625,898	3,391,713	3,572,137
Other interest and bank charges	125,982	844	151,905
Tangible capital asset acquisitions	10,027,048	13,354,371	13,417,679
	46,191,322	47,945,464	45,262,822
Net revenues for the year	852,624	3,540,050	8,290,228
Principal payments on long-term debt	2,669,849	3,012,816	3,524,598
Change in fund balances	\$ (1,817,225)	\$ 527,234	\$ 4,765,630

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF VERNON
Consolidated Statement of Equity in Fund Balances
Statement C



December 31	2007	2006
Consolidated equity in fund balances, beginning of year	\$ 176,484,076	\$ 156,342,740
Increase (decrease) in financial equity:		
Operating funds	282,339	2,148,886
Capital funds	311,522	(199,474)
Statutory reserve funds	(66,627)	2,816,218
Increase in equity in tangible capital assets	16,804,099	15,375,706
Consolidated equity in fund balances, end of year	\$ 193,815,409	\$ 176,484,076

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF VERNON
Consolidated Statement of Cash Flows
Statement D



December 31	2007	2006
Cash provided by (used in):		
Operating activities:		
Net revenues for the year	\$ 3,540,050	\$ 8,290,228
Changes in non-cash working capital items:		
Receivables	(3,226,257)	(2,917,014)
Prepaid expenses	(494,688)	(120)
Payables	(2,695,718)	3,434,142
Deferred charges	(350,740)	1,587,870
	<u>(3,227,353)</u>	<u>10,395,106</u>
Financing activities:		
Principal payments on long-term debt	(3,012,816)	(3,524,598)
	<u>(3,012,816)</u>	<u>(3,524,598)</u>
Increase (decrease) in cash and investments	(6,240,169)	6,870,508
Cash and investments, beginning of year	<u>48,997,782</u>	<u>42,127,274</u>
Cash and investments, end of year	<u>\$ 42,757,613</u>	<u>\$ 48,997,782</u>
Cash and investments are represented by:		
Cash on hand and on deposit	\$ 4,937,987	\$ 5,044,772
Investments	<u>37,819,626</u>	<u>43,953,010</u>
	<u>\$ 42,757,613</u>	<u>\$ 48,997,782</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



Year Ended December 31, 2007

1. Significant Accounting Policies:

a) Basis of Accounting:

The consolidated financial statements of the City of Vernon are prepared by management in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. In line with the standards, the resources and operations of the City are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity with responsibility for the stewardship of the assets allocated to it. The accrual method for reporting revenues and expenses has been used.

b) Basis of Consolidation:

The consolidated statements include all funds of the City and the Wholly-Owned Subsidiaries. Inter-fund revenues, expenses, assets, and liabilities have been eliminated.

c) Measurement Uncertainty:

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

d) Tangible Capital Assets:

Tangible capital assets are recorded at cost and are not subject to amortization. Donated or contributed tangible capitals assets are recorded at fair market value at the time of transfer.

e) Debt Charges:

Debt principal payments are charged against current operating revenue in the periods in which they are paid. Interest is recorded on an accrued basis.

f) Deferred Charges:

Deferred charges are comprised of levied and unused Development Cost Charges; Sidewalk Gifting funds; Foothills/Silver Star Road Development funds; and Federal Gas Tax transfer payments. These funds are recorded as revenue in the year they are used to fund tangible capital asset additions.

g) Reserves:

Statutory reserve funds are used for future capital expenses as designated by bylaw and City Council. Reserve accounts for future expenses are amounts set aside from past and current operations and are not governed by bylaw.

h) Government Transfers:



Year Ended December 31, 2007

Government transfers are recognized in the consolidated statements as revenue in the period in which the event giving rise to the transfer occurs, provided the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

i) Financial Instruments:

The City's financial instruments consist of cash, short-term investments, accounts receivable, bank advances, accounts payable, and long-term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

j) Budget Figures:

The budget figures are from the annual Financial Plan Bylaw. They have been reallocated to conform to PSAB financial statement presentation requirements. These figures have not been subjected to the same auditing procedures applied to the actual financial statement figures and are presented for information purposes only. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

k) Comparative Figures:

Some of the comparative figures have been modified to conform to the financial statement presentation adopted in the current year.

l) PSAB Section 3150 Initiative (Tangible Capital Assets) Compliance Update:

Progress began in 2007 to prepare for the coming reporting requirements of this initiative from the Public Sector Accounting Board. A draft capital asset accounting policy was prepared in 2007 in order to streamline the way tangible capital assets are recognized, grouped, recorded, and amortized upon full compliance. This policy will be finalized in 2008. The City's existing tangible capital assets were segregated into ten proposed categories for purposes of tracking and measuring amortization. In 2007, City staff began researching existing databases on three of these categories to compile the necessary information to achieve compliance. Implementation of the remaining categories of assets should be completed in 2008.

2. Restricted Cash

Included in cash and investments are the following internally restricted amounts:

	2007	2006
Statutory Reserve Funds	\$ 3,479,623	\$ 3,479,623
Deferred Charges	9,685,888	9,403,115
Reserve Accounts for Future Expenses	20,046,064	19,988,034
	\$ 33,211,575	\$ 32,870,772

THE CORPORATION OF THE CITY OF VERNON
Notes to the Consolidated Financial Statements



Year Ended December 31, 2007

3. Accounts Receivable

	2007	2006
Property taxes	\$ 739,192	\$ 896,905
Utility billings	4,378,508	4,308,843
Trade accounts	2,404,373	1,472,230
Other governments	3,370,682	999,052
Other receivables	1,187,330	1,176,798
	<u>\$ 12,080,085</u>	<u>\$ 8,853,828</u>

4. Accounts Payable and Accrued Liabilities

	2007	2006
Trade payables	\$ 7,113,024	\$ 4,852,998
Prepaid property taxes	1,822,103	1,634,832
Salaries, wages and related costs	2,125,211	1,935,205
Deposits and holdbacks	2,944,257	2,898,539
Prepaid fees & charges	106,565	239,812
Other accrued liabilities	600,954	3,616,370
	<u>\$ 14,712,114</u>	<u>\$ 15,177,756</u>

5. Tangible Capital Assets

	2007	2006
Engineering structures	\$ 149,051,165	\$ 136,189,577
Buildings	12,456,477	11,832,674
Machinery & equipment	15,537,025	14,595,089
Capital leases	21,681,058	22,403,759
Land	15,316,791	15,230,133
	<u>\$ 214,042,516</u>	<u>\$ 200,251,232</u>

6. Financial Equity

	2007	2006
General Revenue Fund	\$ 14,913,412	\$ 15,946,420
Sewer Revenue Fund	6,059,716	4,668,653
General Capital Fund	978,175	936,949
Sewer Capital Fund	1,009,243	738,947
Statutory Reserve Funds	3,517,370	3,583,997
Wholly-Owned Subsidiaries	80,000	155,716
	<u>\$ 26,557,916</u>	<u>\$ 26,030,682</u>

THE CORPORATION OF THE CITY OF VERNON
Notes to the Consolidated Financial Statements



Year Ended December 31, 2007

7. Equity in Tangible Capital Assets

	2007	2006
General Capital Fund	\$ 104,720,715	\$ 90,667,931
Sewer Capital Fund	62,536,778	58,975,857
Wholly-Owned Subsidiaries	-	809,606
	<u>\$ 167,257,493</u>	<u>\$ 150,453,394</u>

Note 15

8. Property Tax Revenue

Total tax revenue net of transfers of taxes collected for other governments and agencies were as follows:

	2007	2006
Specific assessments:		
Residential	\$ 12,207,546	\$ 11,464,216
Business	5,625,301	5,659,248
Utilities	162,139	43,589
Light industrial	261,385	201,012
Forest	12	12
Non-profit	65,398	52,788
Farm land	1,949	2,021
	<u>18,323,730</u>	<u>17,422,886</u>
Grants in lieu of taxes	738,612	833,625
Specified area taxes	1,089,191	1,267,267
	<u>\$ 20,151,533</u>	<u>\$ 19,523,778</u>

9. Cemetery Care Trust Fund

The City operates and maintains Pleasant Valley Cemetery. Pursuant to provincial legislation, a Cemetery Care Trust Fund was established to ensure continuity of cemetery maintenance. A portion of all plot sales is credited to this Fund. The Fund balance is not included in the consolidated statements.

Trust Fund Continuity	2007	2006
Balance, beginning of year	\$ 547,891	\$ 531,875
Interest earned	16,730	14,793
Proceeds from plot sales	20,725	24,223
Transfers to General Revenue Fund for maintenance	(16,750)	(23,000)
Balance, end of year	<u>\$ 568,596</u>	<u>\$ 547,891</u>

THE CORPORATION OF THE CITY OF VERNON
Notes to the Consolidated Financial Statements



Year Ended December 31, 2007

10. Expenses by Object

	2007	2006
Salaries, wages and employment benefits	\$ 13,723,143	\$ 12,949,315
Supplies and equipment	14,245,689	14,220,790
Contracted services	11,850,623	10,552,730
Debt servicing and bank charges	3,392,558	3,724,042
Utilities, telephone and insurance	1,789,761	1,696,221
Other	2,943,691	2,119,724
	<u>\$ 47,945,465</u>	<u>\$ 45,262,822</u>

11. Long-term Debt

Debt Bylaw No.	Purpose of Bylaw	Interest Rate %	Year of Maturity	2007 Balance	2006 Balance
<u>General Capital Fund:</u>					
3602	Police Building Expansion	4.75%	2011	\$ 711,340	\$ 868,521
4172	48th Ave Specified Area	5.99%	2014	250,373	279,659
4717	BC Gas Lease	5.25%	2019	19,260,989	20,413,446
4718	BC Gas Lease	9.85%	2037	1,220,934	1,227,887
4624	Downtown Revitalization	4.15%	2020	348,765	368,934
4625	Downtown Revitalization	4.15%	2020	115,318	121,987
4728	Downtown Revitalization	4.15%	2020	189,315	200,263
4739	Anderson Way Specified Area	4.15%	2020	4,198,368	4,441,162
				<u>26,295,402</u>	<u>27,921,859</u>
<u>Sewer Capital Fund:</u>					
3066	Foothills Specified Area	6.90%	2007	-	50,056
3686	Misc Sewer	6.10%	2007	-	174,976
3830	Misc Sewer	8.75%	2008	408,308	797,172
3831	Misc Sewer	8.75%	2008	76,890	150,119
3810	Misc Sewer	8.75%	2008	72,761	142,058
3875	Okanagan Landing	4.00%	2011	101,217	123,582
3066	Misc Sewer	6.10%	2012	54,196	63,537
4172	48th Ave Specified Area	5.99%	2014	270,940	302,632
1214BJ	Blue Jay Specified Area	5.99%	2017	61,961	66,653
1214BJ	Blue Jay Specified Area	5.99%	2019	274,654	291,087
4889	Reclaimed Water Line	4.15%	2020	952,519	1,007,604
4680	Treatment Plant Phase 1	6.06%	2027	4,421,122	4,548,461
4680	Treatment Plant Phase 2	4.90%	2028	1,853,862	1,903,291
4791	Water Reclamation Plant	4.15%	2030	11,941,190	12,254,751
				<u>20,489,620</u>	<u>21,875,979</u>
Total Long-term Debt				<u>\$ 46,785,022</u>	<u>\$ 49,797,838</u>



Year Ended December 31, 2007

12. Future Principal Payments and Sinking Fund Additions on Existing Debt

Year	General Fund	Sewer Fund	Total
2008	\$ 1,321,976	\$ 839,409	\$ 2,161,385
2009	1,322,727	557,602	1,880,329
2010	1,323,554	557,602	1,881,156
2011	1,324,461	557,602	1,882,063
2012	1,249,852	543,872	1,793,724
2013 & thereafter	10,011,283	8,247,271	18,258,554
	<u>16,553,853</u>	<u>11,303,358</u>	<u>27,857,211</u>
Actuarial Additions	9,741,549	9,186,262	18,927,811
	<u>\$ 26,295,402</u>	<u>\$ 20,489,620</u>	<u>\$ 46,785,022</u>

13. B.C. Gas Lease Agreements

The City has entered into an agreement with B.C. Gas Utility Ltd which has resulted in the creation of the Natural Gas Legacy Fund.

a) Capital Leases:

Under the terms of the agreement, the City has entered into a 35-year capital lease commencing December 1, 2002 for the natural gas distribution system within the City boundary. The City has prepaid \$23,750,000 of the capital lease obligation and has financed the prepayment through debenture debt. The remaining obligation, which is included in long-term debt, will be paid with annual lease payments of \$127,884 including interest based on B.C. Gas approved pre-tax weighted average cost of capital of 9.25%.

b) Operating Lease:

The City has also entered into a 17-year operating lease that commenced December 1, 2002 whereby the City leases back to B.C. Gas Utility Ltd. the operation of the gas distribution system. Under the operating lease, B.C. Gas Utility Ltd. is obligated to make annual lease payments to the City that are calculated by a formula specified in the agreement which is based on the total annual revenue generated by the transaction. The lease revenue in 2007 was \$2,471,071 (\$2,554,248 in 2006). At the end of the 17-year term, B.C. Gas Utility Ltd. has the option of making a termination payment equal to the unamortized portion of the City's \$23,750,000 prepayment under the capital lease, which is estimated to be \$12,214,000 or negotiate a new 18-year operating lease with a continuation of the annual lease payments which existed under the previous 17-year operating lease agreement.

14. Long-term Agreements with North Okanagan Regional District and the District of Coldstream



Year Ended December 31, 2007

The City has entered into a 10-year agreement with the North Okanagan Regional District for the operation of the entire water system owned by the Regional District. This agreement was entered into following a successful alternate approval process. Subsequently, the City has entered into a 10-year agreement with the District of Coldstream whereby the District operates that portion of the water system that is located within and east of the District boundary. This agreement was also subject to a successful alternate approval process. Under these agreements, the City and the District are responsible for the day-to-day operation of the water system, and are wholly reimbursed by the Regional District for the operating expenses made to undertake these duties. The agreements expire January 31, 2013.

15. Wholly-Owned Subsidiaries

On January 1, 2007, the City-owned Vernon Regional Airport Corporation and the Vernon Land Corporation were dissolved. The ownership and operation of the Vernon Regional Airport was integrated with the City of Vernon as were the activities of the Vernon Land Corporation.

In 2007, two new City-owned corporations were created – the Hesperia Development Corporation, and the Captain Bailey Way Development Corporation. These corporations were created for purposes of development within two geographical areas. All revenues, expenses, assets, and liabilities of these corporations are included in the Consolidated Statements.

16. Federal Gas Tax Funds

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

17. Contingent Liabilities

a) North Okanagan Regional District:

The City is responsible as a member of the Regional District for its proportional share of operating deficits related to functions in which it participates. Under the provisions of the *Local Government Act*, the Regional District's debt is a joint and several liability of the Regional District and each of its member municipalities including the City.

b) Municipal Finance Authority:

Municipal Finance Authority debentures are covered by a loan agreement with the Municipal Finance Authority which provides that, if at any time the payments provided for in the agreement are not sufficient to meet the authority's obligations in respect of such borrowings, the resulting deficiency becomes a proportional liability of each member local government including the City.



Year Ended December 31, 2007

c) Municipal Insurance Association:

In 1987, the City entered into a self insurance plan with several other local governments in British Columbia forming the Municipal Insurance Association of B.C. The City is obligated under the plan to pay a percentage of its fellow insured's losses. The City pays an annual premium, which is anticipated to be adequate to cover any losses incurred.

d) Legal Claims:

The City has been named defendant in several uninsured legal actions. No reserve or liability has been recorded regarding any of the legal actions and any possible claims because the amount of loss, if any, is not determinable. Settlement, if any, made with respect to these actions, would be expected to be accounted for as a charge to expenses in the period in which realization is known.

e) Pension Liability:

The City and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly trusteed pension plan. The Board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has approximately 144,000 active members and approximately 35,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The City of Vernon paid \$933,437 for employer contributions to the Plan in 2007 (\$910,312 in 2006).

f) Letter of Credit – Hesperia Land:

In 2007, the City issued an Irrevocable Letter of Credit in favour of the Agricultural Land Commission (ALC) of British Columbia as a guarantee to fund works required by the ALC as a condition of the property being removed from the Agricultural Land Reserve. The property is being developed by the wholly-owned subsidiary, the Hesperia Development Corporation. The Letter of Credit will be replaced by the newly created subsidiary once financing arrangements are in place. The amount of the Letter of Credit is \$ 716,000. As of December 31, 2007, no drawing on the Letter of Credit has occurred.



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Auditors' Report on Supplementary Financial Information

To the Members of Council of
THE CORPORATION OF THE CITY OF VERNON

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

Our audit was conducted for the purpose of expressing an opinion on the consolidated financial statements of the Corporation taken as a whole. The supplementary information on the financial position, financial activities of the operations of individual funds and deferred charges for the year ended December 31, 2007 included in the following supporting schedules are presented for the purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

BDO Dunwoody LLP

Chartered Accountants

Vernon, British Columbia
March 14, 2008

THE CORPORATION OF THE CITY OF VERNON
Revenue Funds Statement of Financial Position
Schedule 1



December 31	General Revenue Fund		Sewer Revenue Fund	
	2007	2006	2007	2006
Financial Assets				
Cash and investments	\$ 30,413,686	\$ 36,846,075	\$ -	\$ -
Due from other funds	257,413	218,871	5,314,652	3,938,784
Accounts receivable	12,651,601	8,683,637	990,181	990,443
Prepaid expenses	552,442	57,754	-	-
Municipal Finance Authority deposits	1,707,124	1,688,053	1,343,037	1,562,347
	<u>45,582,266</u>	<u>47,494,390</u>	<u>7,647,870</u>	<u>6,491,574</u>
Liabilities				
Bank advances	311,507	2,541,583	-	-
Due to other funds	13,168,920	11,479,192	-	-
Accounts payable and accrued liabilities	14,466,997	14,878,852	245,117	260,574
Municipal Finance Authority reserves	1,707,124	1,688,053	1,343,037	1,562,347
Deferred charges	1,014,306	960,293	-	-
	<u>30,668,854</u>	<u>31,547,973</u>	<u>1,588,154</u>	<u>1,822,921</u>
NET POSITION	<u>\$ 14,913,412</u>	<u>\$ 15,946,417</u>	<u>\$ 6,059,716</u>	<u>\$ 4,668,653</u>
Financial Equity, beginning of year				
	15,946,417	11,325,814	4,668,653	7,457,164
Add: Excess of revenue over expenditure	(20,273)	6,061	211,747	-
Add: Additions to reserves	6,849,637	6,839,145	2,291,227	651,911
Less: Deficiency of revenue over expenditure	-	-	-	(170,437)
Less: Deductions from reserves	(7,862,369)	(2,224,603)	(1,111,911)	(3,269,985)
FUND POSITION	<u>\$ 14,913,412</u>	<u>\$ 15,946,417</u>	<u>\$ 6,059,716</u>	<u>\$ 4,668,653</u>

THE CORPORATION OF THE CITY OF VERNON
Statement of General Revenue Fund Financial Activities
Schedule 2



	Budget 2007	Actual 2007	Actual 2006
For the Year Ended December 31			
Revenue			
Taxation	\$ 20,720,399	\$ 19,858,512	\$ 19,154,920
Services provided to other local governments	913,756	970,651	887,342
Government grants	3,709,200	3,596,028	3,858,460
Sale of services	5,703,700	7,216,537	6,530,625
Fiscal services	515,000	2,001,067	1,856,154
Natural gas system lease and franchise agreement	3,052,000	3,022,879	3,104,719
Transfers from own funds	3,556,940	2,831,905	2,521,910
	<u>38,170,995</u>	<u>39,497,579</u>	<u>37,914,130</u>
Expenditures			
General government and common services	5,583,755	5,252,613	4,273,027
Protective services:			
Police	7,668,040	7,047,502	7,191,304
Fire and rescue	3,100,144	2,948,492	2,794,151
Bylaw enforcement	476,277	495,204	207,618
Planning, development and engineering	2,688,587	2,568,003	2,116,796
Operations:			
Road transportation	3,412,426	3,513,957	2,641,296
Airport	97,985	815,712	373,430
Public transit and parking	2,152,856	2,202,764	1,921,467
Storm drainage	210,476	183,063	196,678
Environmental health	1,158,172	1,274,852	1,226,135
Public health	184,033	272,436	158,688
Other	604,788	909,647	777,164
Fiscal services:			
Interest on long-term debt	1,825,897	1,807,331	1,863,352
Other interest and bank charges	99,365	844	129,197
Transfers to own funds:			
General operating reserves	2,467,100	6,269,392	6,839,145
General Capital Fund	5,425,646	2,249,584	3,566,813
City-owned Subsidiary Corporations	-	80,000	-
	<u>37,155,547</u>	<u>37,891,396</u>	<u>36,276,261</u>
Net revenues (expenditures) for the year	1,015,448	1,606,183	1,637,869
Long-term debt issued	-	-	-
Principal payments on long-term debt (including actuarial adjustments)	1,329,849	1,626,456	1,631,808
Change in fund balances	<u>\$ (314,401)</u>	<u>\$ (20,273)</u>	<u>\$ 6,061</u>

THE CORPORATION OF THE CITY OF VERNON
Statement of Sewer Revenue Fund Financial Activities
Schedule 3



For the Year Ended December 31	Budget 2007	Actual 2007	Actual 2006
Revenue			
Taxation	\$ 100,072	\$ 293,021	\$ 368,858
Services provided to other local governments	799,775	555,022	453,708
Government grants	145,000	54,815	54,815
User fees & charges	8,412,925	8,591,334	8,003,578
Fiscal services	44,617	458,575	955,294
Transfers from own funds	500,000	551,034	2,629,335
	<u>10,002,389</u>	<u>10,503,801</u>	<u>12,465,588</u>
Expenditures			
Common services	216,016	201,016	145,289
Operations:			
Collection system	525,505	523,679	521,217
Treatment system	2,153,591	2,286,680	2,330,065
Disposal system	668,001	669,113	581,599
Pump stations	612,148	298,349	497,983
Fiscal services:			
Interest on long-term debt	2,800,000	1,584,382	1,708,785
Other interest and bank charges	26,617	-	22,708
Transfers to own funds:			
Sewer operating reserves	180,000	2,291,227	651,911
Sewer Capital Fund	1,476,702	1,051,249	4,283,679
	<u>8,658,580</u>	<u>8,905,695</u>	<u>10,743,236</u>
Net revenues (expenditures) for the year	1,343,809	1,598,106	1,722,352
Long-term debt issued	-	-	-
Principal payments on long-term debt (including actuarial adjustments)	1,340,000	1,386,359	1,892,790
Change in fund balances	<u>\$ 3,809</u>	<u>\$ 211,747</u>	<u>\$ (170,438)</u>

THE CORPORATION OF THE CITY OF VERNON

Capital Funds Statement of Financial Position

Schedule 4



December 31	General Capital Fund		Sewer Capital Fund	
	2007	2006	2007	2006
Financial Assets				
Cash and investments	\$ 112,722	\$ 112,722	\$ -	\$ -
Due from other funds	978,175	936,949	1,119,525	845,096
	<u>1,090,897</u>	<u>1,049,671</u>	<u>1,119,525</u>	<u>845,096</u>
Liabilities				
Due to other funds	112,722	112,722	110,283	106,149
Long-term debt	26,295,402	27,921,859	20,489,620	21,875,979
	<u>26,408,124</u>	<u>28,034,581</u>	<u>20,599,903</u>	<u>21,982,128</u>
Net Debt	<u>(25,317,227)</u>	<u>(26,984,910)</u>	<u>(19,480,378)</u>	<u>(21,137,032)</u>
Tangible Capital Assets	<u>131,016,117</u>	<u>118,589,790</u>	<u>83,026,397</u>	<u>80,851,835</u>
NET POSITION	<u>\$ 105,698,890</u>	<u>\$91,604,880</u>	<u>\$63,546,019</u>	<u>\$59,714,803</u>
Financial Equity, beginning of year				
Add: Interest on investments	936,949	916,129	738,947	959,240
Add: Refunds of excess sinking fund requirements	41,226	9,847	42,291	-
Less: Financial equity used for funding asset additions	-	10,973	358,540	77,548
	<u>978,175</u>	<u>936,949</u>	<u>1,009,243</u>	<u>738,947</u>
Equity in Tangible Capital Assets, beginning of year				
Add: asset additions funded by:	90,667,931	84,925,121	58,975,856	49,870,716
General Revenue Fund (incl. general operating reserves)	7,280,050	3,566,813	-	-
Sewer Revenue Fund (incl. sewer operating reserves)	-	-	1,612,126	4,283,679
Statutory Reserve Funds	349,379	1,173,432	-	-
Developers	4,426,508	917,330	431,900	2,630,829
Government grants	403,924	-	-	-
Excess borrowing bylaw funds	-	-	130,535	297,841
Add: transfer of Vernon Airport Corporation assets	809,605	-	-	-
Add: long-term debt principal payments	1,321,290	1,329,226	927,784	988,270
Add: long-term debt actuarial adjustments	305,166	302,582	458,575	904,521
Less: current amortization of leased assets	(722,702)	(722,702)	-	-
Less: asset disposals	(120,436)	(823,871)	-	-
Equity in Tangible Capital Assets, end of year	<u>104,720,715</u>	<u>90,667,931</u>	<u>62,536,776</u>	<u>58,975,856</u>
FUND POSITION	<u>\$ 105,698,890</u>	<u>\$91,604,880</u>	<u>\$63,546,019</u>	<u>\$59,714,803</u>

THE CORPORATION OF THE CITY OF VERNON
Statutory Reserve Funds Statement of Financial Position
Schedule 5



December 31	Land Sale Reserve		Local Improvement Reserve	
	2007	2006	2007	2006
Financial Assets				
Cash and investments	\$ 2,793,375	\$ 2,793,375	\$ 686,248	\$ 686,248
Due from General Revenue Fund	-	60,788	72,155	43,586
	2,793,375	2,854,163	758,403	729,834
Liabilities				
Due to General Revenue Fund	34,408	-	-	-
NET POSITION	\$ 2,758,967	\$ 2,854,163	\$ 758,403	\$ 729,834
Financial Equity, beginning of year				
	2,854,163	63,645	729,834	704,134
Add: Interest on investments	106,716	52,296	28,569	25,700
Add: Proceeds from sale of land	103,060	3,911,654	-	-
Add: Proceeds from Vernon Land Corp.	44,407	-	-	-
Add: Development contributions	-	-	-	-
Less: Appropriations to General Capital Fund	(349,379)	(1,173,432)	-	-
FUND POSITION	\$ 2,758,967	\$ 2,854,163	\$ 758,403	\$ 729,834

THE CORPORATION OF THE CITY OF VERNON

Continuity Schedule of Deferred Charges

Schedule 6



December 31	Development Cost Charges 2007	Sidewalk Gifting Funds 2007	Federal Gas Tax Funds 2007	Foothills/ Silver Star Road Dev. Funds 2007	TOTAL 2007	TOTAL 2006
Balance, beginning of year	\$ 12,660,769	\$ 960,293	\$ -	\$ 538,281	\$ 14,159,343	\$ 11,930,823
Add: Interest	498,462	-	7,378	21,770	527,610	480,176
Development levies	2,679,760	54,013	-	-	2,733,773	4,686,515
Government grants	-	-	396,546	-	396,546	297,094
Less: Transfers to:						
General Revenue Fund	-	-	-	-	-	(594,403)
General Capital Fund	(2,806,920)	-	(403,924)	-	(3,210,844)	(743,103)
Sewer Capital Fund	(133,889)	-	-	-	(133,889)	(1,000,000)
Change in development levy installments receivable	(663,935)	-	-	-	(663,935)	(897,759)
Balance, end of year	<u>\$ 12,234,247</u>	<u>\$ 1,014,306</u>	<u>\$ -</u>	<u>\$ 560,051</u>	<u>\$ 13,808,604</u>	<u>\$ 14,159,343</u>
Represented by:						
Dedicated bank accounts	\$ 876,647	\$ -	\$ -	\$ 370,692	\$ 1,247,339	\$ 1,247,339
Dedicated investments	7,424,242	-	-	-	7,424,242	7,195,482
Due from General Revenue Fund	<u>3,933,358</u>	<u>1,014,306</u>	<u>-</u>	<u>189,359</u>	<u>5,137,023</u>	<u>5,716,522</u>
	<u>\$ 12,234,247</u>	<u>\$ 1,014,306</u>	<u>\$ -</u>	<u>\$ 560,051</u>	<u>\$ 13,808,604</u>	<u>\$ 14,159,343</u>