



**City of Abbotsford
British Columbia**

2018

**CONSOLIDATED
FINANCIAL STATEMENTS**

Fiscal Year Ending December 31, 2018

Prepared by Corporate Services Finance Division



City of Abbotsford

Consolidated Financial Statements for the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Council of the City of Abbotsford

Opinion

We have audited the accompanying financial statements of the City of Abbotsford (the "the City") which comprise:

- the statement of financial position as at end of December 31, 2018
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, exhibits and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Abbotsford as at December 31, 2018 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.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditors' Responsibility

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

Auditors' Responsibilities for the Audit of the Financial Statements'

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Abbotsford, Canada

April 29, 2019

CITY OF ABBOTSFORD
Statement of Financial Position

As at December 31, 2018, with comparative information as at December 31, 2017
In thousands

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 18,289	\$ 18,802
Accounts receivable (Note 3)	41,530	34,722
Portfolio investments (Note 4)	416,372	363,086
	<u>476,191</u>	<u>416,610</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	87,089	79,208
Restricted revenue (Note 6)	92,613	69,577
Deferred revenue (Note 7)	15,864	16,189
	<u>195,566</u>	<u>164,974</u>
Long-term debt (Note 8)	55,204	58,598
	<u>250,770</u>	<u>223,572</u>
	<u>225,421</u>	<u>193,038</u>
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	1,422,714	1,366,176
Inventories (Note 10)	1,463	1,264
Pre-paid expenses (Note 11)	710	655
	<u>1,424,887</u>	<u>1,368,095</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 1,650,308</u>	<u>\$ 1,561,135</u>
Contingent Liabilities (Note 16)		


 HENRY BRAUN, MAYOR


 RAJAT SHARMA, CPA, CMA
 CFO

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Statement of Operations and Surplus

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

	2018 Plan (Note 19)	2018 Actual	2017 Actual
REVENUE			
Municipal taxation	\$ 141,279	\$ 142,971	\$ 136,493
Fees and other charges	80,720	89,488	82,664
Developer charges earned	18,295	6,283	9,156
Contributed tangible capital assets	-	23,277	3,423
Grants and government transfers	51,980	57,436	16,507
Portfolio investment income	995	7,065	4,985
Interest and penalties	330	755	797
Rent	3,749	3,669	3,685
Other	-	20	45
	297,348	330,964	257,755
EXPENSE			
General government	21,358	19,342	17,834
Planning & development services	7,748	6,905	6,456
Protective services	69,316	71,350	68,161
Parks, recreation, culture & libraries	34,154	42,915	42,826
Transit	14,910	15,230	11,588
Engineering	34,393	46,686	47,052
Dyking, drainage & irrigation	3,907	3,945	4,854
Waterworks	12,119	16,179	14,939
Sanitary sewer	12,305	13,007	12,922
Airport	3,967	6,232	6,445
	214,177	241,791	233,077
ANNUAL SURPLUS	83,171	89,173	24,678
	1,561,135	1,561,135	1,536,457
ACCUMULATED SURPLUS, END OF YEAR	\$1,644,306	\$1,650,308	\$1,561,135

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Consolidated Statement of Cash Flows

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

	2018	2017
OPERATING ACTIVITIES		
Annual Surplus	\$ 89,173	\$ 24,678
Non-cash items included in annual surplus:		
Amortization expense	39,806	42,158
Contributed tangible capital assets	(23,277)	(3,423)
Transferred tangible capital assets	(37,321)	-
Loss/(gain) on disposal of tangible capital assets	271	(342)
Recognition of restricted revenue	(6,282)	(9,583)
Changes in non-cash operating items:		
Accounts receivable	(6,807)	(4,327)
Inventories	(199)	(96)
Pre-paid expenses	(55)	558
Accounts payable and accrued liabilities	7,882	12,227
Deferred revenue	(325)	10,949
	<u>62,867</u>	<u>72,799</u>
INVESTING ACTIVITIES		
Increase in portfolio investments	(53,286)	(95,596)
FINANCING ACTIVITIES		
Collection of and interest on restricted revenue	29,318	25,947
Debt principal repaid	(3,394)	(3,357)
	<u>25,924</u>	<u>22,590</u>
CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	323	1,876
Acquisition of tangible capital assets	(36,341)	(17,218)
	<u>(36,018)</u>	<u>(15,342)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(513)	(15,549)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>18,802</u>	<u>34,351</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 18,289</u>	<u>\$ 18,802</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Consolidated Statement of Change in Net Financial Assets

For the Year Ended December 31, 2018, with comparative information for 2017

In thousands

	2018 Plan (Note 19)	2018 Actual	2017 Actual
ANNUAL SURPLUS	\$ 83,171	\$ 89,173	\$ 24,678
TANGIBLE CAPITAL ASSETS:			
Acquisition of tangible capital assets	(180,836)	(36,341)	(17,218)
Contributed tangible capital assets	-	(23,277)	(3,423)
Transferred tangible capital assets	-	(37,320)	-
Amortization	-	39,806	42,158
Proceeds from disposal of tangible capital assets	-	323	1,876
Loss/(gain) on disposal of tangible capital assets	-	271	(342)
	(180,836)	(56,538)	23,052
OTHER NON-FINANCIAL ASSETS:			
(Increase)/decrease in inventory	-	(199)	(96)
(Increase)/decrease in pre-paid expenses	-	(55)	558
	-	(254)	463
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(97,665)	32,381	48,191
NET FINANCIAL ASSETS, BEGINNING OF YEAR	193,038	193,038	144,848
NET FINANCIAL ASSETS, END OF YEAR	\$ 95,373	\$ 225,421	\$ 193,038

See notes to consolidated financial statements.



CITY OF ABBOTSFORD

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

The Notes to the Consolidated Financial Statements are an integral part of the financial statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations.

1. SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the City conform to generally accepted accounting policies for local government financial reporting in British Columbia. The Consolidated Financial Statements have been prepared in accordance with current standards issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Principles of Consolidation:

With the exception of the Cemetery Care Trust Fund, the Consolidated Financial Statements include all of the funds of the City. Inter-fund transactions, fund balances, and activities have been eliminated on consolidation. The funds of the City include General, Water, Sewer, Airport, Operating, Capital, and Reserve Funds. The Cemetery Care Trust Fund is excluded from the Consolidated Financial Statements and is reported separately. The regional waterworks (supply) and sanitary sewer (treatment plant) utilities, whose ownership transferred from the Fraser Valley Regional District (FVRD) jointly to the City of Abbotsford and District of Mission on January 1, 2005, are consolidated in the City's financial statements, with the District of Mission's minority interest removed.

(b) Fund Accounting:

The resources and operations of the City have been segregated for accounting and financial reporting purposes into the following funds, which are presented as supplementary information:

Operating Funds: Operating funds report the principal activities of General, Water, Sewer, and Airport operations.

Capital Funds: Capital funds report the acquisition and disposal of property and equipment and their related financing.

Reserve Funds: Reserve funds report the assets held for specific future requirements.

(c) Financial Plan:

The Community Charter (Section 165) requires revenues and expenses to be in accordance with the five-year financial plan adopted annually by Council. The 2018 Plan amounts in the financial statements reflect the first year of the five-year financial plan adopted by Council on December 18, 2017, with the exception of adjustments detailed in Note 19 to the Consolidated Statements.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES:

(d) Cash and Cash Equivalents:

Cash and cash equivalents include cash as well as deposits in the Municipal Finance Authority short-term money market investment pool. These investments are highly liquid and are readily convertible to known amounts of cash.

(e) Portfolio Investments:

Portfolio investments are carried at cost, with the exception of Municipal Finance Authority pooled investments, which are carried at market value. When, in the opinion of management, there is a permanent decline in value, investments are written down to their net realizable value.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES:

(f) Non-Financial Assets:

Tangible capital assets, inventories and pre-paid expenses are recorded as non-financial assets. Non-financial assets are not available to discharge existing liabilities and are held to provide City services in future periods. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Intangible capital assets, such as water rights and mineral resources, are not recorded in the financial statements.

Tangible Capital Assets

Capital Assets are recorded at cost, net of capital asset disposals, write-downs and amortization. The useful life is applied on a straight-line basis to calculate amortization.

	Major Asset Category	Useful Life Range (years)
General	Land	n/a
	Land Improvements	10 - 20
	Park Improvements	10 - 50
	Buildings	10 - 50
	Machinery, Equipment, Vehicles	4 - 20
Infrastructure	Airport	20 - 125
	Water	20 - 75
	Sewer	20 - 75
	Transportation	15 - 75
	Storm Drainage & Detention	50 - 100
	Dyking, Drainage & Irrigation	20 - 100

Tangible capital assets, including construction-in-progress, are recorded at cost. Amortization on tangible capital assets begins at the point in time the asset is substantially complete and ready for use. Contributed tangible capital assets are recorded at fair value at the date of contribution using various methods including appraisal, assessed values or in-house estimation.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES:

(g) Accrued Liabilities:

Liabilities can arise from contracts and agreements, government legislation, constructive obligations, and equitable obligations.

(h) Financial Instruments:

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

(i) Revenue Recognition:

Sources of revenue are recorded on the accrual basis and recognized when earned. Revenue unearned in the current period is reported on the balance sheet as deferred revenue. Property taxes are recognized as revenue in the year to which they pertain, as authorized by the Council through adoption of the tax rate bylaw.

(j) Expense Recognition:

Expenses are recognized on the accrual basis in the period they are incurred.

(k) Government Transfers:

Government transfers received by the City are recognized as revenue once the transfer has been authorized by the transferring government and the City has met any eligibility requirements (e.g. completion of agreed-upon capital works). However, in cases where stipulations have been imposed by the transferring government on the City with respect to the use or retention of funds already transferred, and those stipulations have not yet been met, a liability is recognized.

Transfers from the City to other agencies are normally granted only in return for services provided to the community. As such, they would be recognized on the same basis as other expenses.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES:

(l) Use of Estimates:

The preparation of financial statements 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 revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee post-retirement benefits, liability claims, landfill restoration costs, allowance for doubtful accounts receivable, provision for contingencies, historical tangible capital asset costs for those acquired prior to 2008, and timing of new asset recognition. Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, are recorded or disclosed in the financial statements in the period that the change in estimate is made, as well as in the period of settlement.

(m) Contaminated Sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) an environmental standard exists
- b) contamination exceeds the environmental standard
- c) the organization is directly responsible or accepts responsibility for the liability
- d) future economic benefits will be given up, and
- e) a reasonable estimate of the liability can be made.

(n) Comparative Figures:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior years' surplus.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

2. CASH AND CASH EQUIVALENTS:

	2018	2017
Cash	\$ 13,243	\$ 9,497
MFA short-term money-market investment pools	5,046	9,305
	\$ 18,289	\$ 18,802

3. ACCOUNTS RECEIVABLE:

	2018	2017
Fees and charges	\$ 14,353	\$ 13,621
Taxes	5,720	4,794
Grants	3,960	1,050
Development cost charges	13,465	10,739
Local improvement/service charges	4,032	4,517
	\$ 41,530	\$ 34,722

All accounts receivable are reported net of allowances for doubtful accounts.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

4. PORTFOLIO INVESTMENTS:

The investment portfolio includes bonds of Chartered Banks and Provincial Governments; deposits and notes of Chartered Banks and Credit Unions; and deposits in the Municipal Finance Authority long-term investment pools.

	2018		2017	
	Cost	Market	Cost	Market
	\$ 416,372	\$ 416,373	\$ 363,086	\$ 363,112
	Short-term	Long-term	Short-term	Long-term
Duration	less than 2 years	2 - 10 years	less than 2 years	2 - 10 years
Average holdings	343,374	25,601	265,278	24,725
Annual yield	2.28 %	2.29 %	1.94 %	2.47 %



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	2018	2017
Accounts payable:		
Trade payables	\$ 21,394	\$ 17,149
Deposits	30,768	28,547
Tax prepayments	13,459	12,887
Salaries and wages	4,905	5,068
Due to Cemetery Care Trust Fund	753	374
Accounts payable and accrued liabilities:		
Retirement allowance liability	11,789	11,103
Liability claims	248	657
Vacation pay	2,049	1,598
Landfill restoration liability	1,163	1,264
Long-term payables	-	561
Current portion of long-term payables	561	-
	\$ 87,089	\$ 79,208

(a) Retirement Allowance Liability:

The City provides certain earned benefits at retirement, including post-employment service pay (retirement allowance liability for the City), accumulated vested sick leave (only applicable to Police Association members), and additional vacation in the year of retirement.

The post-employment service pay is estimated for individual employees, based on projected salary costs at the time of anticipated retirement, and discounting expected pay-outs over estimated years of service. The expected retirement allowance liability is accrued based on a normal retirement age or actual age, whichever is greater. The retirement allowance liability requires no contribution from employees.

In 2018, an independent actuarial valuation of the retirement allowance liability was performed. The actuarial valuation for these benefits was updated to determine the City's benefit obligation as at December 31, 2018. The difference between the actuarially determined benefit obligation of \$12,828,000 and the accrued benefit liability of \$11,789,000 as at December 31, 2018, was an unamortized actuarial loss of \$1,039,000, (2017 loss - \$2,028,000) which is being amortized over a period equal to the employees' average remaining service lifetime. The next actuarial valuation will be as at December 31, 2018.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

- (a) **Retirement Allowance Liability:**
 will be as at December 31, 2019.

	<u>2018</u>	<u>2017</u>
Actuarial benefit obligation	\$ 12,828	\$ 13,131
Unamortized actuarial gain/(loss)	(1,039)	(2,028)
Accrued benefit liability	<u>\$ 11,789</u>	<u>\$ 11,103</u>

Accrued benefit liability:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 11,103	\$ 10,569
Current service cost	1,023	946
Interest cost	411	430
Plan amendment cost	52	-
Benefits paid	(992)	(981)
Amortization of net actuarial loss/(gain)	192	139
Balance, end of year	<u>\$ 11,789</u>	<u>\$ 11,103</u>



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

(a) Retirement Allowance Liability:

Actuarial Assumptions used to determine the benefit obligation:

	2018	2017
Discount rate	3.3 %	3.0 %
Expected average annual wage and salary increase - Fire & Police	2.5 %	2.5 %
Expected average annual wage and salary increase - all others	2.5 %	2.5 %

(b) Landfill Restoration Liability:

Closure and post-closure care requirements are established by a number of regulations: British Columbia's Contaminated Sites Regulation and Hazardous Waste Regulation, both under the Environmental Management Act and BC Ministry of Environment permits.

There are two landfills subject to these regulations - Valley Road Landfill and Trethewey Street Landfill - that were operated and closed to various stages between 1978 and 1989. The Trethewey site has been inactive since 1985. The Valley Road site recently re-opened its permit to deposit sediment dredged from the Sumas River.

Costs related to closure and post-closure activities at these sites include drainage control, leachate monitoring and collection, gas monitoring and recovery, final ground cover, closure assessment and planning, and regulatory approvals.

The Trethewey Street Landfill site is expected to require care up to and including the year 2040, primarily for gas collection. Further care requirements may be determined from a closure plan prepared by a qualified independent consultant, as required by BC Ministry of Environment permits. The closure plan should be completed in 2019.

The Valley Road Landfill Closure Plan was largely complete at the end of 2014, however, a 2015 review indicated that the majority of the wood waste had decomposed and therefore, the completion of the closure plan was deferred until the removal of the remaining woodwaste could be completed. The Valley Road Landfill site is expected to require care up to and including the year 2030, primarily for environmental monitoring and for construction of final cover over the cells now accepting Sumas River sediment. The capacity of the site for river sediment is estimated by the closure plan at 67,500 cubic meters, none of which had been used at the end of 2018. This capacity is projected to be fully used by 2025.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

(b) Landfill Restoration Liability:

The liability of \$1,163,000, at December 31, 2018 (2017 - \$1,264,000), is calculated based on the discounted estimated future cash flows associated with closure and post-closure activities for existing waste at the two landfills. An additional \$777,000 (present value) is estimated to be required for closure activities related to future sediment deposits at the Valley Road site; however, since none of the capacity of future sediment deposits have been used, no current liability exists for these closure costs.

The discount rate used in 2018 was 3.3% (2017 – 3.0%) and the inflation rate used in 2018 was 2.0% (2017 - 2.0%). Landfill closure costs in 2018 were \$134,896 (2017 - \$78,493). There are no assets designated for settling the post-closure care liability.

	2018	2017
Restoration liability, beginning of year	\$ 1,264	\$ 1,074
Adjustment to liability	(101)	190
Restoration liability, end of year	<u>\$ 1,163</u>	<u>\$ 1,264</u>

(c) Liability for Contaminated Sites:

The City has determined that as of December 31, 2018, no contamination in excess of an environmental standard exists related to sites not in productive use for which the City is responsible.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

6. RESTRICTED REVENUE LIABILITY:

	Development cost charges	Development fees	Airport fees	2018 Total	2017 Total
Balance December 31, 2017	\$ 43,678	\$ 23,821	\$ 2,078	\$ 69,577	\$ 53,212
Add:					
Current year contributions	23,767	3,601	498	27,866	24,904
Interest	953	499	-	1,452	1,044
	<u>68,398</u>	<u>27,921</u>	<u>2,576</u>	<u>98,895</u>	<u>79,160</u>
Deduct amounts recognized as revenue in current year					
Developer charges earned:					
Capital expenditures	3,439	2,843	-	6,282	8,990
Airport fees:					
Eligible airport expenditures	-	-	-	-	593
	<u>3,439</u>	<u>2,843</u>	<u>-</u>	<u>6,282</u>	<u>9,583</u>
Balance, December 31, 2018	<u>\$ 64,959</u>	<u>\$ 25,078</u>	<u>\$ 2,576</u>	<u>\$ 92,613</u>	<u>\$ 69,577</u>

The restricted revenue liability primarily represents funds received from developers for capital infrastructure and minor capital 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.

(a) Development Cost Charges (DCC)

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 a letter of credit payable on demand to the City of Abbotsford for the remaining amount of DCCs owing. As at December 31, 2018, the amount of DCCs due over the next two years is \$13,465,083 (2017 - \$10,739,221).

Assets are not physically segregated to meet the requirements of the restricted revenues. The liability will be settled with the proceeds of accounts receivable and/or investments.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

6. RESTRICTED REVENUE LIABILITY:

(a) Development Cost Charges (DCC)

	2018	2017
Development cost charges:		
Storm drainage	\$ 12,439	\$ 11,641
Parks	16,287	10,975
Waterworks - supply	15,928	11,796
Waterworks - distribution	1,325	1,001
Sanitary sewer - collection	5,074	3,832
Sanitary sewer - treatment plant	5,115	2,759
Roads	8,791	1,674
	<u>\$ 64,959</u>	<u>\$ 43,678</u>

(b) Development Fees

Development fees are charges collected from developers to fund specified improvements related to proposed developments.

(c) Airport Fees

Airport fees consist of airport improvement fees collected from passengers, and customer facility charges collected from the car rental companies, used to fund the passenger terminal and other capital improvements to airport facilities and grounds.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

7. DEFERRED REVENUE:

	December 31, 2017	Externally restricted inflows	Revenue earned	December 31, 2018
Fees and charges	\$ 2,843	\$ 11,120	\$ (10,949)	\$ 3,014
Grants	13,346	12,131	(12,627)	12,850
	<u>\$ 16,189</u>	<u>\$ 23,251</u>	<u>\$ (23,576)</u>	<u>\$ 15,864</u>

8. LONG-TERM DEBT:

The City carries no debt for others. Debenture debt principal is reported net of repayments and actuarial adjustments balances, and interest expense is reported net of actuarial earnings. All long-term debt is payable in Canadian dollars. Amounts of principal payments estimated to be required in each of the next five years and thereafter are listed below:

	Total
2019	\$ 3,515
2020	3,656
2021	3,802
2022	3,954
2023	4,112
2024 and thereafter	36,165
	<u>\$ 55,204</u>

All debt is held by the General Capital fund. Interest rates on borrowed funds are disclosed in the accompanying debt schedules (see Exhibit 5). The City's interest expense on long-term debt totaled \$3,146,800 in 2018 (2017 - \$3,278,800).



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

9. TANGIBLE CAPITAL ASSETS:

Tangible Capital Assets consist of the following:

	2018	2017
General		
Land	441,222	386,241
Land improvements	6,962	6,522
Park improvements	20,495	22,313
Buildings	104,192	107,778
Machinery & equipment	6,063	7,683
Vehicles	12,733	12,336
Infrastructure		
Airport	24,918	25,938
Waterworks	230,248	231,539
Sanitary sewer	154,419	156,882
Transportation	186,628	194,060
Storm drainage and detention	180,175	181,705
Dyking, drainage & irrigation	19,462	20,192
Assets under construction	35,197	12,987
	\$ 1,422,714	\$ 1,366,176

See Exhibit 3 for a continuity schedule of Tangible Capital Assets.

The value of contributed capital assets received and recognized in the year 2018 from developers, for various infrastructure works and related land and parks is \$23,277,000 (2017 – \$3,423,000). In addition, the City received \$37,321,000 (2017 - nil) in parks from other governments.

Art and historic treasures are held by the City in its museum and arts centre. Due to the subjective nature of the assets, they are not included in the values shown on the financial statements.



CITY OF ABBOTSFORD
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

10. INVENTORIES:

Inventories are valued at the lower of cost and net realizable value, on a weighted average basis. The following table represents the inventory values:

	2018	2017
Stock	\$ 673	\$ 451
Fuel	49	31
Gravel	741	782
	\$ 1,463	\$ 1,264

11. PRE-PAID EXPENSES:

Pre-paid expenses are cash disbursements that have been made prior to the related benefits being received. Examples include insurance and software licensing.

	2018	2017
General	\$ 649	\$ 614
Abbotsford Centre	61	41
	\$ 710	\$ 655



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

12. ACCUMULATED SURPLUS:

	2018	2017
Unappropriated Balance		
General operations	\$ 19,570	\$ 19,570
Waterworks operations	4,265	4,265
Sanitary sewer operations	5,799	5,799
Airport operations	1,176	1,176
	<u>30,810</u>	<u>30,810</u>
Appropriated Surplus		
General operations reserve	51,293	47,515
Statutory capital reserves	199,084	173,872
	<u>250,377</u>	<u>221,387</u>
Investment in tangible capital assets	1,366,948	1,307,016
Investment in other non-financial assets	2,173	1,919
	<u>1,369,121</u>	<u>1,308,935</u>
Total Accumulated Surplus	<u><u>\$1,650,308</u></u>	<u><u>\$1,561,135</u></u>

The Unappropriated Surplus is the amount of Accumulated Surplus remaining after deducting the Investment in Tangible Capital Assets, Investment in Other Non-Financial Assets and the Appropriated Surplus balances. Where this amount is supported by cash and net short-term receivables, it is available to temporarily finance operations until planned revenues (i.e., property taxes, grants, etc.) are received, or for other operating or capital purposes as determined by Council.

Appropriated Surplus is the amount of Accumulated Surplus, supported by a portion of the City's cash and receivables that has been set aside for a specified purpose. The Statutory Capital Reserves have been established through bylaw in accordance with the Community Charter, and their use is restricted by the legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION:

The net operating revenue of the City includes the following cash flows relating to interest received and paid:

	2018	2017
Interest paid	\$ 3,329	\$ 3,329
Interest received	\$ 7,158	\$ 5,205

14. SUPPLEMENTAL GRANT REVENUE INFORMATION:

The City of Abbotsford may receive grant revenue from the Federal, Provincial or other level of governments. The following is a breakdown of the grant revenue recognized from each level of government:

	2018	2017
Federal transfers	\$ 5,954	\$ 5,893
Provincial transfers	13,112	10,614
Other transfers	38,370	-
Total grant revenue	<u>\$ 57,436</u>	<u>\$ 16,507</u>

15. EXPENSE BY OBJECT:

	2018	2017
Salaries and benefits	\$ 105,261	\$ 102,164
Operating goods and services	65,841	60,469
Minor capital projects	10,793	9,905
Amortization	39,806	42,158
Loss (gain) on disposal of tangible capital assets	271	(342)
Transfer payments to other governments and agencies	16,672	15,444
Long-term debt interest	3,147	3,279
Total expense by object	<u>\$ 241,791</u>	<u>\$ 233,077</u>



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES:

(a) Fraser Valley Regional District (FVRD):

The City, as a member of the FVRD, is jointly and severally liable for the net capital liabilities of the FVRD.

(b) Third party claims:

The City is involved in certain legal actions. Although the actual outcome of these claims is currently indeterminable, in 2018 the City reports a liability of \$248,231 (2017 – \$657,062) which, at this time, is management's best estimate of expected future settlements.



CITY OF ABBOTSFORD **Notes to Consolidated Financial** **Statements**

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES:

(c) Municipal Pension Plan:

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusted pension plan. The board of trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined-benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 1,000 contributors from the City of Abbotsford.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224,000,000 funding surplus for basic pension benefits. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927,000,000 was transferred to the rate stabilization account and \$297,000,000 of the surplus ensured the required contribution rates remained unchanged. The next valuation will be as at December 31, 2018, with results available in 2019. The City of Abbotsford paid \$9,549,664 (2017 - \$9,386,076) for employer contributions while employees contributed \$7,556,457 (2017 - \$7,317,592) to the plan in fiscal 2018.

(d) Municipal Finance Authority:

The loan agreements with the Municipal Finance Authority provide that, if the Authority does not have sufficient funds to meet payments on its obligations, it shall make payments from a debt issue's Debt Reserve Fund which is established by a similar Debt Reserve Fund in the municipality and all other borrowing participants. If the Debt Reserve Fund is deficient, the Authority's obligations become a liability of the Regional District and may become a liability of the participating municipalities.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES:

(d) Municipal Finance Authority:

The Debt Reserve Fund related to any particular debt issue is equal to one-half the average annual principal and interest installment. This amount is payable to the Authority at the time of issue, either in full or in an amount equal to one percent of the principal amount borrowed. The balance is secured by a non-interest-bearing demand note. The monies paid into the Debt Reserve Fund and interest that the fund earns are obligations of the Authority to its clients.

The City has a cash receivable with the Authority, from the one percent paid to the Debt Reserve Fund, totaling \$1,185,285 (2017 - \$1,160,046). The balance of the City's portion of the Debt Reserve Fund totals \$2,442,730 (2017 - \$2,442,730), for which the City has also executed demand notes in connection with each debenture totaling \$2,442,730 (2017 - \$2,442,730), whereby the City may be required to loan extra amounts to the Authority.

(e) Abbotsford International Airport:

The City of Abbotsford acquired the Abbotsford International Airport from Transport Canada on January 1, 1997, for the nominal cost of ten dollars. Property and equipment transferred to the City were recorded at fair value. Conditions of the transfer agreement require that the property and equipment transferred to the City must be used for the operation of the airport. In the event the City ceases to operate the airport, the property and equipment will transfer back to Transport Canada for proceeds of ten dollars.

(f) Agricultural Land Commission:

In 2005, the City applied to the Agricultural Land Commission (ALC) for a permit (No. MM-36161) to extract aggregate on airport property located in the Agricultural Land Reserve. The application proposed the extraction of approximately 150,000 cubic metres of aggregate over approximately 9 hectares of the site. After extraction is complete, the property will be reclaimed as specified in a report from a Professional Agrologist. To ensure successful reclamation, the ALC required a financial security of \$250,000 be posted in favour of the ALC.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

17. CONTRACTUAL OBLIGATIONS:

Contracts entered into and not complete at the end of the fiscal year will become liabilities once the terms of the contracts are met. The nature and extent of the related expenditures are as follows:

	Extent of Contracts	Estimated Remaining Expenditure
Airport services	\$ 4,586	\$ 1,248
Drainage construction	601	350
Parks construction	8,470	6,130
Road construction	36,524	10,170
Waterworks construction	1,435	984
Sanitary sewer construction	3,575	1,910
Vehicles & equipment	1,834	1,834
Operational services	4,005	1,463
Building construction	3,351	1,516
	\$ 64,381	\$ 25,605



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
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18. CONTRACTUAL RIGHTS:

The City of Abbotsford has entered into contracts for various grants, property rental and rights to revenues, and is scheduled to receive the following amounts under those contracts:

	<u>Extent of Contracts</u>
2019	\$ 17,780
2020	7,191
2021	994
2022	528
2023	505
2024 and thereafter	1,599
	<u>\$ 28,597</u>



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

19. 2018 BUDGET FIGURES:

The budget figures included in the financial statements reflect the amended planned budget adopted through Bylaw No. 2823-2018 on May 7, 2018. The City of Abbotsford has elected to present the amended budget, which was adopted prior to the tax rates bylaw, as it reflects the City's comprehensive budget figures and includes on-going prior years' commitments related to capital expenditures and relevant government grants.

Revenues	Annual Budget	Amended Budget	Change
Municipal assessment taxes	\$ 141,279	\$ 141,279	\$ -
Fees and charges	70,195	70,195	-
Developer charges earned	4,763	16,415	11,652
Contributions from other governments	3,878	3,878	-
Government grants	20,823	52,010	31,187
Rent	5,351	5,351	-
Interest and penalties	2,250	2,250	-
Other sources	6,625	12,198	5,573
	\$ 255,163	\$ 303,575	\$ 48,412
Expenses			
Capital Expenses	61,198	180,837	119,639
Protective services	68,247	68,830	583
Parks, recreation and cultural services	30,011	30,011	-
Engineering services	23,658	23,810	152
General Government	20,969	22,382	1,413
Water Services	10,775	11,537	762
Sewer Services	9,255	9,357	102
Transit Services	11,917	11,917	-
Airport Services	3,767	3,767	-
Development Services	6,554	7,390	836
Dyking Services	2,947	2,947	-
Debt interest	3,198	3,198	-
Debt principal repayment	3,380	3,380	-
	\$ 255,876	\$ 379,362	\$ 123,486
Net Revenue (Expenses)	(713)	(75,787)	(75,074)
Debt proceeds	-	-	-
Transfers (to) from operating reserves	3,890	(13,196)	17,086
Transfers (to) from capital reserves	(4,605)	(62,592)	57,987
	713	75,787	75,074
Net budgeted surplus	\$ -	\$ -	\$ -



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

19. 2018 BUDGET FIGURES:

Reconcile to Consolidated Statement of Operations	
Net Revenue (Expenses) per Bylaw 2823-2018	\$ (75,787)
Add:	
Capital expenditures	180,836
Debt principal repayment	3,380
Water/Sewer/Cemetery fund reserve revenue	951
Less:	
Minor capital expenses	(21,546)
Collections for other governments	(4,663)
Annual surplus per Statement of Operations	<u><u>\$ 83,171</u></u>

20. CEMETERY CARE TRUST FUND:

The Cemetery Care Trust Fund is excluded from the Consolidated Financial Statements and is reported separately. The City administers the Cemetery Care Trust Fund for the perpetual care and maintenance of City-owned cemeteries. As at December 31, 2018, the trust fund balance is \$3,974,532 (2017 - \$3,836,509).



CITY OF ABBOTSFORD

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

21. CITY SERVICES FINANCIAL INFORMATION:

This information enhances the transparency of financial reporting and supplements broader-based fund information. The service information helps with understanding the City organization and how it discharges its accountability obligations, and helps to understand performance and to make informed judgments about the major services provided. Major services and their functional responsibilities are described below:

General Government Services

- Legislative & support services
- Strategic planning, corporate communications & marketing
- Human resources
- Financial services
- Information technology
- Procurement
- Risk management
- Economic development
- Continuous improvement
- Housing services
- Provincial emergency response
- Bylaw enforcement
- Restorative justice

Police Protection

- Community policing
- Criminal investigations
- Patrol
- Victim services
- Traffic safety
- Crime prevention
- Community outreach

Fire Rescue Services

- Emergency incident response
- Firefighter training
- Fire inspections and investigations
- Fire safety programs
- Medical assistance
- Search & rescue
- City emergency response

Engineering

- Transportation infrastructure
(plan, design, construct, maintain)
- Mapping & survey
- Fleet vehicles
- Soil, gravel & rock removal management
- Municipal buildings maintenance



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

21. CITY SERVICES FINANCIAL INFORMATION:

Parks, Recreation & Culture

Recreation facilities & programs
Parks & open space
Health and wellness
Cemeteries
Cultural Centre
Abbotsford Centre
Library services

Solid Waste

Collection & disposal
Composting & recycling
Environmental education

Dyking & Irrigation

Dyking infrastructure
Water management of City dyking &
drainage areas
Irrigation services & infrastructure

Sanitary Sewer

Sewer infrastructure (plan, design, construct,
maintain)
Collecting & treating liquid waste

Airport

National & international flights
Passenger & cargo services

Planning & Development Services

Building construction regulations
Building inspections
Business licensing
Environmental protection
Land development
Long-range & social planning

Transit

Planning & management
Conventional transit
Custom transit (Handi-dart)

Drainage

Urban storm drainage infrastructure & water
management
Rural storm drainage infrastructure & water
management

Waterworks

Water infrastructure
(plan, design, construct, maintain)
Water treatment
Potable water distribution
Conservation education



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

22. SEGMENT INFORMATION – REVENUES & EXPENSES BY FUNCTION:

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
GENERAL OPERATING FUND			
General government services	\$ 96,778	\$ 101,762	\$ 95,190
Planning & development services	6,096	8,637	7,736
Police services	52,011	53,005	50,857
Fire rescue services	268	346	340
Parks, recreation & culture services	6,645	8,194	6,690
Abbotsford Centre	4,673	7,838	7,627
Library services	4,755	4,755	4,632
Transit services	7,661	8,407	7,916
Engineering services	3,050	4,894	4,727
Solid waste services	8,596	8,224	8,148
Storm drainage services	3,688	3,717	3,690
Dyking, drainage and irrigation services	2,136	2,143	2,110
	<u>196,357</u>	<u>211,921</u>	<u>199,663</u>
WATERWORKS	18,458	19,955	18,024
SANITARY SEWER	12,839	14,492	13,440
AIRPORT	7,365	8,165	6,850
CAPITAL FUNDS	62,329	71,325	15,903
RESERVE FUNDS	-	5,107	3,881
	<u>297,348</u>	<u>330,964</u>	<u>257,761</u>
CONSOLIDATION ADJUSTMENTS	-	-	(6)
	<u>297,348</u>	<u>330,964</u>	<u>257,755</u>



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

22. SEGMENT INFORMATION – REVENUES & EXPENSES BY FUNCTION:

	2018 Plan	2018 Actual	2017 Actual
EXPENSES			
GENERAL OPERATING FUND			
General government services	20,302	18,893	17,294
Planning & development services	7,748	6,905	6,456
Police services	51,571	52,616	49,884
Fire rescue services	17,359	18,507	18,018
Parks, recreation & culture services	21,445	25,371	24,858
Abbotsford Centre	7,825	12,348	12,185
Library services	4,455	4,598	4,495
Transit services	11,920	12,718	11,588
Engineering services	13,631	26,803	27,425
Solid waste services	7,859	7,970	8,251
Storm drainage services	3,224	6,069	5,801
Dyking, drainage and irrigation services	2,947	3,788	3,746
	<u>170,286</u>	<u>196,586</u>	<u>190,001</u>
WATERWORKS	10,262	15,645	14,298
SANITARY SEWER	8,117	12,535	12,434
AIRPORT	3,967	6,232	6,445
CAPITAL FUNDS	21,546	10,793	9,905
	<u>214,177</u>	<u>241,791</u>	<u>233,083</u>
CONSOLIDATION ADJUSTMENTS	-	-	(6)
	<u>214,177</u>	<u>241,791</u>	<u>233,077</u>
ANNUAL SURPLUS	<u>\$ 83,171</u>	<u>\$ 89,173</u>	<u>\$ 24,678</u>



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

23. REVENUES & EXPENSES BY FUNCTION LESS AMORTIZATION:

For the 2018 operating expenses, the City did not budget for amortization and gain/loss, non-cash expenses. The following table provides information on all City revenues and expenses compared to budget.

	2018 Plan	2018 Actual (less Amortization)	2017 Actual (less Amortization)
REVENUE			
GENERAL OPERATING FUND			
General government services	\$ 96,778	\$ 101,762	\$ 95,190
Planning & development services	6,096	8,637	7,736
Police services	52,011	53,005	50,857
Fire rescue services	268	346	340
Parks, recreation & culture services	6,645	8,194	6,690
Abbotsford Centre	4,673	7,838	7,627
Library services	4,755	4,755	4,632
Transit services	7,661	8,407	7,916
Engineering services	3,050	4,894	4,727
Solid waste services	8,596	8,224	8,148
Storm drainage services	3,688	3,717	3,690
Dyking, drainage and irrigation services	2,136	2,143	2,110
	196,357	211,921	199,663
WATERWORKS	18,458	19,954	18,024
SANITARY SEWER	12,839	14,491	13,440
AIRPORT	7,365	8,165	6,850
CAPITAL FUNDS	62,329	71,325	15,903
RESERVE FUNDS	-	5,107	3,881
	297,348	330,964	257,761
CONSOLIDATION ADJUSTMENTS	-	-	(6)
	297,348	330,964	257,755



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2018
(Tabular amounts are in thousands of dollars)

23. REVENUES & EXPENSES BY FUNCTION LESS AMORTIZATION:

	2018 Plan	2018 Actual (less Amortization)	2017 Actual (less Amortization)
EXPENSES			
GENERAL OPERATING FUND			
General government services	20,302	17,532	16,321
Planning & development services	7,748	6,905	6,456
Police services	51,571	51,511	48,694
Fire rescue services	17,359	17,646	16,894
Parks, recreation & culture services	21,445	22,038	20,561
Abbotsford Centre	7,825	10,712	9,514
Library services	4,455	4,408	4,290
Transit services	11,920	12,693	11,558
Engineering services	13,631	13,474	14,211
Solid waste services	7,859	7,903	8,196
Storm drainage services	3,224	2,391	2,148
Dyking, drainage and irrigation services	2,947	3,055	3,015
	<u>170,286</u>	<u>170,268</u>	<u>161,858</u>
WATERWORKS	10,262	9,101	7,839
SANITARY SEWER	8,117	7,232	7,196
AIRPORT	3,967	4,319	4,469
CAPITAL FUNDS	21,546	10,793	9,905
AMORTIZATION	-	39,806	42,158
LOSS/(GAIN) ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	271	(342)
	<u>214,177</u>	<u>241,791</u>	<u>233,083</u>
CONSOLIDATION ADJUSTMENTS	-	-	(6)
	<u>214,177</u>	<u>241,791</u>	<u>233,077</u>
ANNUAL SURPLUS	<u>\$ 83,171</u>	<u>\$ 89,173</u>	<u>\$ 24,678</u>

CITY OF ABBOTSFORD

Statement of Financial Position - By Fund

As at December 31, 2018, with comparative information as at December 31, 2017

Exhibit 1

In thousands

	Operating Funds				Reserve Funds
	General	Waterworks	Sanitary		
			sewer	Airport	
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 18,289	\$ -	\$ -	\$ -	\$ -
Due from other funds	1,410	15,439	14,950	3,780	250,377
Accounts receivable	28,711	6,357	2,321	428	-
Portfolio investments	416,372	-	-	-	-
	<u>464,782</u>	<u>21,796</u>	<u>17,271</u>	<u>4,208</u>	<u>250,377</u>
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities	86,352	171	357	209	-
Due to other funds	295,206	-	-	-	-
Restricted revenue	61,563	17,359	11,115	2,576	-
Deferred revenue	2,092	-	-	247	-
	<u>445,213</u>	<u>17,530</u>	<u>11,472</u>	<u>3,032</u>	<u>-</u>
Long-term debt	-	-	-	-	-
	<u>445,213</u>	<u>17,530</u>	<u>11,472</u>	<u>3,032</u>	<u>-</u>
NET FINANCIAL ASSETS	<u>19,569</u>	<u>4,266</u>	<u>5,799</u>	<u>1,176</u>	<u>250,377</u>
NON-FINANCIAL ASSETS					
Tangible capital assets	-	-	-	-	-
Inventories	1,463	-	-	-	-
Pre-paid expenses	710	-	-	-	-
	<u>2,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>\$ 21,742</u>	<u>\$ 4,266</u>	<u>\$ 5,799</u>	<u>\$ 1,176</u>	<u>\$250,377</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Statement of Financial Position - By Fund

As at December 31, 2018, with comparative information as at December 31, 2017

Exhibit 1

In thousands

Capital Funds						Total 2018	Total 2017
General	Waterworks	Sanitary Sewer	Airport	Consolidation Adjustments			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	18,289	\$ 18,802
9,880	-	-	780	(296,616)	-	-	-
1,878	-	1,835	-	-	-	41,530	34,722
-	-	-	-	-	-	416,372	363,086
11,758	-	1,835	780	(296,616)	-	476,191	416,610
-	-	-	-	-	-	87,089	79,208
-	-	1,410	-	(296,616)	-	-	-
-	-	-	-	-	-	92,613	69,577
12,320	-	425	780	-	-	15,864	16,189
12,320	-	1,835	780	(296,616)	-	195,566	164,974
55,204	-	-	-	-	-	55,204	58,598
67,524	-	1,835	780	(296,616)	-	250,770	223,572
(55,766)	-	-	-	-	-	225,421	193,038
961,414	233,494	164,692	63,115	-	-	1,422,714	1,366,176
-	-	-	-	-	-	1,463	1,264
-	-	-	-	-	-	710	655
961,414	233,494	164,692	63,115	-	-	1,424,887	1,368,095
\$ 905,648	\$ 233,494	\$ 164,692	\$ 63,115	\$ -	\$ -	\$ 1,650,308	\$ 1,561,135

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Statement of Financial Activities - By Fund

For the year ended December 31, 2018, with comparative information for 2017

Exhibit 2

In thousands

	Operating Funds				Reserve
	General Schedule A	Waterworks Schedule B	San Sewer Schedule C	Airport Schedule D	Funds Schedule R
REVENUE					
Municipal taxation	\$ 142,971	\$ -	\$ -	\$ -	\$ -
Fees and charges	48,323	19,863	14,361	6,442	-
Developer charges earned	-	-	-	-	-
Contributed tangible capital assets	-	-	-	-	-
Grants and government transfers	16,171	-	-	-	-
Investment income	2,444	53	131	105	5,087
Rent	2,012	39	-	1,618	-
Other sources	-	-	-	-	20
Contributions (to)/from other funds	-	-	-	-	-
	<u>211,921</u>	<u>19,955</u>	<u>14,492</u>	<u>8,165</u>	<u>5,107</u>
EXPENSE					
General government services	17,530	-	-	-	-
Planning & development services	6,905	-	-	-	-
Protective services	69,157	-	-	-	-
Parks, recreation, culture, libraries	37,158	-	-	-	-
Transit services	12,693	-	-	-	-
Engineering services	23,766	-	-	-	-
Dyking, drainage and irrigation services	3,055	-	-	-	-
Waterworks services	-	9,101	-	-	-
Sanitary sewer services	-	-	7,232	-	-
Airport services	-	-	-	4,319	-
Amortization	26,403	6,284	5,207	1,912	-
Loss/(gain) on disposal of TCA	(86)	261	97	-	-
	<u>196,581</u>	<u>15,646</u>	<u>12,536</u>	<u>6,231</u>	<u>-</u>
ANNUAL SURPLUS/(DEFICIT)	<u>15,340</u>	<u>4,309</u>	<u>1,956</u>	<u>1,934</u>	<u>5,107</u>
RECONCILE TO BUDGET BASIS SURPLUS/(DEFICIT)					
Operating reserve	(2,798)	-	-	-	2,798
General capital reserve	(35,534)	-	-	-	9,133
Affordable housing reserve	-	-	-	-	200
Storm drainage capital reserve	-	-	-	-	(579)
Waterworks capital reserve	-	(10,853)	-	-	7,369
Sanitary sewer capital reserve	-	-	(7,260)	-	5,162
Airport capital reserve	-	-	-	(3,846)	(246)
Property acquisition reserve	-	-	-	-	46
Eliminate amortization and loss/gain	26,640	6,544	5,304	1,912	-
Internal borrowing (from general fund)	-	-	-	-	-
	<u>(11,692)</u>	<u>(4,309)</u>	<u>(1,956)</u>	<u>(1,934)</u>	<u>23,883</u>
Debt principal repayments	(3,394)	-	-	-	-
CHANGE IN INVENTORY/PRE-PAID EXPENSES	<u>254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS/(DEFICIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,990</u>
SURPLUS, BEGINNING OF YEAR	<u>21,489</u>	<u>4,265</u>	<u>5,799</u>	<u>1,176</u>	<u>221,387</u>
SURPLUS, END OF YEAR	<u>\$ 21,743</u>	<u>\$ 4,265</u>	<u>\$ 5,799</u>	<u>\$ 1,176</u>	<u>\$ 250,377</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Statement of Financial Activities - By Fund

For the year ended December 31, 2018, with comparative information for 2017

Exhibit 2

In thousands

Capital Funds								
General	Waterworks	San Sewer	Airport		Consolidation	Total	Total	
Schedule Q	Schedule Q	Schedule Q	Schedule Q	SUBTOTAL	Adjustments	2018	2017	
\$ -	\$ -	\$ -	\$ -	\$ 142,971	\$ -	\$ 142,971	\$ 136,493	
535	(1)	(36)	1	89,488	-	89,488	82,664	
5,679	428	176	-	6,283	-	6,283	9,156	
20,555	1,652	1,070	-	23,277	-	23,277	3,423	
39,812	17	1,436	-	57,436	-	57,436	16,507	
-	-	-	-	7,820	-	7,820	5,782	
-	-	-	-	3,669	-	3,669	3,685	
-	-	-	-	20	-	20	45	
(335)	160	175	-	-	-	-	-	
66,247	2,256	2,821	1	330,964	-	330,964	257,755	
450	-	-	-	17,981	-	17,981	16,858	
-	-	-	-	6,906	-	6,906	6,456	
228	-	-	-	69,385	-	69,385	65,846	
598	-	-	-	37,757	-	37,757	35,654	
2,510	-	-	-	15,203	-	15,203	11,558	
5,844	-	-	-	29,611	-	29,611	30,133	
157	-	-	-	3,212	-	3,212	4,123	
-	534	-	-	9,635	-	9,635	8,480	
-	-	472	-	7,704	-	7,704	7,684	
-	-	-	-	4,319	-	4,319	4,469	
-	-	-	-	39,806	-	39,806	42,158	
-	-	-	-	272	-	272	(342)	
9,787	534	472	-	241,791	-	241,791	233,077	
56,460	1,722	2,349	1	89,173	-	89,173	24,678	
-	-	-	-	-	-	-	-	
26,041	353	7	-	-	-	-	-	
(200)	-	-	-	-	-	-	-	
579	-	-	-	-	-	-	-	
-	3,484	-	-	-	-	-	-	
-	-	2,098	-	-	-	-	-	
-	-	-	4,091	-	-	-	-	
(46)	-	-	-	-	-	-	-	
(26,640)	(6,544)	(5,304)	(1,912)	-	-	-	(253)	
-	-	-	-	-	-	-	253	
(266)	(2,707)	(3,199)	2,179	-	-	-	-	
3,394	-	-	-	-	-	-	-	
-	-	-	-	254	-	254	(463)	
59,588	(985)	(850)	2,180	89,173	-	89,173	24,678	
846,059	234,479	165,542	60,935	1,561,135	-	1,561,135	1,536,457	
\$ 905,647	\$ 233,494	\$ 164,692	\$ 63,115	\$ 1,650,308	\$ -	\$ 1,650,308	\$ 1,561,135	

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Schedule of Tangible Capital Assets

As at December 31, 2018, with comparative information for 2017

Exhibit 3

In thousands

	Cost					
	Opening Balance	Add		Less		Closing Balance
		Additions	Transfer from asset class	Disposals	Transfer to asset class	
General						
Land	\$ 386,241	\$ 54,896	\$ 107	\$ (22)	\$ -	\$ 441,222
Land improvements	16,092	849	15	-	-	16,956
Park improvements	62,491	-	-	-	-	62,491
Buildings	227,241	525	-	-	-	227,766
Machinery & equipment	35,015	455	360	(325)	-	35,505
Vehicles	32,192	1,794	1,018	(1,161)	-	33,843
Infrastructure						
Airport	37,141	-	-	-	-	37,141
Waterworks	336,710	4,015	1,208	(672)	-	341,261
Sanitary sewer	257,995	2,725	116	(240)	-	260,596
Transportation	533,395	3,506	1,015	(178)	-	537,738
Storm drainage	263,555	1,788	333	(113)	-	265,563
Dyking, drainage, & irrigation	51,463	2	-	-	-	51,465
Assets under construction	12,989	26,380	-	-	(4,172)	35,197
	\$2,252,520	\$ 96,935	\$ 4,172	\$ (2,711)	\$ (4,172)	\$2,346,744

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Schedule of Tangible Capital Assets

As at December 31, 2018, with comparative information for 2017

Exhibit 3

In thousands

		Accumulated Amortization					
Opening Balance	Add	Less		Closing Balance	Net Book Value Dec 31, 2018	Net Book Value Dec 31, 2017	
	Amortization	Accumulated Amortization on Disposals					
\$	-	\$	-	\$	-	441,222	\$ 386,241
	9,570		-		(9,994)	6,962	6,522
	40,179		(1)		(41,996)	20,495	22,313
	119,463		-		(123,574)	104,192	107,778
	27,331		(298)		(29,442)	6,063	7,683
	19,857		(1,056)		(21,110)	12,733	12,336
	11,203		-		(12,223)	24,918	25,938
	105,174		(415)		(111,013)	230,248	231,539
	101,113		(143)		(106,177)	154,419	156,882
	339,333		(142)		(351,110)	186,628	194,060
	81,849		(63)		(85,388)	180,175	181,705
	31,270		-		(32,003)	19,462	20,192
	-		-		-	35,197	12,987
\$	886,342	\$	(2,118)	\$	(924,030)	1,422,714	\$ 1,366,176

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Appropriated Surplus (Reserves) Continuity Schedule

For the Year Ended December 31, 2018, with comparative information as at 2017

Exhibit 4

In thousands

	Balance December 31, 2017	(To)/From Operating Fund	(To)/From Other Funds	Other Contributions	Interest Earned	Balance December 31, 2018
STATUTORY CAPITAL RESERVES						
General	\$ 66,642	\$ 34,740	\$ (25,527)	\$ 20	\$ 1,561	\$ 77,436
Storm drainage	12,598	266	(845)	-	275	12,294
Waterworks	33,396	11,206	(3,837)	-	792	41,557
Sanitary sewer	43,663	7,267	(2,105)	-	1,005	49,830
Airport	17,562	3,846	(4,091)	-	392	17,709
Affordable housing	11	200	-	-	1	212
Property acquisition	-	46	-	-	-	46
	<u>173,872</u>	<u>57,571</u>	<u>(36,405)</u>	<u>20</u>	<u>4,026</u>	<u>199,084</u>
GENERAL OPERATING RESERVE						
Planned Transfers						
New facility operations	2,481	-	-	-	59	2,540
Water system contingency	793	-	-	-	19	812
Insurance	2,405	-	-	-	54	2,459
Tradex operating reserve	17	95	(79)	-	1	34
Election	251	(257)	-	-	6	-
Community Works Fund	24,998	(1,109)	-	-	537	24,426
Climate action	1,402	396	-	-	33	1,831
Community projects	449	-	-	-	11	460
	<u>32,796</u>	<u>(875)</u>	<u>(79)</u>	<u>-</u>	<u>720</u>	<u>32,562</u>
Operating Surplus Transfers						
Police	3,353	680	(900)	-	89	3,222
Winter operations	1,246	800	-	-	30	2,076
Storm drainage	4,643	658	-	-	110	5,411
Sumas Prairie DDI	(94)	(64)	-	-	(4)	(162)
Matsqui Prairie DDI	45	-	-	-	1	46
Solid waste	258	(258)	-	-	(13)	(13)
Infrastructure Maintenance	1,398	590	-	-	33	2,021
	<u>10,849</u>	<u>2,406</u>	<u>(900)</u>	<u>-</u>	<u>246</u>	<u>12,601</u>
Other Transfers						
General government	2,081	501	(136)	-	49	2,495
Planning & Development	584	20	-	-	14	618
Fire Rescue Services	30	127	-	-	1	158
Engineering	127	120	136	-	3	386
Traffic fine revenue	204	-	-	-	5	209
Transit Provision	844	1,400	-	-	20	2,264
	<u>3,870</u>	<u>2,168</u>	<u>-</u>	<u>-</u>	<u>92</u>	<u>6,130</u>
	<u>47,515</u>	<u>3,699</u>	<u>(979)</u>	<u>-</u>	<u>1,058</u>	<u>51,293</u>
Total	\$ 221,387	\$ 61,270	\$ (37,384)	\$ 20	\$ 5,084	\$ 250,377

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Debt Outstanding and Debt Servicing by Fund and Function

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

Exhibit 5

	Bylaw Number	MFA Issue Number	Year of Maturity	Interest Rate (%)	Debt Outstanding December 31 2017	2018 Debt Servicing			Debt Outstanding December 31 2018
						Principal	Interest	Total	
GENERAL FUND									
Parks, Recreation and Culture									
Abbotsford Centre	1586	102/103	2032	5.00	\$ 40,083	\$ 1,917	\$ 2,124	\$ 4,041	\$ 38,166
Cultural Centre	1587	102/103	2027	5.00	6,172	492	341	833	5,680
Community Centre	1588	102/103	2027	5.00	12,343	985	682	1,667	11,358
Total Long-term Debt					\$ 58,598	\$ 3,394	\$ 3,147	\$ 6,541	\$ 55,204

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Segment Information - Revenues by Type & Expenses by Function
General Operating Fund

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

Schedule A

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Municipal taxation:			
General	\$ 80,888	\$ 81,708	\$ 77,985
Police	49,461	49,461	47,178
Library	4,755	4,755	4,632
Dyking, drainage & irrigation	1,952	1,952	1,955
Utility tax	1,852	1,998	1,900
Business improvement assessment	274	309	300
Hotel tax	250	621	447
Grants in lieu of taxes:			
Federal government	1,005	1,077	1,082
Provincial governments and agencies	841	1,091	1,014
Fees and charges:			
Transit	2,570	3,114	2,686
Police	422	1,395	1,520
Solid waste	8,596	8,224	8,148
Storm drainage	3,688	3,716	3,690
Parks, recreation and culture	6,588	7,074	6,629
Abbotsford Centre	4,673	7,820	6,421
Other	3,163	5,678	5,134
Licenses and permits:			
Building permits	2,951	4,352	3,831
Soil removal fees	2,135	3,363	3,227
Business licences	1,060	1,367	1,016
Municipal License Plates	39	40	30
Secondary suite fees	1,254	1,355	1,321
Other licences and permits	516	824	917
Rental:			
Police	41	45	45
Other	2,025	1,967	1,991
Investment income	999	2,419	1,689
Municipal Finance Authority refunds	36	25	22
Grants and government transfers:			
Transit	5,091	5,293	5,230
Police	2,087	2,104	2,113
Other	7,145	8,774	7,510
	196,357	211,921	199,663

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Segment Information - Revenues by Type & Expenses by Function
General Operating Fund

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

Schedule A

	2018	2018	2017
	Plan	Actual	Actual
EXPENSE			
General government services (Schedule E)	20,302	17,532	16,321
Planning & development services (Schedule F)	7,748	6,905	6,456
Protective services			
Police services (Schedule G)	51,571	51,511	48,694
Fire rescue services (Schedule H)	17,359	17,646	16,894
Parks, recreation & culture services (Schedule I)	21,445	22,038	20,561
Abbotsford Centre (Schedule J)	7,825	10,712	9,514
Library services (Schedule K)	4,455	4,408	4,290
Transit services (Schedule L)	11,920	12,693	11,558
Engineering services (Schedule M)	13,631	13,474	14,211
Solid waste services (Schedule N)	7,859	7,903	8,196
Storm drainage services (Schedule O)	3,224	2,391	2,148
Dyking, drainage and irrigation services			
Matsqui Prairie (Schedule P)	1,167	1,200	1,142
Sumas Prairie (Schedule P)	1,780	1,855	1,873
	<u>170,286</u>	<u>170,268</u>	<u>161,858</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	26,071	41,657	37,805
Amortization (All Schedules)	-	26,403	28,743
Loss/(gain) on disposal of tangible capital assets (All Schedules)	-	(86)	(601)
ANNUAL SURPLUS/(DEFICIT)	26,071	15,340	9,660
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(323)	(1,851)
Transfer to general capital reserve	(19,095)	(35,211)	(29,388)
Transfer to operating reserve	(6,093)	(12,505)	(10,960)
Transfer from operating reserve	2,497	9,707	5,439
Debt principal repayments	(3,380)	(3,394)	(3,357)
Inventory and pre-paid expenses	-	(254)	463
Eliminate amortization and loss/gain	-	26,640	29,994
CHANGE IN UNAPPROPRIATED SURPLUS	\$ -	\$ -	\$ -

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Segment Information - Revenues by Type & Expenses by Function
Waterworks Operating Fund

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

Schedule B

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Fees and charges:			
User rates	\$ 17,200	\$ 18,710	\$ 17,123
Other fees and charges	1,077	1,153	838
Rent	50	39	38
Investment income	131	53	25
	<u>18,458</u>	<u>19,955</u>	<u>18,024</u>
EXPENSE			
Abbotsford-Mission supply and transmission	4,061	3,323	3,035
Administration	3,028	2,441	2,303
Local supply and distribution	2,161	2,059	1,551
Meters	542	581	689
Hydrants	414	373	34
Maintenance	56	324	227
	<u>10,262</u>	<u>9,101</u>	<u>7,839</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>8,196</u>	<u>10,854</u>	<u>10,185</u>
Amortization	-	6,284	6,253
Loss/(gain) on disposal of tangible capital assets	-	261	207
ANNUAL SURPLUS/(DEFICIT)	<u>8,196</u>	<u>4,309</u>	<u>3,725</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	-	(3)
Transfer from operating reserve	-	-	18
Transfer to waterworks capital reserve	(8,196)	(10,853)	(10,203)
Eliminate amortization and loss/gain	-	6,544	6,463
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

Sanitary Sewer Operating Fund

For the Year Ended December 31, 2018, with comparative information for 2017

In thousands

Schedule C

	2018	2018	2017
	Plan	Actual	Actual
REVENUE			
Fees and charges:			
User rates	\$ 11,300	\$ 12,350	\$ 11,420
Industrial surcharges	1,004	1,345	1,132
Other fees and charges	448	666	757
Investment income	87	131	131
	<u>12,839</u>	<u>14,492</u>	<u>13,440</u>
EXPENSE			
Joint Abbotsford-Mission Environmental Systems (JAMES) treatment plant	4,603	3,900	4,108
Administration	2,005	2,009	1,839
Maintenance	1,509	1,323	1,249
	<u>8,117</u>	<u>7,232</u>	<u>7,196</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>4,722</u>	<u>7,260</u>	<u>6,244</u>
Amortization	-	5,207	5,165
Loss/(gain) on disposal of tangible capital assets	-	97	73
ANNUAL SURPLUS/(DEFICIT)	<u>4,722</u>	<u>1,956</u>	<u>1,007</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer from operating reserve	-	-	15
Transfer to sanitary sewer capital reserve	(4,722)	(7,260)	(6,260)
Eliminate amortization and loss/gain	-	5,304	5,238
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

Airport Operating Fund

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule D

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Fees and charges:			
Aeronautical fees	\$ 1,753	\$ 1,967	\$ 1,480
Public parking fees	2,410	2,445	1,957
Concessions	1,182	1,650	1,405
Other fees and charges	314	380	310
Rent	1,633	1,618	1,610
Investment income	73	105	85
	<u>7,365</u>	<u>8,165</u>	<u>6,850</u>
EXPENSE			
Administration	1,457	1,556	1,487
Marketing	64	57	98
Terminal building	526	510	511
Airside	1,360	1,536	1,603
Mobile equipment	263	223	332
Parking	297	437	438
	<u>3,967</u>	<u>4,319</u>	<u>4,469</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>3,398</u>	<u>3,846</u>	<u>2,378</u>
Amortization	-	1,912	1,997
Loss/(gain) on disposal of tangible capital assets	-	-	(21)
ANNUAL SURPLUS/(DEFICIT)	<u>3,398</u>	<u>1,934</u>	<u>402</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to airport capital reserve (asset sales)	-	-	(21)
Transfer to airport capital reserve	(3,398)	(3,846)	(2,379)
Eliminate amortization and loss/gain	-	1,912	1,998
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - General Government Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule E

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Municipal taxation	\$ 85,110	\$ 86,804	\$ 82,728
Fees and charges	1,907	3,361	3,104
Rent	1,761	1,660	1,695
Investment income	999	2,401	1,679
Grants and government transfers	6,965	7,511	5,962
Municipal Finance Authority refunds	36	25	22
	<u>96,778</u>	<u>101,762</u>	<u>95,190</u>
EXPENSE			
LEGISLATIVE SERVICES	779	786	697
CITY MANAGER'S OFFICE	885	779	786
FINANCE & CORPORATE SERVICES			
City Clerk	1,151	1,104	1,080
Bylaw enforcement	1,309	1,584	1,094
Elections	328	266	-
Finance & procurement	4,264	3,694	3,408
Human resources	1,801	1,912	1,788
Risk management	1,426	1,557	811
Restorative justice	149	150	149
Real estate services	313	355	287
INNOVATION, STRATEGY & INTERGOVERNMENTAL RELATIONS			
ISIR Administration	908	922	657
Corporate communications and marketing	691	786	921
Information technology	4,133	3,977	3,530
Economic development	821	1,032	756
Housing services	580	537	367
OTHER			
Provincial emergency response	-	236	240
Transfer to other agencies	604	1,053	870
Common services	3,017	(393)	1,533
Less: Cost recoveries	(2,857)	(2,805)	(2,653)
	<u>20,302</u>	<u>17,532</u>	<u>16,321</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	76,476	84,230	78,869
Amortization	-	1,361	1,388
Loss/(gain) on disposal of tangible capital assets	-	-	(413)
ANNUAL SURPLUS/(DEFICIT)	76,476	82,869	77,894
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	-	(645)
Transfer to general capital reserve	(3,045)	(17,850)	(13,774)
Transfer to operating reserve	(5,923)	(9,294)	(7,367)
Transfer from operating reserve	936	7,622	4,072
Inventory and pre-paid expenses	-	(254)	463
Eliminate amortization and loss/gain	-	1,361	1,620
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ 68,444</u>	<u>\$ 64,454</u>	<u>\$ 62,263</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Planning & Development Services

For the Year Ended December 31, 2018, with comparative information for 2017

In thousands

Schedule F

	2018	2018	2017
	Plan	Actual	Actual
REVENUE			
Licences and permits:			
Business licences	\$ 1,060	\$ 1,367	\$ 1,016
Development permit application fees	150	219	192
Rezoning application fees	175	306	450
Subdivision application fees	100	169	189
Building permits	2,951	4,354	3,828
Secondary suite fees	1,254	1,355	1,321
Other licences and permits	78	115	76
Fees and charges:			
Development fees on Engineering projects	250	615	535
Other fees and charges	78	137	129
	<u>6,096</u>	<u>8,637</u>	<u>7,736</u>
EXPENSE			
Development approvals	4,892	4,350	4,122
Licence inspection	185	175	154
Building inspections	2,671	2,380	2,180
	<u>7,748</u>	<u>6,905</u>	<u>6,456</u>
ANNUAL SURPLUS/(DEFICIT)	<u>(1,652)</u>	<u>1,732</u>	<u>1,280</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to operating reserve	-	(72)	(282)
Transfer from operating reserve	351	52	103
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (1,300)</u>	<u>\$ 1,712</u>	<u>\$ 1,101</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Police Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule G

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Municipal taxation	\$ 49,461	\$ 49,461	\$ 47,178
Fees and charges:			
Salary recoveries	-	560	506
Other revenue	422	835	1,014
Government grants:			
Traffic fine revenue - sharing	2,000	1,950	1,992
Other government grants	87	154	122
Rent	41	45	45
	<u>52,011</u>	<u>53,005</u>	<u>50,857</u>
EXPENSE			
Finance and budgets	578	563	509
Executive administration	1,873	2,036	1,793
Operations support	5,645	5,671	4,977
Support services	6,036	5,808	5,476
Criminal investigations	9,264	8,843	8,321
Patrol	16,764	16,137	15,774
Operations control	4,529	4,675	4,222
Police building	779	507	511
Human resources	2,048	2,339	2,109
Vehicle maintenance	1,095	1,260	1,063
Common services & secondment	2,960	3,672	3,939
	<u>51,571</u>	<u>51,511</u>	<u>48,694</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	440	1,494	2,162
Amortization	-	1,100	1,187
Loss/(gain) on disposal of tangible capital assets	-	5	2
ANNUAL SURPLUS/(DEFICIT)	<u>440</u>	<u>389</u>	<u>973</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(53)	(13)
Transfer from operating reserve	295	900	141
Transfer to operating reserve	-	(680)	(1,476)
Transfer to general capital reserve	(735)	(1,715)	(826)
Eliminate amortization and loss/gain	-	1,159	1,201
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Fire Rescue Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule H

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Fees and charges	\$ 190	\$ 283	\$ 277
Licences and permits	10	13	7
Emergency services recovery	68	50	56
	<u>268</u>	<u>346</u>	<u>340</u>
EXPENSE			
ABBOTSFORD FIRE RESCUE SERVICE			
Administration	556	664	573
Fire life and safety education	191	159	165
Fire prevention and inspection	644	560	601
Emergency response	15,220	15,473	14,587
Fire halls and ground maintenance	488	573	465
Fire flows and hydrants	-	-	289
EMERGENCY SERVICES			
Search and rescue	72	77	75
City emergency response	188	140	139
	<u>17,359</u>	<u>17,646</u>	<u>16,894</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(17,091)</u>	<u>(17,300)</u>	<u>(16,554)</u>
Amortization	-	985	1,115
Loss/(gain) on disposal of tangible capital assets	-	(125)	10
ANNUAL SURPLUS/(DEFICIT)	<u>(17,091)</u>	<u>(18,160)</u>	<u>(17,679)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(149)	(40)
Transfer from operating reserve	-	-	232
Transfer to operating reserve	-	-	(30)
Transfer to general capital reserve	(503)	(503)	(791)
Eliminate amortization and loss/gain	-	1,010	1,165
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (17,594)</u>	<u>\$ (17,802)</u>	<u>\$ (17,143)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Parks, Recreation & Culture Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule I

In thousands

	2018	2018				2018	2017
	Plan	General	Parks	Recreation	Culture	Actual	Actual
REVENUE							
Fees and charges	\$ 6,588	\$ 139	\$ 1,706	\$ 5,230	\$ -	\$ 7,075	\$ 6,628
Rent	57	-	-	69	-	69	61
Grants and government transfers	-	-	1,050	-	-	1,050	-
	<u>6,645</u>	<u>139</u>	<u>2,756</u>	<u>5,299</u>	<u>-</u>	<u>8,194</u>	<u>6,690</u>
EXPENSE							
Operations	20,400	1,343	8,676	10,127	869	21,015	19,481
Long-term debt interest	1,045	-	-	682	341	1,023	1,080
	<u>21,445</u>	<u>1,343</u>	<u>8,676</u>	<u>10,809</u>	<u>1,210</u>	<u>22,038</u>	<u>20,561</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION							
	(14,800)	(1,204)	(5,920)	(5,510)	(1,210)	(13,844)	(13,871)
Amortization	-	-	2,084	1,011	237	3,332	4,263
Loss/(gain) on disposal of tangible capital assets	-	-	-	-	-	-	34
ANNUAL SURPLUS/(DEFICIT)	<u>(14,800)</u>	<u>(1,204)</u>	<u>(8,004)</u>	<u>(6,521)</u>	<u>(1,447)</u>	<u>(17,176)</u>	<u>(18,169)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS							
Debt principal repayments	(1,463)	-	-	(985)	(492)	(1,477)	(1,513)
Transfer to general capital reserve	(1,519)	(107)	(1,214)	(545)	(73)	(1,939)	(1,519)
Transfer to cemetery capital reserve	(160)	-	(136)	-	-	(136)	(160)
Transfer to operating reserve	-	-	(500)	-	-	(500)	-
Transfer from operating reserve	-	-	310	-	-	310	68
Eliminate amortization and loss/gain	-	-	2,084	1,011	237	3,332	4,297
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (17,942)</u>	<u>\$ (1,311)</u>	<u>\$ (7,460)</u>	<u>\$ (7,040)</u>	<u>\$ (1,775)</u>	<u>\$ (17,586)</u>	<u>\$ (16,996)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Abbotsford Centre

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule J

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Fees and charges	\$ 4,673	\$ 7,820	\$ 6,421
Investment income	-	18	11
Grants	-	-	1,195
	<u>4,673</u>	<u>7,838</u>	<u>7,627</u>
EXPENSE			
Abbotsford Centre			
Operations	5,672	8,588	7,315
Long-term debt interest	2,153	2,124	2,199
	<u>7,825</u>	<u>10,712</u>	<u>9,514</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(3,152)</u>	<u>(2,874)</u>	<u>(1,887)</u>
Amortization	-	1,636	2,671
ANNUAL SURPLUS/(DEFICIT)	<u>(3,152)</u>	<u>(4,510)</u>	<u>(4,558)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Debt principal repayments	(1,917)	(1,917)	(1,844)
Eliminate amortization and loss/gain	-	1,636	2,671
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (5,069)</u>	<u>\$ (4,791)</u>	<u>\$ (3,731)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Library Services

For the Year Ended December 31, 2018, with comparative information for 2017

In thousands

Schedule K

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Municipal tax for regional library	\$ 4,755	\$ 4,755	\$ 4,632
EXPENSE			
Transfer to Fraser Valley Regional Library	4,110	4,112	4,004
Library operating costs	345	296	286
	<u>4,455</u>	<u>4,408</u>	<u>4,290</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	300	347	342
Amortization	-	190	205
ANNUAL SURPLUS/(DEFICIT)	<u>300</u>	<u>157</u>	<u>137</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve	(300)	(300)	(300)
Transfer from operating reserve	-	-	19
Transfer to operating reserve	-	(47)	(61)
Eliminate amortization and loss/gain	-	190	205
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Transit Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule L

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Grants and government transfers	\$ 5,091	\$ 5,293	\$ 5,230
Fares	1,895	2,274	2,008
BC bus pass program	501	577	499
Advertising and other	174	263	179
	<u>7,661</u>	<u>8,407</u>	<u>7,916</u>
EXPENSE			
Transfer to BC Transit	11,765	12,559	11,440
Other	155	134	118
	<u>11,920</u>	<u>12,693</u>	<u>11,558</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(4,259)</u>	<u>(4,286)</u>	<u>(3,642)</u>
Amortization	-	25	31
ANNUAL SURPLUS/(DEFICIT)	<u>(4,259)</u>	<u>(4,311)</u>	<u>(3,673)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer from operating reserve	-	-	-
Transfer to operating reserve	-	-	(511)
Eliminate amortization and loss/gain	-	25	31
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (4,259)</u>	<u>\$ (4,286)</u>	<u>\$ (4,153)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Engineering Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule M

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Fees and charges:			
Engineering capital recoveries	\$ -	\$ 472	\$ 358
Recoveries	204	260	205
Parking lot tickets	-	68	56
Other	321	279	289
Licenses and permits:			
Soil removal fees	2,135	3,363	3,227
Other	3	2	4
Grants	180	213	354
Rent	207	237	235
	<u>3,050</u>	<u>4,894</u>	<u>4,727</u>
EXPENSE			
ADMINISTRATION	1,964	2,064	1,823
ENGINEERING	2,235	1,849	1,981
TRANSPORTATION			
Services	3,264	2,774	2,646
Operations - roads	5,514	6,389	7,598
EQUIPMENT FLEET			
Operations	4,203	4,791	4,439
Internal recoveries	(6,183)	(6,026)	(5,998)
INTERNAL BORROWING INTEREST	-	-	6
MUNICIPAL BUILDINGS	3,017	2,016	2,129
COST RECOVERIES	(383)	(383)	(413)
	<u>13,631</u>	<u>13,474</u>	<u>14,211</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(10,581)</u>	<u>(8,580)</u>	<u>(9,483)</u>
Amortization	-	13,367	13,489
Loss/(gain) on disposal of tangible capital assets	-	(39)	(276)
ANNUAL SURPLUS/(DEFICIT)	<u>(10,581)</u>	<u>(21,908)</u>	<u>(22,696)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(121)	(1,154)
Transfer to general capital reserve	(11,626)	(11,996)	(11,749)
Transfer to operating reserve	(170)	(1,193)	(403)
Transfer from operating reserve	570	448	597
Eliminate amortization and loss/gain	-	13,448	14,366
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (21,807)</u>	<u>\$ (21,322)</u>	<u>\$ (21,039)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Solid Waste Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule N

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Fees and charges:			
Solid waste user fees	\$ 6,038	\$ 5,873	\$ 5,869
Garbage stickers	35	28	34
Recycling, compost and yard waste fees	1,009	988	781
Recoveries & other	1,514	1,335	1,464
	<u>8,596</u>	<u>8,224</u>	<u>8,148</u>
EXPENSE			
Planning, design and management	812	635	817
Collection	2,848	2,964	3,099
Disposal	4,199	4,304	4,280
	<u>7,859</u>	<u>7,903</u>	<u>8,196</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>737</u>	<u>321</u>	<u>(48)</u>
Amortization	-	43	54
Loss/(gain) on disposal of tangible capital assets	-	24	-
ANNUAL SURPLUS/(DEFICIT)	<u>737</u>	<u>254</u>	<u>(102)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve	(995)	(571)	(7)
Transfer to operating reserve	-	(23)	(13)
Transfer from operating reserve	258	272	68
Eliminate amortization and loss/gain	-	68	54
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Storm Drainage Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule O

In thousands

	2018 Plan	2018 Actual	2017 Actual
REVENUE			
Fees and charges:			
Storm drainage user fees	\$ 3,685	\$ 3,688	\$ 3,652
Other	3	29	38
	<u>3,688</u>	<u>3,717</u>	<u>3,690</u>
EXPENSE			
Storm sewers and detention	2,631	1,854	1,692
Urban watercourses	121	156	155
Rural drainage	472	381	301
	<u>3,224</u>	<u>2,391</u>	<u>2,148</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	464	1,326	1,542
Amortization	-	3,630	3,610
Loss/(gain) on disposal of tangible capital assets	-	48	43
ANNUAL SURPLUS/(DEFICIT)	<u>464</u>	<u>(2,352)</u>	<u>(2,111)</u>
Matsqui Prairie (Schedule P)	(451)	(698)	(647)
Sumas Prairie (Schedule P)	(361)	(947)	(989)
TOTAL ANNUAL SURPLUS / (DEFICIT)	<u>(348)</u>	<u>(3,997)</u>	<u>(3,747)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to operating reserve	-	(696)	(812)
Transfer from operating reserve	88	39	-
Transfer to general capital reserve	(172)	(177)	(126)
Reconcile to contribution from storm drainage-Matsqui Prairie	(19)	208	142
Reconcile to contribution from storm drainage-Sumas Prairie	(21)	565	589
Eliminate amortization and loss/gain	-	3,678	3,652
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (472)</u>	<u>\$ (381)</u>	<u>\$ (302)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function

General Operating Fund - Dyking, Drainage and Irrigation Services

For the Year Ended December 31, 2018, with comparative information for 2017

Schedule P

In thousands

	2018	2018	2017	2018	2018	2017
	Plan	Actual	Actual	Plan	Actual	Actual
	Matsqui Prairie			Sumas Prairie		
REVENUE						
Fees and charges:						
General tax levy	\$ 701	\$ 700	\$ 704	\$ 1,252	\$ 1,251	\$ 1,251
Other revenue	16	11	-	167	181	155
	<u>717</u>	<u>711</u>	<u>704</u>	<u>1,419</u>	<u>1,432</u>	<u>1,406</u>
EXPENSE						
Dyking	57	59	40	66	68	102
Drainage	667	666	626	774	781	769
Storm	179	186	215	-	-	-
Irrigation	130	146	137	121	163	133
Administration	126	140	124	170	183	167
Pump stations	-	-	-	641	618	702
Recoverable work	8	3	-	8	42	-
	<u>1,167</u>	<u>1,200</u>	<u>1,142</u>	<u>1,780</u>	<u>1,855</u>	<u>1,873</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	(450)	(489)	(438)	(361)	(423)	(467)
Amortization	-	209	209	-	524	522
ANNUAL SURPLUS/(DEFICIT)	<u>(450)</u>	<u>(698)</u>	<u>(647)</u>	<u>(361)</u>	<u>(947)</u>	<u>(989)</u>
RECONCILE TO CONTRIBUTION FROM STORM DRAINAGE						
Transfer to general capital reserve	(19)	-	(69)	(21)	(24)	(66)
Transfer to operating reserve	-	(1)	(5)	-	-	-
Transfer from operating reserve	-	-	7	-	65	133
Eliminate amortization and loss/gain	-	209	209	-	524	522
CONTRIBUTION FROM STORM DRAINAGE	<u>\$ (470)</u>	<u>\$ (490)</u>	<u>\$ (505)</u>	<u>\$ (382)</u>	<u>\$ (382)</u>	<u>\$ (400)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Segment Information - Revenues by Type & Expenses by Function
Capital Fund

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

Schedule Q

	2018		Sanitary			2018	2017
	Plan	General	Waterworks	Sewer	Airport	Actual	Actual
REVENUE							
Other fees and charges	\$ 5,324	\$ 535	\$ (1)	\$ (36)	\$ -	\$ 498	\$ 1,078
Airport improvement fees	1,053	-	-	-	1	1	593
Developer charges earned	18,295	5,679	428	176	-	6,283	9,156
Contributed tangible capital assets	-	20,554	1,652	1,070	-	23,276	3,423
Grants and government transfers	37,657	39,814	17	1,436	-	41,267	1,654
Contributions (to)/from other funds	-	(335)	160	175	-	-	(1)
	<u>62,329</u>	<u>66,247</u>	<u>2,256</u>	<u>2,821</u>	<u>1</u>	<u>71,325</u>	<u>15,903</u>
EXPENSE							
Minor capital projects							
General government	1,056	450	-	-	-	450	539
Police services	102	30	-	-	-	30	-
Fire services	285	198	-	-	-	198	257
Park services	252	549	-	-	-	549	1,084
Recreation services	177	48	-	-	-	48	205
Transportation services	8,072	5,513	-	-	-	5,513	5,067
BC Transit	2,990	2,510	-	-	-	2,510	-
Equipment fleet services	-	-	-	-	-	-	(45)
Solid waste services	41	40	-	-	-	40	50
Storm drainage services	1,566	292	-	-	-	292	511
Dyking, drainage & irrigation	960	157	-	-	-	157	1,108
Waterworks	1,857	-	534	-	-	534	641
Sanitary sewer	4,188	-	-	472	-	472	488
	<u>21,546</u>	<u>9,787</u>	<u>534</u>	<u>472</u>	<u>-</u>	<u>10,793</u>	<u>9,905</u>
ANNUAL SURPLUS/(DEFICIT)	<u>40,783</u>	<u>56,460</u>	<u>1,722</u>	<u>2,349</u>	<u>1</u>	<u>60,532</u>	<u>5,998</u>
RECONCILE TO CHANGE IN CAPITAL EQUITY							
General capital reserve	57,844	25,536	-	-	-	25,536	14,322
Storm drainage reserve	5,737	838	-	-	-	838	609
Waterworks capital reserve	17,533	-	3,837	-	-	3,837	3,887
Sanitary sewer capital reserve	11,373	-	-	2,105	-	2,105	814
Airport capital reserve	6,544	-	-	-	4,091	4,091	1,086
Tangible capital assets	-	(26,640)	(6,544)	(5,304)	(1,912)	(40,400)	(37,785)
Debt principal repayment	3,380	3,394	-	-	-	3,394	3,357
Internal borrowing (from general fund)	-	-	-	-	-	-	(6,160)
Internal borrowing interest	-	-	-	-	-	-	253
CHANGE IN CAPITAL EQUITY	<u>\$143,194</u>	<u>\$ 59,588</u>	<u>\$ (985)</u>	<u>\$ (850)</u>	<u>2,180</u>	<u>\$ 59,933</u>	<u>\$(13,619)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Segment Information - Revenues by Type & Expenses by Function
Reserve Fund

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

Schedule R

	2018	2018	2017
	Plan	Actual	Actual
REVENUE			
Investment income	\$ -	\$ 5,087	\$ 3,836
Other sources	-	20	45
	-	5,107	3,881
ANNUAL SURPLUS/(DEFICIT)	-	5,107	3,881
RECONCILE TO CHANGE IN APPROPRIATED SURPLUS			
Operating reserve	(12,332)	2,798	5,488
General capital reserve	(37,898)	9,133	15,940
Affordable housing reserve	-	200	-
Storm drainage reserve	(5,560)	(579)	10
Waterworks capital reserve	(9,337)	7,369	6,664
Sanitary sewer capital reserve	(6,651)	5,162	5,459
Airport capital reserve	(3,146)	(246)	1,313
Property acquisition reserve	-	46	-
CHANGE IN APPROPRIATED SURPLUS	\$ (74,924)	\$ 28,990	\$ 38,755

See notes to consolidated financial statements.



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Abbotsford

Opinion

We have audited the accompanying financial statements of the City of Abbotsford Cemetery Care Trust Fund which comprise:

- the statement of financial position as at end of December 31, 2018
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Abbotsford Cemetery Care Trust Fund as at December 31, 2018 is in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditors' Responsibility

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

Auditors' Responsibilities for the Audit of the Financial Statements'

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

April 29, 2019

CITY OF ABBOTSFORD
Cemetery Care Trust Fund
Statement of Financial Position

For the Year Ended December 31, 2018, with comparative information for 2017
In thousands

	2018	2017
	Actual	Actual
FINANCIAL ASSETS		
Portfolio investments	\$ 3,221	\$ 3,462
Accounts receivable	754	374
NET FINANCIAL ASSETS	<u>3,975</u>	<u>3,836</u>
ACCUMULATED SURPLUS		
Balance, beginning of year	3,837	3,700
Contributions	138	137
Investment earnings	85	77
Transfer to general operating fund	(85)	(77)
Balance, end of year	<u>\$ 3,975</u>	<u>\$ 3,837</u>

See notes to consolidated financial statements.



City of Abbotsford
Notes to the Cemetery Care Trust Fund
For the Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES:

The Cemetery Care Trust Fund is administered by the City of Abbotsford for the perpetual care and maintenance of the City-owned and operated cemeteries. The accounting policies of the Cemetery Care Trust Fund conform to generally accepted accounting policies for municipal financial reporting in British Columbia.

(a) Basis of accounting:

The operations of the Trust are accounted for on an accrual basis.

(b) Portfolio Investments:

Portfolio investments are carried at cost.

(c) Financial Instruments:

The City's financial instruments consist of portfolio investments, accounts receivable and accounts payable. Unless otherwise indicated, it is management's opinion that the City is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

2. ACCOUNTS RECEIVABLE/PAYABLE:

All accounts receivable/payable are the amounts due from, or to, the General Fund of the City of Abbotsford. The amounts accrue interest at the average rate of return of the investments held by the consolidated investment portfolio held in the City's General Fund.

See notes to consolidated financial statements.



City of Abbotsford
Notes to the Cemetery Care Trust Fund
For the Year Ended December 31, 2018

3. INVESTMENTS:

Investments for 2018 are comprised of corporate and government investments.

(in thousands)	2018		2017	
	Cost	Market	Cost	Market
Portfolio investments	\$3,221	\$3,230	\$3,462	\$3,478
	Long-term		Long-term	
Duration	2 – 15 Years		2 – 15 Years	
Average holdings	\$2,841		\$3,627	
Annual yield	2.66%		2.57%	

4. STATEMENT OF FINANCIAL ACTIVITIES:

In 2002, the Cemetery Care Trust Fund began expending funds on the perpetual care and maintenance of the City's cemeteries. In 2018, \$85,000 (2017 - \$77,000) was transferred to the general operating fund for cemetery operations. Contributions and investment earnings for the year ended December 31, 2018, are recorded directly to equity. A Statement of Financial Activities has not been prepared, as it would not provide further information since the changes to equity are reported in the Statement of Financial Position.

See notes to consolidated financial statements.