



**City of Abbotsford
British Columbia**

2016

**CONSOLIDATED
FINANCIAL STATEMENTS**

Fiscal Year Ending December 31, 2016

Prepared by Corporate Services Finance Division



City of Abbotsford

Consolidated Financial Statements for the Year Ended December 31, 2016

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KPMG LLP
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada
Telephone (604) 854-2200
Fax (604) 853-2756

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Abbotsford

We have audited the accompanying consolidated financial statements of the City of Abbotsford which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, exhibits and schedules comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Abbotsford as at December 31, 2016, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Professional Accountants

May 15, 2017
Abbotsford, Canada

CITY OF ABBOTSFORD
Statement of Financial Position

As at December 31, 2016, with comparative information as at December 31, 2015
In thousands

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 34,351	\$ 24,572
Accounts receivable (Note 3)	30,395	37,889
Portfolio investments (Note 4)	267,490	219,972
	<u>332,236</u>	<u>282,433</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	66,981	63,252
Restricted revenue (Note 6)	53,212	46,388
Deferred revenue (Note 7)	5,240	2,325
	<u>125,433</u>	<u>111,965</u>
Long-term debt (Note 8)	61,955	66,564
	<u>187,388</u>	<u>178,529</u>
	<u>144,848</u>	<u>103,904</u>
NET FINANCIAL ASSETS		
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	1,389,228	1,407,195
Inventories (Note 11)	1,168	1,012
Pre-paid expenses (Note 12)	1,213	599
	<u>1,391,609</u>	<u>1,408,806</u>
ACCUMULATED SURPLUS (Note 13)	<u>\$ 1,536,457</u>	<u>\$ 1,512,710</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

For the Year Ended December 31, 2016, with comparative information for 2015

In thousands

	2016 Plan (Note 18)	2016 Actual	2015 Actual
REVENUE			
Municipal taxation	\$ 131,581	\$ 130,856	\$ 126,934
Fees and other charges	73,363	77,264	74,200
Developer charges earned	8,547	6,197	12,192
Contributed tangible capital assets	-	9,403	19,695
Grants	41,085	16,505	14,083
Investment income	4,161	4,744	4,400
Rent	3,673	3,746	4,001
Other	-	46	32
	<u>262,410</u>	<u>248,761</u>	<u>255,537</u>
EXPENSE			
General government	19,539	17,136	15,791
Planning & development services	4,642	4,095	4,101
Protective services	70,307	71,000	69,537
Parks, recreation, culture & libraries	31,880	41,755	37,371
Transit	11,457	11,204	10,908
Engineering	29,003	41,165	42,847
Dyking, drainage & irrigation	2,827	5,723	3,611
Waterworks	10,329	14,100	14,570
Sanitary sewer	11,899	12,769	12,759
Airport	4,827	6,067	6,807
	<u>196,710</u>	<u>225,014</u>	<u>218,302</u>
ANNUAL SURPLUS	<u>65,700</u>	<u>23,747</u>	<u>37,235</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,512,710</u>	<u>1,512,710</u>	<u>1,475,475</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$1,578,410</u>	<u>\$1,536,457</u>	<u>\$1,512,710</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Consolidated Statement of Cash Flows

For the Year Ended December 31, 2016, with comparative information for 2015
In thousands

	2016	2015
OPERATING ACTIVITIES		
Annual surplus	\$ 23,747	\$ 37,235
Non-cash items included in annual surplus:		
Amortization expense	42,669	44,260
Contributed tangible capital assets	(9,403)	(19,695)
Loss on disposal of tangible capital assets	334	1,143
Recognition of restricted revenue	(6,865)	(13,413)
Changes in non-cash operating items:		
Accounts receivable	7,494	(669)
Inventories	(156)	129
Pre-paid expenses	(614)	(234)
Accounts payable and accrued liabilities	3,729	4,506
Deferred revenue	2,915	(18)
	<u>63,850</u>	<u>53,244</u>
INVESTING ACTIVITIES		
Increase in portfolio investments	(47,518)	(64,874)
FINANCING ACTIVITIES		
Collection of and interest on restricted revenue	13,689	18,955
Debt principal repaid	(4,609)	(3,213)
	<u>9,080</u>	<u>15,742</u>
CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	1,144	1,267
Acquisition of tangible capital assets	(16,777)	(23,592)
	<u>(15,633)</u>	<u>(22,325)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,779	(18,213)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,572	42,785
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 34,351	\$ 24,572

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Consolidated Statement of Change in Net Financial Assets (Debt)

For the Year Ended December 31, 2016, with comparative information for 2015

In thousands

	2016 Plan (Note 18)	2016 Actual	2015 Actual
ANNUAL SURPLUS	\$ 65,700	\$ 23,747	\$ 37,235
TANGIBLE CAPITAL ASSETS:			
Acquisition of tangible capital assets	(40,591)	(16,777)	(23,590)
Contributed tangible capital assets	-	(9,403)	(19,695)
Amortization	-	42,669	44,260
Proceeds from disposal of tangible capital assets	-	1,144	1,267
Loss on disposal of tangible capital assets	-	334	1,143
	(40,591)	17,967	3,385
OTHER NON-FINANCIAL ASSETS:			
Decrease in inventory	-	(156)	129
(Increase)/decrease in pre-paid expenses	-	(614)	(234)
	-	(770)	(105)
INCREASE IN NET FINANCIAL ASSETS	25,109	40,944	40,515
NET FINANCIAL ASSETS, BEGINNING OF YEAR	103,904	103,904	63,389
NET FINANCIAL ASSETS, END OF YEAR	\$ 129,013	\$ 144,848	\$ 103,904

See notes to consolidated financial statements.



CITY OF ABBOTSFORD

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2016
(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.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES:

(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 2016 Plan amounts in the financial statements reflect the first year of the five-year financial plan adopted by Council on November 16, 2015, with the exception of adjustments detailed in Note 18 to the Consolidated Statements.

(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, 2016
(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 and detention	50 - 100
	Dyking, drainage and 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, 2016

(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 by 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, 2016
(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, tangible capital asset historical costs pre-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 surplus.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

2. CASH AND CASH EQUIVALENTS:

	2016	2015
Cash	\$ 25,136	\$ 15,429
MFA short-term money-market investment pools	9,215	9,143
	\$ 34,351	\$ 24,572

3. ACCOUNTS RECEIVABLE:

	2016	2015
Fees and charges	\$ 11,906	\$ 13,931
Taxes	5,264	6,837
Grants	556	549
Development cost charges	7,929	10,713
Local improvement/service charges	4,740	5,859
	\$ 30,395	\$ 37,889

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, 2016
(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.

	2016		2015	
	Cost	Market	Cost	Market
Portfolio investments	\$ 267,490	\$ 267,876	\$ 219,972	\$ 220,569
	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	192,138	23,475	163,567	23,284
Annual yield	1.88 %	2.58 %	1.95 %	2.60 %



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	2016	2015
Accounts payable:		
Trade payables	\$ 19,477	\$ 20,079
Deposits	15,169	13,868
Tax prepayments	12,032	11,836
Salaries and wages	4,666	3,357
Due to Cemetery Care Trust Fund	1,216	79
Accounts payable and accrued liabilities:		
Retirement allowance liability	10,569	10,117
Liability claims	719	918
Vacation pay	1,327	1,120
Landfill restoration liability	1,074	1,146
Long-term payables	732	732
	\$ 66,981	\$ 63,252

(a) Retirement Allowance Liability:

The City provides certain earned benefits at retirement, including post-employment service pay, 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 liability is accrued based on a normal retirement age or actual age, whichever is greater. The retirement liability requires no contribution from employees.

In 2016, an independent actuarial valuation of the retirement liability was performed. The actuarial valuation for these benefits was performed to determine the City's benefit obligation as at December 31, 2016. The difference between the actuarially determined benefit obligation of \$12,099,000 and the accrued benefit liability of \$10,569,000 as at December 31, 2016, was an unamortized actuarial loss of \$1,530,000, (2015 loss - \$1,677,000) 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, 2017.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

(a) Retirement Allowance Liability:

	<u>2016</u>	<u>2015</u>
Actuarial benefit obligation	\$ 12,099	\$ 11,794
Unamortized actuarial gain/(loss)	(1,530)	(1,677)
Accrued benefit liability	<u>\$ 10,569</u>	<u>\$ 10,117</u>

Accrued benefit liability :

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 10,117	\$ 10,497
Current service cost	941	902
Interest cost	395	351
Benefits paid	(1,022)	(1,658)
Amortization of net actuarial loss/(gain)	138	25
Balance, end of year	<u>\$ 10,569</u>	<u>\$ 10,117</u>



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(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:

	2016	2015
Discount rate	3.4 %	3.2 %
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.

The two most recent landfills that were operated and closed to various stages from 1978 to 1989 were the Valley Road Landfill and Trethewey Street Landfill. 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 at the end of 2017 or early 2018.

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. 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 2016. This capacity is projected to be fully used by 2025.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

(b) Landfill Restoration Liability:

The liability of \$1,074,000, at December 31, 2016 (2015 - \$1,146,000), 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 \$739,000 (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 2016 was 3.4% (2015 – 3.2%) and the inflation rate used in 2016 was 2.0% (2015 - 2.0%). Landfill closure costs in 2016 were \$143,326 (2015 - \$60,025). There are no assets designated for settling the post-closure care liability.

	2016	2015
Restoration liability, beginning of year	\$ 1,146	\$ 1,171
Adjustment to liability	(72)	(25)
Restoration liability, end of year	<u>\$ 1,074</u>	<u>\$ 1,146</u>

(c) Liability for Contaminated Sites:

The City has determined that as of December 31, 2016, 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, 2016
(Tabular amounts are in thousands of dollars)

6. RESTRICTED REVENUE LIABILITY:

	Development cost charges	Development fees	Airport fees	2016 Total	2015 Total
Balance December 31, 2015	\$ 24,934	\$ 20,040	\$ 1,414	\$ 46,388	\$ 40,847
Add:					
Current year contributions	11,320	1,324	270	12,914	18,179
Interest	408	337	30	775	775
	<u>36,662</u>	<u>21,701</u>	<u>1,714</u>	<u>60,077</u>	<u>59,801</u>
Deduct amounts recognized as revenue in current year					
Developer charges earned:					
Capital expenditures	6,620	245	-	6,865	12,203
Airport fees:					
Eligible airport expenditures	-	-	-	-	1,210
	<u>6,620</u>	<u>245</u>	<u>-</u>	<u>6,865</u>	<u>13,413</u>
Balance, December 31, 2016	<u>\$ 30,042</u>	<u>\$ 21,456</u>	<u>\$ 1,714</u>	<u>\$ 53,212</u>	<u>\$ 46,388</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, 2016, the amount of DCCs due over the next two years is \$7,929,140 (2015 - \$10,712,504).

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, 2016
(Tabular amounts are in thousands of dollars)

6. RESTRICTED REVENUE LIABILITY:

(a) Development Cost Charges (DCC)

	2016	2015
Development cost charges:		
Storm drainage	\$ 11,815	\$ 11,672
Parks	6,698	5,419
Waterworks - supply	7,530	5,384
Waterworks - distribution	607	418
Sanitary sewer - collection	2,692	2,041
Sanitary sewer - treatment plant	700	-
	\$ 30,042	\$ 24,934

(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, 2016
(Tabular amounts are in thousands of dollars)

7. DEFERRED REVENUE:

	December 31, 2015	Externally restricted inflows	Revenue earned	December 31, 2016
Fees and charges	\$ 1,852	\$ 8,963	\$ (8,831)	\$ 1,984
Grant	290	9,671	(6,705)	3,256
UFV library lease	183	-	(183)	-
	<u>\$ 2,325</u>	<u>\$ 18,634</u>	<u>\$ (15,719)</u>	<u>\$ 5,240</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:

	<u>Total</u>
2017	\$ 3,250
2018	3,380
2019	3,515
2020	3,656
2021	3,802
2022 and thereafter	<u>44,352</u>
	<u>\$ 61,955</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 \$3,407,700 in 2016 (2015 - \$3,541,200).



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

9. INTERNAL FINANCING:

To achieve more financial flexibility and minimize borrowing costs to the fullest extent possible, borrowing between capital reserves is sometimes used in accordance with the legal authority provided under the Community Charter (Section 189). Interest charges equivalent to the interest that would have been earned on the borrowed funds had they remained in the reserve fund are applied annually. However, interest charges are applied to development cost charges only to the extent those interest charges have been authorized by Development Cost Charge (DCC) Bylaw.

From 2009 to 2012, internal borrowing was provided for three road projects which will subsequently be funded through the roads DCC program as DCC contributions are received. The internal financing on two of the road projects enabled the City to take advantage of significant Federal and Provincial infrastructure stimulus grant funding.

In 2013, internal financing was used for projects in the sanitary sewer (treatment plant) DCC program, in order to take advantage of significant grant funds. The repayment of these was completed by the end of 2016.

	2016	2015
Roads DCC	\$ 5,907	\$ 9,945
Sanitary sewer DCC - treatment plant	-	416
	\$ 5,907	\$ 10,361



CITY OF ABBOTSFORD
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

10. TANGIBLE CAPITAL ASSETS:

Tangible Capital Assets consist of the following:

	2016	2015
General		
Land	385,183	383,669
Land improvements	6,915	6,708
Park improvements	23,764	17,312
Buildings	113,448	115,748
Machinery & equipment	7,854	8,972
Vehicles	11,253	11,857
Infrastructure		
Airport	26,961	27,995
Waterworks	231,142	232,596
Sanitary sewer	160,102	163,676
Transportation	203,991	211,938
Storm drainage and detention	184,604	186,166
Dyking, drainage & irrigation	20,904	21,634
Assets under construction	13,107	18,924
	\$ 1,389,228	\$ 1,407,195

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

The value of contributed capital assets received and recognized in the year from developers, for various infrastructure works and related land and parks is \$9,403,000 (2015 – \$19,695,000).

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
Notes to Consolidated Financial
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

11. 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:

	2016	2015
Stock	\$ 402	\$ 360
Fuel	41	30
Gravel	725	622
	\$ 1,168	\$ 1,012

12. 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.

	2016	2015
General	\$ 1,174	\$ 575
Abbotsford Centre	39	24
	\$ 1,213	\$ 599



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

13. ACCUMULATED SURPLUS:

	2016	2015
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	41,250	35,604
Statutory capital reserves	141,381	115,327
	<u>182,631</u>	<u>150,931</u>
Investment in tangible capital assets	1,320,634	1,329,358
Investment in other non-financial assets	2,382	1,611
	<u>1,323,016</u>	<u>1,330,969</u>
Total Accumulated Surplus	<u>\$1,536,457</u>	<u>\$1,512,710</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 by 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
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

14. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	2016	2015
Interest paid	\$ 3,531	\$ 3,667
Interest received	\$ 3,159	\$ 3,033

15. EXPENSE BY OBJECT:

	2016	2015
Salaries and benefits	\$ 98,449	\$ 95,469
Operating goods and services	54,563	52,295
Minor capital projects	10,631	7,028
Amortization	42,669	44,260
Loss on disposal of tangible capital assets	334	1,143
Transfer payments to other governments and agencies	14,960	14,566
Long-term debt interest	3,408	3,541
Total expense by object	\$ 225,014	\$ 218,302

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 2016 the City reports a liability of \$719,196 (2015 – \$918,191) which, at this time, is management’s best estimate of expected future settlements.



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES:

(c) Municipal Pension Plan:

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee defined-benefit pension plan. The board of trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 970 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation as at December 31, 2015 indicated a \$2,224,000,000 funding surplus for basic pension benefits. The next valuation will be as at December 31, 2018, with results available in 2019. 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 City of Abbotsford paid \$8,738,697 (2015 - \$8,941,835) for employer contributions while employees contributed \$6,885,640 (2015 - \$7,160,403) to the plan in fiscal 2016.

(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 the 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.

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



CITY OF ABBOTSFORD
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES:

(d) Municipal Finance Authority:

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 \$1,137,855 (2015 - \$1,187,415). The balance of the City's portion of the Debt Reserve Fund totals \$2,442,730 (2015 - \$2,565,801), for which the City has also executed demand notes in connection with each debenture totaling \$2,442,730 (2015 - \$2,565,801), 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, 2016
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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
Drainage construction	\$ 948	\$ 677
Parks construction	1,110	508
Sanitary sewer construction	344	56
Vehicles & equipment	2,656	2,384
Waterworks construction	5,866	2,589
	\$ 10,924	\$ 6,214

18. 2016 PLAN:

The budget data presented in these consolidated financial statements was included in the City of Abbotsford 2016-2020 Financial Plan, adopted through Bylaw No. 2533-2016 on May 9, 2016. The following table reconciles the approved budget to the budget figures in these consolidated financial statements:

	2016
Revenues:	
Consolidated budget	\$ 269,640
Expenses:	
Consolidated budget	181,092
Annual surplus per approved budget	88,548
Less:	
Minor capital expenses	(17,944)
Collections for other governments	(4,904)
Annual surplus per Statement of Operations	\$ 65,700



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

19. 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, 2016, the trust fund balance is \$3,699,706 (2015 - \$3,574,394).



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

20. 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 and support services
Legal services
Strategic planning, corporate communications & marketing
Human resources
Financial services
Information technology
Purchasing & supply services
Risk management
Economic development
Continuous improvement

Police Protection

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

Engineering

Transportation infrastructure
(plan, design, construct, maintain)
Mapping and survey
Fleet vehicles
Soil, gravel and rock removal management

Fire Rescue Services

Emergency incident response
Firefighter training
Fire inspections and investigations
Fire safety programs
Medical assistance

Other Protective Services

Search and rescue
Restorative justice
Building inspections
Bylaw enforcement

Parks, Recreation & Culture

Recreation facilities and programs
Parks and open space
Health and wellness
Cemeteries
Cultural Centre



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

20. CITY SERVICES FINANCIAL INFORMATION:

Solid Waste

Collection and disposal
Composting and recycling
Environmental education

Dyking & Irrigation

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

Sanitary Sewer

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

Planning & Development Services

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

Transit

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

Drainage

Urban storm drainage infrastructure and water
management
Rural storm drainage infrastructure and water
management

Waterworks

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

Airport

National and international flights
Passenger and cargo services



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

21. SEGMENT INFORMATION – REVENUES & EXPENSES BY FUNCTION:

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
GENERAL OPERATING FUND			
General government services	\$ 90,892	\$ 92,008	\$ 88,423
Planning & development services	1,668	2,168	2,019
Police services	50,721	50,535	48,733
Fire rescue services	230	352	313
Other protective services	3,152	4,242	4,304
Parks, recreation & culture services	6,558	6,596	6,225
Abbotsford Centre	4,277	7,148	3,421
Library services	4,509	4,509	4,399
Transit services	7,413	7,456	7,303
Engineering services	2,803	3,812	3,119
Solid waste services	7,648	7,304	7,448
Storm drainage services	3,615	3,625	3,635
Dyking, drainage and irrigation services	2,128	2,106	2,099
	185,614	191,861	181,441
WATERWORKS	16,364	17,336	17,293
SANITARY SEWER	11,834	13,114	12,983
AIRPORT	6,135	6,115	6,229
CAPITAL FUNDS	39,553	17,346	34,795
RESERVE FUNDS	2,994	3,045	2,939
	262,494	248,817	255,680
CONSOLIDATION ADJUSTMENTS	(84)	(56)	(143)
	262,410	248,761	255,537



CITY OF ABBOTSFORD
Notes to Consolidated Financial
Statements

For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

21. SEGMENT INFORMATION – REVENUES & EXPENSES BY FUNCTION:

	2016 Plan	2016 Actual	2015 Actual
EXPENSES			
GENERAL OPERATING FUND			
General government services	17,882	16,100	15,317
Planning & development services	4,642	4,095	4,101
Police services	50,452	49,883	49,378
Fire rescue services	16,055	16,976	16,450
Other protective services	3,601	3,769	3,355
Parks, recreation & culture services	20,281	24,523	23,865
Abbotsford Centre	6,914	12,065	8,846
Library services	4,209	4,342	4,285
Transit services	11,458	11,204	10,908
Engineering services	9,978	22,678	24,491
Solid waste services	7,460	7,304	7,591
Storm drainage services	3,068	6,078	5,754
Dyking, drainage and irrigation services	2,827	3,549	3,562
	<u>158,828</u>	<u>182,566</u>	<u>177,903</u>
WATERWORKS	8,495	13,977	14,485
SANITARY SEWER	7,515	11,976	12,280
AIRPORT	4,015	5,920	6,747
CAPITAL FUNDS	17,944	10,631	7,030
	<u>196,796</u>	<u>225,070</u>	<u>218,445</u>
CONSOLIDATION ADJUSTMENTS	(84)	(56)	(143)
	<u>196,710</u>	<u>225,014</u>	<u>218,302</u>
ANNUAL SURPLUS	<u>\$ 65,700</u>	<u>\$ 23,747</u>	<u>\$ 37,235</u>



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

22. REVENUES & EXPENSES BY FUNCTION LESS AMORTIZATION:

For the 2016 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.

	2016 Plan	2016 Actual (less Amortization)	2015 Actual (less Amortization)
REVENUE			
GENERAL OPERATING FUND			
General government services	\$ 90,892	\$ 92,008	\$ 88,423
Planning & development services	1,668	2,168	2,019
Police services	50,721	50,535	48,733
Fire rescue services	230	352	313
Other protective services	3,152	4,242	4,304
Parks, recreation & culture services	6,558	6,596	6,225
Abbotsford Centre	4,277	7,148	3,421
Library services	4,509	4,509	4,399
Transit services	7,413	7,456	7,303
Engineering services	2,803	3,812	3,119
Solid waste services	7,648	7,304	7,448
Storm drainage services	3,615	3,625	3,635
Dyking, drainage and irrigation services	2,128	2,106	2,099
	185,614	191,861	181,441
WATERWORKS	16,364	17,336	17,293
SANITARY SEWER	11,834	13,114	12,983
AIRPORT	6,135	6,115	6,229
CAPITAL FUNDS	39,553	17,346	34,795
RESERVE FUNDS	2,994	3,045	2,939
	262,494	248,817	255,680
CONSOLIDATION ADJUSTMENTS	(84)	(56)	(143)
	262,410	248,761	255,537



CITY OF ABBOTSFORD
Notes to Consolidated Financial
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For the Year Ended December 31, 2016
(Tabular amounts are in thousands of dollars)

22. REVENUES & EXPENSES BY FUNCTION LESS AMORTIZATION:

	2016 Plan	2016 Actual (less Amortization)	2015 Actual (less Amortization)
EXPENSES			
GENERAL OPERATING FUND			
General government services	17,882	14,482	14,966
Planning & development services	4,642	4,095	4,101
Police services	50,452	48,853	48,458
Fire rescue services	16,055	15,798	15,416
Other protective services	3,601	3,768	3,355
Parks, recreation & culture services	20,281	20,122	19,658
Abbotsford Centre	6,914	9,288	6,058
Library services	4,209	4,138	4,081
Transit services	11,457	11,173	10,877
Engineering services	9,978	9,131	8,318
Solid waste services	7,460	7,249	7,532
Storm drainage services	3,068	2,301	2,154
Dyking, drainage and irrigation services	2,827	2,818	2,838
	158,828	153,216	147,812
WATERWORKS	8,495	7,593	7,508
SANITARY SEWER	7,515	6,730	6,803
AIRPORT	4,015	3,897	3,889
CAPITAL FUNDS	17,944	10,631	7,030
AMORTIZATION	-	42,669	44,260
LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	334	1,143
	196,795	225,070	218,445
CONSOLIDATION ADJUSTMENTS	(84)	(56)	(143)
	196,710	225,014	218,302
ANNUAL SURPLUS	\$ 65,700	\$ 23,747	\$ 37,235

CITY OF ABBOTSFORD

Statement of Financial Position - By Fund

As at December 31, 2016, with comparative information as at December 31, 2015

Exhibit 1

In thousands

	Operating Funds				Reserve Funds
	General	Waterworks	Sanitary Sewer	Airport	
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 34,351	\$ -	\$ -	\$ -	\$ -
Due from other funds	75	8,054	8,892	2,735	182,631
Internal borrowing	5,907	-	-	-	-
Accounts receivable	23,789	4,754	1,313	464	-
Portfolio investments	267,490	-	-	-	-
	<u>331,612</u>	<u>12,808</u>	<u>10,205</u>	<u>3,199</u>	<u>182,631</u>
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities	66,311	304	165	201	-
Due to other funds	205,045	-	-	-	-
Restricted revenue	39,018	8,239	4,240	1,714	-
Deferred revenue	1,666	-	-	109	-
	<u>312,040</u>	<u>8,543</u>	<u>4,405</u>	<u>2,024</u>	<u>-</u>
Long-term debt	-	-	-	-	-
Internal financing	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>312,040</u>	<u>8,543</u>	<u>4,405</u>	<u>2,024</u>	<u>-</u>
NET FINANCIAL ASSETS	<u>19,571</u>	<u>4,265</u>	<u>5,799</u>	<u>1,176</u>	<u>182,631</u>
NON-FINANCIAL ASSETS					
Tangible capital assets	-	-	-	-	-
Inventories	1,168	-	-	-	-
Pre-paid expenses	1,213	-	-	-	-
	<u>2,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS	<u>\$ 21,952</u>	<u>\$ 4,265</u>	<u>\$ 5,799</u>	<u>\$ 1,176</u>	<u>\$ 182,631</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Statement of Financial Position - By Fund

As at December 31, 2016, with comparative information as at December 31, 2015

Exhibit 1

In thousands

Capital Funds					Consolidation Adjustments	Total 2016	Total 2015
General	Waterworks	Sanitary Sewer	Airport				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	34,351	\$ 24,572
2,331	-	-	402	(205,120)	-	-	-
-	-	-	-	(5,907)	-	-	-
-	47	28	-	-	-	30,395	37,889
-	-	-	-	-	-	267,490	219,972
2,331	47	28	402	(211,027)	-	332,236	282,433
-	-	-	-	-	-	66,981	63,252
-	47	28	-	(205,120)	-	-	-
-	-	-	-	-	-	53,212	46,388
3,063	-	-	402	-	-	5,240	2,325
3,063	47	28	402	(205,120)	-	125,433	111,965
61,955	-	-	-	-	-	61,955	66,564
5,907	-	-	-	(5,907)	-	-	-
67,862	-	-	-	(5,907)	-	61,955	66,564
70,925	47	28	402	(211,027)	-	187,388	178,529
(68,594)	-	-	-	-	-	144,848	103,904
921,125	237,049	169,777	61,277	-	-	1,389,228	1,407,195
-	-	-	-	-	-	1,168	1,012
-	-	-	-	-	-	1,213	599
921,125	237,049	169,777	61,277	-	-	1,391,609	1,408,806
\$ 852,531	\$ 237,049	\$ 169,777	\$ 61,277	\$ -	\$ -	\$ 1,536,457	\$ 1,512,710

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Statement of Financial Activities - By Fund

For the year ended December 31, 2016, with comparative information for 2015

Exhibit 2

In thousands

	Operating Funds				Reserve
	General Schedule A	Waterworks Schedule B	San Sewer Schedule C	Airport Schedule D	Funds Schedule S
REVENUE					
Municipal taxation	\$ 131,987	\$ -	\$ -	\$ -	-
Fees and charges	42,053	17,291	12,989	4,372	-
Developer charges earned	-	-	-	-	-
Contributed tangible capital assets	-	-	-	-	-
Grants	14,211	-	-	-	-
Investment income	1,572	7	125	72	3,024
Rent	2,037	38	-	1,671	-
Other sources	-	-	-	-	21
Contributions (to)/from other funds	-	-	-	-	-
	191,861	17,336	13,114	6,115	3,045
EXPENSE					
General government services	14,482	-	-	-	-
Planning & development services	4,095	-	-	-	-
Protective services	68,420	-	-	-	-
Parks, recreation, culture, libraries	33,547	-	-	-	-
Transit services	11,173	-	-	-	-
Engineering services	18,681	-	-	-	-
Dyking, drainage and irrigation services	2,818	-	-	-	-
Waterworks services	-	7,593	-	-	-
Sanitary sewer services	-	-	6,730	-	-
Airport services	-	-	-	3,897	-
Amortization	29,330	6,128	5,187	2,023	-
Loss/(gain) on disposal of TCA	20	256	58	-	-
	182,566	13,977	11,975	5,920	-
ANNUAL SURPLUS/(DEFICIT)	9,294	3,359	1,139	195	3,045
RECONCILE TO BUDGET BASIS SURPLUS/(DEFICIT)					
Operating reserve	(5,017)	-	-	-	5,087
General capital reserve	(30,698)	-	(1)	-	12,857
Transfer to affordable housing reserve	-	-	-	-	(250)
Storm drainage capital reserve	-	-	-	-	(199)
Waterworks capital reserve	-	(8,618)	-	-	3,989
Sanitary sewer capital reserve	-	-	(6,023)	-	3,852
Airport capital reserve	-	-	-	(2,218)	3,317
Eliminate amortization and loss/gain	25,614	6,384	5,246	2,023	-
Internal borrowing (from general fund)	4,880	-	-	-	-
	(5,221)	(2,235)	(778)	(195)	28,653
Debt principal repayments	(3,308)	(1,124)	(361)	-	-
CHANGE IN INVENTORY/PRE-PAID EXPENSES	771	-	-	-	-
ANNUAL SURPLUS/(DEFICIT)	-	-	-	-	31,698
SURPLUS, BEGINING OF YEAR	21,181	4,265	5,799	1,176	150,933
SURPLUS, END OF YEAR	\$ 21,952	\$ 4,265	\$ 5,799	\$ 1,176	\$ 182,631

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Statement of Financial Activities - By Fund

For the year ended December 31, 2016, with comparative information for 2015

In thousands

Exhibit 2

Capital Funds								
General	Waterworks	San Sewer	Airport		Consolidation	Total	Total	
Schedule R	Schedule R	Schedule R	Schedule R	SUBTOTAL	Adjustments	2016	2015	
\$ (1,131)	\$ -	\$ -	\$ -	\$ 130,856	\$ -	\$ 130,856	\$ 126,934	
591	(1,298)	56	1,210	77,264	-	77,264	73,973	
5,751	13	433	-	6,197	-	6,197	12,192	
6,692	1,279	1,432	-	9,403	-	9,403	19,695	
2,225	47	22	-	16,505	-	16,505	14,083	
-	-	-	-	4,800	(56)	4,744	4,400	
-	-	-	-	3,746	-	3,746	4,001	
25	-	-	-	46	-	46	259	
(138)	49	89	-	-	-	-	-	
14,015	90	2,032	1,210	248,817	(56)	248,761	255,537	
1,036	-	-	-	15,518	-	15,518	15,439	
-	-	-	-	4,095	-	4,095	4,101	
373	-	-	-	68,793	-	68,793	67,582	
824	-	-	-	34,371	-	34,371	30,171	
-	-	-	-	11,173	-	11,173	10,877	
5,145	-	-	-	23,826	(39)	23,787	23,835	
2,174	-	-	-	4,992	-	4,992	2,069	
-	123	-	-	7,716	(17)	7,699	7,593	
-	-	810	-	7,540	-	7,540	7,283	
-	-	-	147	4,044	-	4,044	3,949	
-	-	-	-	42,668	-	42,668	44,260	
-	-	-	-	334	-	334	1,143	
9,552	123	810	147	225,070	(56)	225,014	218,302	
4,463	(33)	1,222	1,063	23,747	-	23,747	37,235	
-	-	(70)	-	-	-	-	-	
19,870	2,878	146	(5,052)	-	-	-	-	
250	-	-	-	-	-	-	-	
199	-	-	-	-	-	-	-	
-	4,629	-	-	-	-	-	-	
-	-	2,171	-	-	-	-	-	
-	-	-	(1,099)	-	-	-	-	
(26,455)	(6,384)	(4,831)	(2,023)	(426)	-	(426)	(508)	
(4,038)	-	(416)	-	426	-	426	508	
(10,174)	1,123	(3,000)	(8,174)	-	-	-	-	
3,308	1,124	361	-	-	-	-	-	
-	-	-	-	771	-	771	105	
(2,403)	2,214	(1,417)	(7,111)	23,747	-	23,747	37,235	
854,934	234,835	171,194	68,388	1,512,710	-	1,512,710	1,475,475	
\$ 852,531	\$ 237,049	\$ 169,777	\$ 61,277	\$ 1,536,457	\$ -	\$ 1,536,457	\$ 1,512,710	

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Schedule of Tangible Capital Assets

As at December 31, 2016, with comparative information for 2015

In thousands

Exhibit 3

	Cost					
	Opening Balance	Add		Less		Closing Balance
		Additions	Transfer from asset class	Disposals	Transfer to asset class	
General						
Land	\$ 383,669	\$ 2,082	\$ -	\$ (568)	\$ -	\$ 385,183
Land improvements	15,420	98	537	-	-	16,055
Park improvements	54,155	1,542	6,708	(339)	-	62,066
Buildings	223,425	871	4,076	(1,449)	-	226,923
Machinery & equipment	32,738	836	365	(316)	-	33,623
Vehicles	29,961	1,303	349	(1,312)	-	30,301
Infrastructure						
Airport	37,141	-	-	-	-	37,141
Waterworks	326,356	3,400	1,495	(656)	-	330,595
Sanitary sewer	255,026	1,672	-	(109)	-	256,589
Transportation	527,175	3,249	1,226	(285)	-	531,365
Storm drainage	260,994	2,343	(154)	(255)	-	262,928
Dyking, drainage, & irrigation	51,443	-	-	-	-	51,443
Assets under construction	18,924	8,784	-	-	(14,601)	13,107
	<u>\$2,216,427</u>	<u>\$ 26,180</u>	<u>\$ 14,602</u>	<u>\$ (5,289)</u>	<u>\$ (14,601)</u>	<u>\$2,237,319</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD
Schedule of Tangible Capital Assets

As at December 31, 2016, with comparative information for 2015
 In thousands

Exhibit 3

Opening Balance	Accumulated Amortization		Closing Balance	Net Book Value Dec 31, 2016	Net Book Value Dec 31, 2015
	Add Amortization	Less Accumulated Amortization on Disposals			
\$ -	\$ -	\$ -	\$ -	\$ 385,183	\$ 383,669
8,713	427	-	(9,140)	6,915	6,707
36,843	1,798	(339)	(38,302)	23,764	17,312
107,677	7,004	(1,206)	(113,475)	113,448	115,748
23,766	2,308	(305)	(25,769)	7,854	8,972
18,104	2,108	(1,164)	(19,048)	11,253	11,857
9,146	1,034	-	(10,180)	26,961	27,995
93,760	6,094	(401)	(99,453)	231,142	232,596
91,350	5,187	(50)	(96,487)	160,102	163,676
315,237	12,403	(266)	(327,374)	203,991	211,938
74,828	3,577	(81)	(78,324)	184,604	186,166
29,808	731	-	(30,539)	20,904	21,635
-	-	-	-	13,107	18,924
\$ 809,232	\$ 42,671	\$ (3,812)	\$ (848,091)	\$ 1,389,228	\$ 1,407,195

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Appropriated Surplus (Reserves) Continuity Schedule

For the Year Ended December 31, 2016, with comparative information as at 2015

Exhibit 4

In thousands

	Balance December 31, 2015	(To)/From Operating Fund	(To)/From Other Funds	Other Contributions	Interest Earned	Balance December 31, 2016
STATUTORY CAPITAL RESERVES						
General	\$ 35,890	\$ 27,896	\$ (14,974)	\$ 20	\$ 751	\$ 49,583
Storm drainage	12,157	210	(332)	-	231	12,266
Waterworks	21,751	11,278	(7,289)	-	432	26,172
Sanitary sewer	32,922	6,024	(2,172)	-	652	37,426
Airport	12,350	2,218	1,099	-	256	15,923
Affordable housing	257	-	(250)	-	4	11
	115,327	47,626	(23,918)	20	2,326	141,381
GENERAL OPERATING RESERVE						
Planned Transfers						
New facility operations	2,378	-	-	-	52	2,430
Water system contingency	760	-	-	-	16	776
Insurance	2,314	-	-	-	44	2,358
Tradex operating reserve	16	95	(112)	-	1	-
Election	84	79	-	-	4	167
Community Works Fund	19,889	5,678	(4,165)	-	375	21,777
Sister city	81	10	-	-	2	93
Climate action	1,005	175	(20)	-	20	1,180
Community projects	431	-	-	-	9	440
	26,958	6,037	(4,297)	-	523	29,221
Operating Surplus Transfers						
Police	1,072	852	-	-	23	1,948
Winter operations	1,194	-	-	-	26	1,220
Storm drainage	3,056	666	-	-	67	3,789
Sumas Prairie DDI	115	-	(75)	-	1	41
Matsqui Prairie DDI	48	-	(10)	-	1	39
Solid waste	523	-	(210)	-	7	320
Road Resurfacing & Maintenance	-	936	-	-	-	936
	6,008	2,454	(295)	-	125	8,293
Other Transfers						
General government	1,774	786	-	-	44	2,605
Planning & Development	240	108	-	-	3	351
Fire Rescue Services	158	71	-	-	-	229
Engineering	80	(55)	-	-	-	25
Traffic fine revenue	196	-	-	-	4	200
Transit Provision	189	137	-	-	-	326
	2,637	1,047	-	-	51	3,736
	35,604	9,538	(4,592)	-	699	41,250
Total	\$ 150,931	\$ 57,164	\$ (28,510)	\$ 20	\$ 3,025	\$ 182,631

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Debt Outstanding and Debt Servicing by Fund and Function

For the Year Ended December 31, 2016, with comparative information for 2015

In thousands

Exhibit 5

	Bylaw Number	MFA Issue Number	Year of Maturity	Interest Rate (%)	Debt	2016 Debt Servicing			Debt
					Outstanding December 31 2015	Principal	Interest	Total	Outstanding December 31 2016
GENERAL FUND									
Parks, recreation and culture									
Abbotsford Centre	1586	102/103	2032	5.00	\$ 43,700	\$ 1,773	\$ 2,271	\$ 4,044	\$ 41,927
Cultural Centre	1587	102/103	2027	5.00	7,126	450	378	828	6,676
Community Centre	1588	102/103	2027	5.00	14,254	902	756	1,658	13,352
					<u>65,080</u>	<u>3,125</u>	<u>3,405</u>	<u>6,530</u>	<u>61,955</u>
SANITARY SEWER FUND									
Sanitary sewer - treatment plant									
	455	75	2021	3.05	361	361	1	362	-
					<u>361</u>	<u>361</u>	<u>1</u>	<u>362</u>	<u>-</u>
WATERWORKS FUND									
Waterworks - supply									
	454	75	2021	3.05	1,123	1,123	2	1,125	-
					<u>1,123</u>	<u>1,123</u>	<u>2</u>	<u>1,125</u>	<u>-</u>
Total Long-term Debt					<u>\$ 66,564</u>	<u>\$ 4,609</u>	<u>\$ 3,408</u>	<u>\$ 8,017</u>	<u>\$ 61,955</u>

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, 2016, with comparative information for 2015

Schedule A

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Municipal taxation:			
General	\$ 75,755	\$ 75,856	\$ 72,679
Police	45,143	45,143	43,553
Library	4,509	4,509	4,399
Dyking, drainage & irrigation	1,952	1,947	1,947
Utility tax	1,852	1,918	1,852
Business improvement assessment	274	289	274
Hotel tax	250	356	288
Grants in lieu of taxes:			
Federal government	1,005	1,063	1,075
Provincial governments and agencies	841	907	867
Fees and charges:			
Transit	2,519	2,670	2,628
Police	3,391	3,258	2,996
User rates	7,648	7,304	7,448
Storm drainage	3,615	3,625	3,621
Parks, recreation and culture	6,500	6,534	6,208
Abbotsford Centre	3,377	6,079	2,472
Other	3,619	3,787	3,896
Licenses and permits:			
Building permits	1,532	2,567	2,523
Soil removal fees	2,135	3,071	2,483
Business licences	940	1,353	1,065
Municipal licence plates	39	38	46
Secondary suite fees	1,254	1,291	1,254
Other licences and permits	420	476	412
Rental:			
Police	41	45	48
Other	2,013	1,992	2,027
Investment income	1,044	1,541	1,420
Municipal Finance Authority refunds	36	31	28
Grants:			
Transit	4,894	4,786	4,675
Police	2,146	2,090	2,134
Other	6,870	7,335	7,120
	<u>185,614</u>	<u>191,861</u>	<u>181,438</u>

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, 2016, with comparative information for 2015
In thousands

Schedule A

	2016 Plan	2016 Actual	2015 Actual
EXPENSE			
General government services (Schedule E)	17,884	14,482	14,966
Planning & development services (Schedule F)	4,642	4,095	4,101
Protective services			
Police services (Schedule G)	50,452	48,853	48,458
Fire rescue services (Schedule H)	16,054	15,798	15,416
Other protective services (Schedule I)	3,601	3,768	3,355
Parks, recreation & culture services (Schedule J)	20,281	20,122	19,658
Abbotsford Centre (Schedule K)	6,914	9,288	6,058
Library services (Schedule L)	4,209	4,138	4,081
Transit services (Schedule M)	11,457	11,173	10,877
Engineering services (Schedule N)	9,978	9,131	8,318
Solid waste services (Schedule O)	7,460	7,249	7,532
Storm drainage services (Schedule P)	3,068	2,301	2,154
Dyking, drainage and irrigation services			
Matsqui Prairie (Schedule Q)	1,124	1,057	1,150
Sumas Prairie (Schedule Q)	1,704	1,761	1,688
	<u>158,828</u>	<u>153,216</u>	<u>147,812</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	26,786	38,645	33,626
Amortization (All Schedules)	-	29,330	30,479
Loss/(gain) on disposal of tangible capital assets (All Schedules)	-	20	(388)
ANNUAL SURPLUS/(DEFICIT)	26,786	9,295	3,535
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(1,143)	(1,191)
Transfer to general capital reserve	(18,853)	(29,554)	(23,817)
Transfer to operating reserve	(5,872)	(10,683)	(7,923)
Transfer from operating reserve	1,247	5,670	6,283
Debt principal repayments	(3,308)	(3,308)	(3,274)
Inventory and pre-paid expenses	-	(771)	(104)
Eliminate amortization and loss/gain	-	30,494	31,282
CHANGE IN UNAPPROPRIATED SURPLUS	\$ -	\$ -	\$ 4,791

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, 2016, with comparative information for 2015***Schedule B***In thousands*

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges:			
User rates	\$ 15,600	\$ 16,609	\$ 16,558
Other fees and charges	726	682	695
Rent	38	38	38
Investment income	-	-	-
Municipal Finance Authority refunds	-	7	2
	<u>16,364</u>	<u>17,336</u>	<u>17,293</u>
EXPENSE			
Abbotsford-Mission supply and transmission	3,389	2,785	2,880
Administration	2,610	2,005	1,845
Local supply and distribution	1,854	1,780	1,720
Meters	487	609	453
Hydrants	97	158	360
Maintenance	56	254	240
Long-term debt interest	2	2	10
Internal borrowing interest	-	-	-
	<u>8,495</u>	<u>7,593</u>	<u>7,508</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>7,869</u>	<u>9,743</u>	<u>9,785</u>
Amortization	-	6,128	6,034
Loss/(gain) on disposal of tangible capital assets	-	256	943
ANNUAL SURPLUS/(DEFICIT)	<u>7,869</u>	<u>3,359</u>	<u>2,808</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to waterworks capital reserve	(6,745)	(8,618)	(7,595)
Debt principal repayments	(1,124)	(1,124)	(157)
Eliminate amortization and loss/gain	-	6,384	6,977
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,033</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, 2016, with comparative information for 2015

Schedule C

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges:			
User rates	\$ 10,300	\$ 11,207	\$ 10,955
Industrial surcharges	953	1,172	1,320
Other fees and charges	482	610	618
Investment income	58	122	90
Municipal Finance Authority refunds	41	3	-
	<u>11,834</u>	<u>13,114</u>	<u>12,983</u>
EXPENSE			
Joint Abbotsford-Mission Environmental Systems (JAMES) treatment plant	4,036	3,826	3,893
Administration	1,912	1,779	1,745
Maintenance	1,522	1,107	1,117
Long-term debt interest	1	1	3
Internal borrowing interest	44	17	45
	<u>7,515</u>	<u>6,730</u>	<u>6,803</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>4,319</u>	<u>6,384</u>	<u>6,180</u>
Amortization	-	5,187	5,176
Loss/(gain) on disposal of tangible capital assets	-	58	301
ANNUAL SURPLUS/(DEFICIT)	<u>4,319</u>	<u>1,139</u>	<u>703</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to sanitary sewer capital reserve	(3,958)	(6,023)	(4,333)
Debt principal repayments	(361)	(361)	(50)
Eliminate amortization and loss/gain	-	5,245	5,477
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797</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, 2016, with comparative information for 2015

Schedule D

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges:			
Aeronautical fees	\$ 1,359	\$ 1,335	\$ 1,287
Public parking fees	1,910	1,744	1,685
Concessions	890	1,081	1,020
Other fees and charges	323	212	289
Rent	1,581	1,671	1,881
Investment income	72	72	66
	<u>6,135</u>	<u>6,115</u>	<u>6,228</u>
EXPENSE			
Administration	1,385	1,142	1,449
Marketing	82	96	50
Terminal building	535	733	611
Airside	1,479	1,539	1,372
Mobile equipment	262	132	174
Parking	272	255	233
	<u>4,015</u>	<u>3,897</u>	<u>3,889</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>2,120</u>	<u>2,218</u>	<u>2,339</u>
Amortization	-	2,023	2,572
Loss/(gain) on disposal of tangible capital assets	-	-	286
ANNUAL SURPLUS/(DEFICIT)	<u>2,120</u>	<u>195</u>	<u>(519)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to airport capital reserve (asset sales)	-	-	(75)
Transfer to airport capital reserve	(2,120)	(2,218)	(2,339)
Eliminate amortization and loss/gain	-	2,023	2,933
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, 2016, with comparative information for 2015

Schedule E

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Municipal taxation	\$ 79,977	\$ 80,389	\$ 77,035
Fees and charges	2,190	2,215	2,156
Rent	1,955	1,935	2,029
Investment income	1,044	1,535	1,416
Grants	5,690	5,903	5,759
Municipal Finance Authority refunds	36	31	28
	<u>90,892</u>	<u>92,008</u>	<u>88,423</u>
EXPENSE			
LEGISLATIVE SERVICES	702	695	663
CITY MANAGER'S OFFICE			
City manager	1,333	1,386	1,638
Corporate communications and marketing	890	1,034	909
Human resources	1,634	1,566	1,367
FINANCE & CORPORATE SERVICES			
City Clerk	1,136	1,110	1,023
Elections	-	-	2
Finance & purchasing	3,867	3,060	3,094
Risk management	1,218	889	1,416
Business technology solutions	3,782	3,594	3,369
Economic development	617	518	470
Real estate services	286	293	282
OTHER			
General municipal buildings	2,222	1,660	1,883
Transfer to other agencies	604	768	683
Common services	2,236	548	806
Less: Cost recoveries	(2,643)	(2,639)	(2,639)
	<u>17,884</u>	<u>14,482</u>	<u>14,966</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>73,008</u>	<u>77,526</u>	<u>73,457</u>
Amortization	-	1,458	952
Loss/(gain) on disposal of tangible capital assets	-	160	(601)
ANNUAL SURPLUS/(DEFICIT)	<u>73,008</u>	<u>75,908</u>	<u>73,106</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	-	(654)
Transfer to general capital reserve	(3,401)	(13,674)	(9,100)
Transfer to operating reserve	(5,732)	(7,251)	(6,196)
Transfer from operating reserve	336	4,847	6,142
Debt principal repayments	(183)	(183)	(269)
Inventory and pre-paid expenses	-	(771)	(104)
Eliminate amortization and loss/gain	-	1,618	992
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ 64,028</u>	<u>\$ 60,494</u>	<u>\$ 63,917</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, 2016, with comparative information for 2015
In thousands

Schedule F

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Licences and permits:			
Business licences	\$ 940	\$ 1,353	\$ 1,065
Development permit application fees	130	140	113
Rezoning application fees	150	155	136
Subdivision application fees	65	101	96
Other licences and permits	60	72	60
Fees and charges:			
Development fees on Engineering projects	250	236	430
Other fees and charges	73	111	90
Grants	-	-	29
	<u>1,668</u>	<u>2,168</u>	<u>2,019</u>
EXPENSE			
Development approvals	4,465	3,916	3,927
Licence inspection	177	179	174
	<u>4,642</u>	<u>4,095</u>	<u>4,101</u>
ANNUAL SURPLUS/(DEFICIT)	<u>(2,974)</u>	<u>(1,927)</u>	<u>(2,082)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to operating reserve	-	(110)	(200)
Transfer from operating reserve	300	97	-
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (2,674)</u>	<u>\$ (1,940)</u>	<u>\$ (2,282)</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, 2016, with comparative information for 2015

Schedule G

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Municipal taxation	\$ 45,143	\$ 45,143	\$ 43,553
Fees and charges:			
Salary recoveries	2,494	2,179	1,869
Other revenue	897	1,078	1,128
Government grants:			
Traffic fine revenue - sharing	2,000	2,000	2,002
Other government grants	146	90	132
Rent	41	45	48
	<u>50,721</u>	<u>50,535</u>	<u>48,732</u>
EXPENSE			
Finance and budgets	576	541	551
Executive administration	1,770	1,746	1,829
Operations support	5,551	4,835	5,087
Support services	5,463	5,649	5,238
Criminal investigations	8,711	7,920	8,561
Patrol	13,914	14,351	12,820
Operations control	6,032	5,085	5,898
Police building	759	629	860
Human resources	2,719	2,039	1,756
Vehicle maintenance	1,264	992	976
Common services & secondment	3,693	5,066	4,880
	<u>50,452</u>	<u>48,853</u>	<u>48,456</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	269	1,682	276
Amortization	-	1,021	927
Loss/(gain) on disposal of tangible capital assets	-	8	(6)
ANNUAL SURPLUS/(DEFICIT)	<u>269</u>	<u>653</u>	<u>(645)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(68)	(56)
Transfer from operating reserve	328	-	-
Transfer to operating reserve	-	(852)	(276)
Transfer to general capital reserve	(597)	(830)	-
Eliminate amortization and loss/gain	-	1,097	977
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, 2016, with comparative information for 2015

Schedule H

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges	\$ 220	\$ 348	\$ 307
Licences and permits	10	4	5
	<u>230</u>	<u>352</u>	<u>312</u>
EXPENSE			
Administration	525	507	469
Fire life and safety education	184	171	143
Fire prevention and inspection	653	652	555
Emergency response	13,994	13,798	13,587
Fire halls and ground maintenance	467	439	449
Fire flows and hydrants	231	231	213
	<u>16,054</u>	<u>15,798</u>	<u>15,416</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(15,824)</u>	<u>(15,446)</u>	<u>(15,104)</u>
Amortization	-	1,095	1,034
Loss/(gain) on disposal of tangible capital assets	-	82	-
ANNUAL SURPLUS/(DEFICIT)	<u>(15,824)</u>	<u>(16,623)</u>	<u>(16,138)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	-	-
Transfer from operating reserve	158	158	-
Transfer to operating reserve	-	(229)	-
Transfer to general capital reserve	(791)	(791)	(797)
Eliminate amortization and loss/gain	-	1,178	1,034
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (16,457)</u>	<u>\$ (16,307)</u>	<u>\$ (15,901)</u>

See notes to consolidated financial statements.

CITY OF ABBOTSFORD

Segment Information - Revenues by Type & Expenses by Function General Operating Fund - Other Protective Services

For the Year Ended December 31, 2016, with comparative information for 2015
In thousands

Schedule I

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Licenses and permits:			
Building permits	\$ 1,534	\$ 2,567	\$ 2,523
Secondary suite fees	1,254	1,291	1,254
Fees and charges	264	220	196
Grants	100	164	331
	<u>3,152</u>	<u>4,242</u>	<u>4,304</u>
EXPENSE			
Restorative Justice	149	150	149
Emergency services	255	345	217
Building inspections	2,129	2,192	2,042
Bylaw enforcement	1,068	1,081	947
	<u>3,601</u>	<u>3,768</u>	<u>3,355</u>
ANNUAL SURPLUS/(DEFICIT)	(449)	474	949
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to operating reserve	-	(95)	-
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (449)</u>	<u>\$ 379</u>	<u>\$ 949</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, 2016, with comparative information for 2015

Schedule J

In thousands

	2016	2016				2016	2015
	Plan	General	Parks	Recreation	Culture	Actual	Actual
REVENUE							
Fees and charges	\$ 6,500	\$ 151	\$ 1,317	\$ 5,066	\$ -	\$ 6,534	\$ 6,208
Rent	58	-	-	57	-	57	4
Grants	-	5	-	-	-	5	13
	<u>6,558</u>	<u>156</u>	<u>1,317</u>	<u>5,123</u>	<u>-</u>	<u>6,596</u>	<u>6,225</u>
EXPENSE							
Operations	19,126	1,178	7,613	9,380	817	18,988	18,471
Long-term debt interest	1,155	-	-	756	378	1,134	1,188
	<u>20,281</u>	<u>1,178</u>	<u>7,613</u>	<u>10,136</u>	<u>1,195</u>	<u>20,122</u>	<u>19,659</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	(13,723)	(1,022)	(6,296)	(5,013)	(1,195)	(13,526)	(13,434)
Amortization	-	2	2,158	1,789	452	4,401	4,206
ANNUAL SURPLUS/(DEFICIT)	<u>(13,723)</u>	<u>(1,024)</u>	<u>(8,454)</u>	<u>(6,802)</u>	<u>(1,647)</u>	<u>(17,927)</u>	<u>(17,640)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS							
Debt principal repayments	(1,352)	-	-	(902)	(451)	(1,353)	(1,300)
Transfer to general capital reserve	(1,443)	(107)	(794)	(469)	(73)	(1,443)	(1,529)
Transfer to cemetery capital reserve	(160)	-	(165)	-	-	(165)	(160)
Eliminate amortization and loss/gain	-	2	2,158	1,789	452	4,401	4,220
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (16,678)</u>	<u>\$ (1,129)</u>	<u>\$ (7,255)</u>	<u>\$ (6,384)</u>	<u>\$ (1,719)</u>	<u>\$ (16,487)</u>	<u>\$ (16,409)</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, 2016, with comparative information for 2015
In thousands

Schedule K

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges	\$ 3,377	\$ 6,079	\$ 2,472
Investment income	-	7	4
Grants	900	1,062	946
	<u>4,277</u>	<u>7,148</u>	<u>3,422</u>
EXPENSE			
Abbotsford Centre			
Operations	4,616	7,017	3,717
Long-term debt interest	2,298	2,271	2,341
	<u>6,914</u>	<u>9,288</u>	<u>6,058</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(2,637)</u>	<u>(2,140)</u>	<u>(2,636)</u>
Amortization	-	2,778	2,789
ANNUAL SURPLUS/(DEFICIT)	<u>(2,637)</u>	<u>(4,918)</u>	<u>(5,425)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Debt principal repayments	(1,773)	(1,773)	(1,704)
Eliminate amortization and loss/gain	-	2,778	2,789
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (4,410)</u>	<u>\$ (3,913)</u>	<u>\$ (4,340)</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, 2016, with comparative information for 2015

Schedule L

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Municipal tax for regional library	\$ 4,509	\$ 4,509	\$ 4,399
EXPENSE			
Transfer to Fraser Valley Regional Library	3,883	3,883	3,790
Library operating costs	326	255	291
	<u>4,209</u>	<u>4,138</u>	<u>4,081</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	300	371	318
Amortization	-	205	205
ANNUAL SURPLUS/(DEFICIT)	<u>300</u>	<u>166</u>	<u>113</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve	(300)	(352)	(318)
Transfer to operating reserve	-	(19)	-
Eliminate amortization and loss/gain	-	205	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, 2016, with comparative information for 2015

Schedule M

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Grants	\$ 4,894	\$ 4,786	\$ 4,675
Fares	1,857	1,977	1,951
BC bus pass program	491	518	500
Advertising and other	171	175	177
	<u>7,413</u>	<u>7,456</u>	<u>7,303</u>
EXPENSE			
Transfer to BC Transit	11,302	11,077	10,776
Other	155	96	101
	<u>11,457</u>	<u>11,173</u>	<u>10,877</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(4,044)</u>	<u>(3,717)</u>	<u>(3,574)</u>
Amortization	-	31	31
ANNUAL SURPLUS/(DEFICIT)	<u>(4,044)</u>	<u>(3,748)</u>	<u>(3,605)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer from operating reserve	-	189	-
Transfer to operating reserve	-	(326)	(189)
Eliminate amortization and loss/gain	-	31	31
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (4,044)</u>	<u>\$ (3,854)</u>	<u>\$ (3,763)</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, 2016, with comparative information for 2015
In thousands

Schedule N

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges:			
Engineering capital recoveries	\$ -	\$ 148	\$ 281
Recoveries	204	252	181
Parking lot tickets	-	71	61
Other	281	68	69
Licenses and permits:			
Soil removal fees	2,135	3,071	2,483
Other	3	2	2
Grants	180	200	42
	<u>2,803</u>	<u>3,812</u>	<u>3,119</u>
EXPENSE			
ADMINISTRATION	2,346	2,126	2,087
ENGINEERING	2,281	1,898	2,097
TRANSPORTATION			
Services	2,788	2,601	2,395
Operations - roads	4,768	4,736	3,673
EQUIPMENT FLEET			
Operations	3,957	3,833	3,741
Internal recoveries	(5,789)	(5,689)	(5,360)
INTERNAL BORROWING INTEREST	40	39	98
COST RECOVERIES	(413)	(413)	(413)
	<u>9,978</u>	<u>9,131</u>	<u>8,318</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>(7,175)</u>	<u>(5,319)</u>	<u>(5,199)</u>
Amortization	-	13,952	16,003
Loss/(gain) on disposal of tangible capital assets	-	(405)	172
ANNUAL SURPLUS/(DEFICIT)	<u>(7,175)</u>	<u>(18,866)</u>	<u>(21,374)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(1,076)	(453)
Transfer to general capital reserve	(11,641)	(11,665)	(11,589)
Transfer to operating reserve	(170)	(1,136)	(80)
Transfer from operating reserve	80	80	-
Eliminate amortization and loss/gain	-	14,623	16,628
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (18,906)</u>	<u>\$ (18,040)</u>	<u>\$ (16,868)</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, 2016, with comparative information for 2015

Schedule O

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges:			
Solid waste user fees	\$ 5,965	\$ 5,854	\$ 5,911
Garbage stickers	35	24	20
Recoveries & other	1,648	1,426	1,517
	<u>7,648</u>	<u>7,304</u>	<u>7,448</u>
EXPENSE			
Planning, design and management	785	552	627
Collection	2,724	2,925	2,822
Disposal	3,951	3,772	4,083
	<u>7,460</u>	<u>7,249</u>	<u>7,532</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	188	55	(84)
Amortization	-	55	62
Loss/(gain) on disposal of tangible capital assets	-	-	(3)
ANNUAL SURPLUS/(DEFICIT)	188	-	(143)
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve	(188)	(265)	-
Transfer to general capital reserve (asset sales)	-	-	(29)
Transfer from operating reserve	-	210	84
Eliminate amortization and loss/gain	-	55	88
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, 2016, with comparative information for 2015
In thousands

Schedule P

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Fees and charges:			
Storm drainage user fees	\$ 3,612	\$ 3,611	\$ 3,576
Other	3	14	45
Developer charges earned	-	-	14
	<u>3,615</u>	<u>3,625</u>	<u>3,635</u>
EXPENSE			
Storm sewers and detention	2,530	1,835	1,729
Urban watercourses	131	126	121
Rural drainage	407	340	304
	<u>3,068</u>	<u>2,301</u>	<u>2,154</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>547</u>	<u>1,324</u>	<u>1,481</u>
Amortization	-	3,603	3,546
Loss/(gain) on disposal of tangible capital assets	-	174	50
ANNUAL SURPLUS/(DEFICIT)	<u>547</u>	<u>(2,453)</u>	<u>(2,115)</u>
Matsqui Prairie (Schedule Q)	(407)	(554)	(653)
Sumas Prairie (Schedule Q)	(292)	(890)	(811)
TOTAL ANNUAL SURPLUS / (DEFICIT)	<u>(152)</u>	<u>(3,897)</u>	<u>(3,579)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to operating reserve	-	(666)	(778)
Transfer from operating reserve	48	-	-
Transfer to general capital reserve	(173)	(210)	(186)
Reconcile to contribution from storm drainage-Matsqui Prairie	(53)	136	200
Reconcile to contribution from storm drainage-Sumas Prairie	(77)	520	443
Eliminate amortization and loss/gain	-	3,777	3,596
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ (407)</u>	<u>\$ (340)</u>	<u>\$ (304)</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, 2016, with comparative information for 2015
In thousands

Schedule Q

	2016 Plan	2016 Actual	2015 Actual	2016 Plan	2016 Actual	2015 Actual
	Matsqui Prairie			Sumas Prairie		
REVENUE						
Fees and charges:						
General tax levy	\$ 701	\$ 695	\$ 696	\$ 1,252	\$ 1,251	\$ 1,250
Other revenue	16	17	10	160	142	142
	<u>717</u>	<u>712</u>	<u>706</u>	<u>1,412</u>	<u>1,393</u>	<u>1,392</u>
EXPENSE						
Dyking	86	77	54	65	64	75
Drainage	607	589	684	722	805	700
Storm	184	155	183	-	-	-
Irrigation	124	111	112	98	124	115
Administration	115	116	117	166	161	161
Pump stations	-	-	-	644	598	636
Recoverable work	8	9	-	8	9	1
	<u>1,124</u>	<u>1,057</u>	<u>1,150</u>	<u>1,703</u>	<u>1,761</u>	<u>1,688</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	(407)	(345)	(444)	(291)	(368)	(296)
Amortization	-	209	209	-	522	515
ANNUAL SURPLUS/(DEFICIT)	<u>(407)</u>	<u>(554)</u>	<u>(653)</u>	<u>(291)</u>	<u>(890)</u>	<u>(811)</u>
RECONCILE TO CONTRIBUTION FROM STORM DRAINAGE						
Transfer to general capital reserve	(83)	(83)	(59)	(77)	(77)	(79)
Transfer to operating reserve	30	-	-	-	-	-
Transfer from operating reserve	-	10	50	-	75	7
Eliminate amortization and loss/gain	-	209	209	-	522	515
CONTRIBUTION FROM STORM DRAINAGE	<u>\$ (460)</u>	<u>\$ (418)</u>	<u>\$ (453)</u>	<u>\$ (368)</u>	<u>\$ (370)</u>	<u>\$ (368)</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, 2016, with comparative information for 2015

Schedule R

In thousands

	2016		Sanitary			2016	2015
	Plan	General	Waterworks	Sewer	Airport	Actual	Actual
REVENUE							
Municipal taxation	\$ -	\$ (1,131)	\$ -	\$ -	\$ -	\$ (1,131)	\$ -
Other fees and charges	3,019	591	(1,298)	56	-	(651)	1,306
Airport improvement fees	812	-	-	-	1,210	1,210	1,207
Developer charges earned	8,547	5,751	13	433	-	6,197	12,175
Contributed tangible capital assets	-	6,692	1,279	1,432	-	9,403	19,696
Grants	27,175	2,224	47	22	-	2,293	153
Other sources	-	25	-	-	-	25	259
Contributions (to)/from other funds	-	(138)	49	89	-	-	-
	<u>39,553</u>	<u>14,014</u>	<u>90</u>	<u>2,032</u>	<u>1,210</u>	<u>17,346</u>	<u>34,796</u>
EXPENSE							
Minor capital projects							
General government	1,657	1,036	-	-	-	1,036	474
Police services	-	-	-	-	-	-	(55)
Fire services	200	373	-	-	-	373	409
Park services	262	727	-	-	-	727	313
Recreation services	85	47	-	-	-	47	62
Entertainment & Sports Centre services	130	50	-	-	-	50	-
Transportation services	7,555	4,822	-	-	-	4,822	4,761
Equipment fleet services	8	9	-	-	-	9	-
Solid waste services	24	90	-	-	-	90	91
Storm drainage services	950	224	-	-	-	224	256
Dyking, drainage & irrigation	-	2,174	-	-	-	2,174	49
Waterworks	1,834	-	123	-	-	123	85
Sanitary sewer	4,427	-	-	810	-	810	525
Airport	812	-	-	-	147	147	60
	<u>17,944</u>	<u>9,552</u>	<u>123</u>	<u>810</u>	<u>147</u>	<u>10,632</u>	<u>7,030</u>
ANNUAL SURPLUS/(DEFICIT)	<u>21,609</u>	<u>4,462</u>	<u>(33)</u>	<u>1,222</u>	<u>1,063</u>	<u>6,714</u>	<u>27,766</u>
RECONCILE TO CHANGE IN CAPITAL EQUITY							
Assets sale	-	(5,052)	-	-	5,052	-	-
General capital reserve	26,610	15,147	-	-	-	15,147	16,863
Storm drainage reserve	1,688	410	-	-	-	410	928
Waterworks capital reserve	12,843	-	7,289	-	-	7,289	5,027
Sanitary sewer capital reserve	10,328	-	-	2,172	-	2,172	758
Airport capital reserve	1,000	-	-	-	(1,099)	(1,099)	(1,018)
Tangible capital assets	-	(26,455)	(6,384)	(4,831)	(2,023)	(39,693)	(39,990)
Debt principal repayment	4,792	3,308	1,124	361	-	4,793	3,481
Internal borrowing (from general fund)	-	(4,464)	-	(416)	-	(4,880)	(7,187)
Internal borrowing interest	-	426	-	-	-	426	508
CHANGE IN CAPITAL EQUITY	<u>\$ 78,870</u>	<u>\$ (12,218)</u>	<u>\$ 1,996</u>	<u>\$ (1,492)</u>	<u>\$ 2,993</u>	<u>\$ (8,721)</u>	<u>\$ 7,136</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, 2016, with comparative information for 2015

Schedule S

In thousands

	2016 Plan	2016 Actual	2015 Actual
REVENUE			
Investment income	\$ 2,994	\$ 3,024	\$ 2,938
Other sources	-	21	1
	<u>2,994</u>	<u>3,045</u>	<u>2,939</u>
ANNUAL SURPLUS/(DEFICIT)	2,994	3,045	2,939
RECONCILE TO CHANGE IN APPROPRIATED SURPLUS			
Operating reserve	(15,714)	5,017	1,640
General capital reserve	(7,532)	12,930	7,666
Affordable housing reserve	-	(250)	-
Storm drainage reserve	(3,965)	(199)	(741)
Waterworks capital reserve	(6,099)	3,989	2,786
Sanitary sewer capital reserve	(6,408)	3,852	3,649
Airport capital reserve	1,120	3,317	3,432
CHANGE IN APPROPRIATED SURPLUS	<u>\$ (35,604)</u>	<u>\$ 31,701</u>	<u>\$ 21,371</u>

See notes to consolidated financial statements.



KPMG LLP
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada
Telephone (604) 854-2200
Fax (604) 853-2756

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Abbotsford

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 December 31, 2016, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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.

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cemetery Care Trust Fund as at December 31, 2016 in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

May 15, 2017

Abbotsford, Canada

CITY OF ABBOTSFORD
Cemetery Care Trust Fund
Statement of Financial Position

For the Year Ended December 31, 2016, with comparative information for 2015
In thousands

	2016 Actual	2015 Actual
FINANCIAL ASSETS		
Portfolio investments	\$ 2,484	\$ 3,496
Accounts receivable	1,216	79
NET FINANCIAL ASSETS	<u>3,700</u>	<u>3,575</u>
 ACCUMULATED SURPLUS		
Balance, beginning of year	3,575	3,463
Contributions	125	112
Investment earnings	114	101
Transfer to general operating fund	(114)	(101)
Balance, end of year	<u>\$ 3,700</u>	<u>\$ 3,575</u>

See notes to consolidated financial statements.



City of Abbotsford
Notes to the Cemetery Care Trust Fund
For the Year Ended December 31, 2016

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.



City of Abbotsford
Notes to the Cemetery Care Trust Fund
For the Year Ended December 31, 2016

3. INVESTMENTS:

Investments for 2016 are comprised of corporate and government investments.

(in thousands)	2016		2015	
	Cost	Market	Cost	Market
Portfolio investments	\$2,484	\$2,529	\$3,496	\$3,593
	Long-term		Long-term	
Duration	2 – 10 Years		2 – 10 Years	
Average holdings	\$2,994		\$3,428	
Annual yield	3.69%		2.87%	

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 2016, \$114,000 (2015 - \$101,000) was transferred to the general operating fund for cemetery operations. Contributions and investment earnings for the year ended December 31, 2016, 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.