



2010 ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 2010



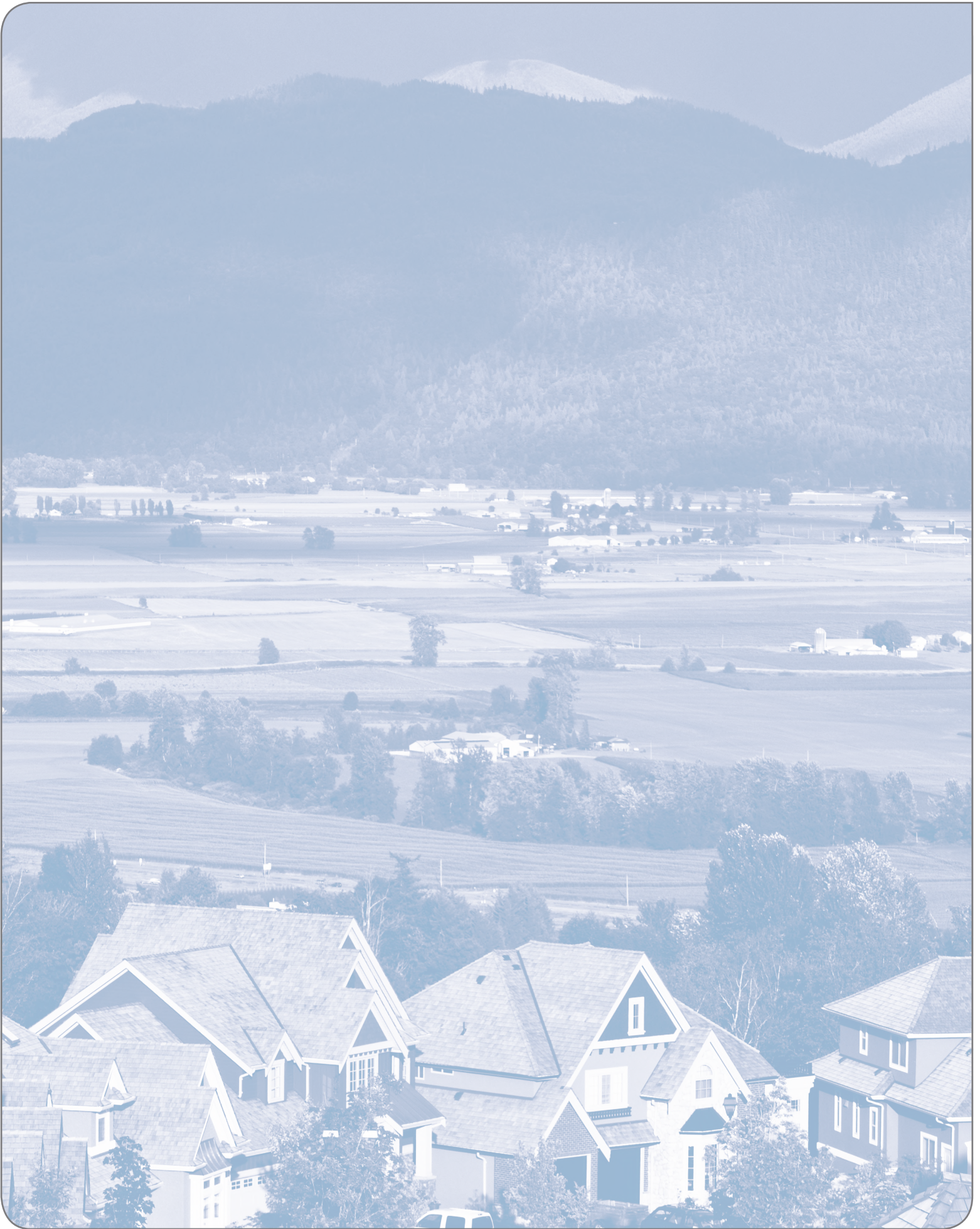


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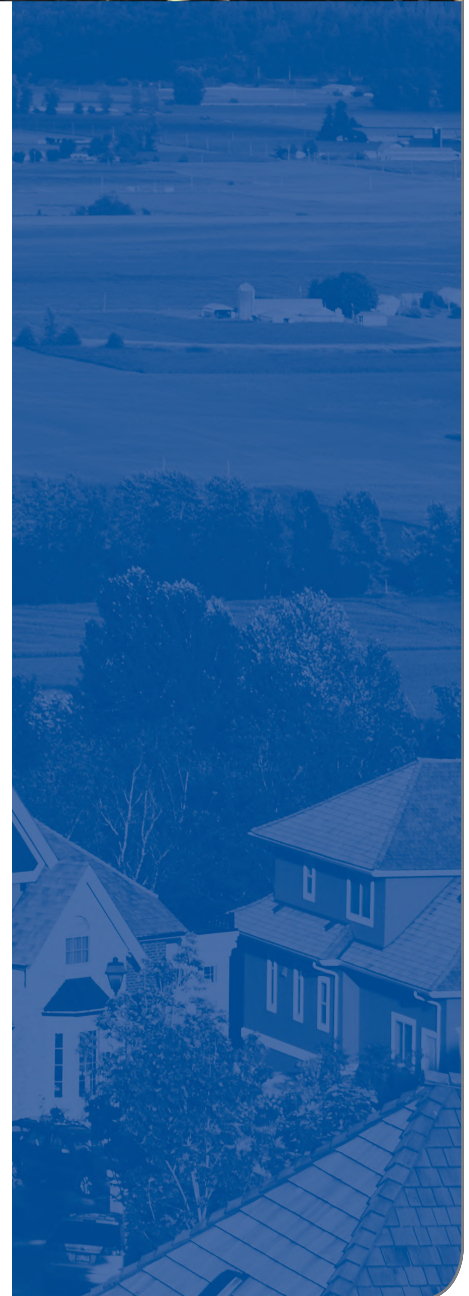
city vision & mission

City Vision

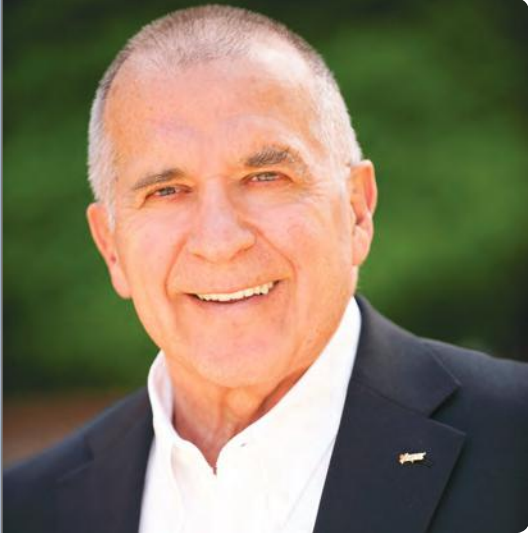
Abbotsford is the most sustainable, liveable and prosperous community in British Columbia

City Mission

We deliver excellent services that improve the sustainability and quality of life in Abbotsford



message from the mayor



Message from the Mayor

Abbotsford is a vital community filled with progressive energy and dynamic people. It is an honour and a privilege to serve as the Mayor of this great city and I'm pleased to be able to share with you some of the many things that happened across our community in 2010.

This year Council approved the performance measurement and reporting framework within our Strategic Plan to build on efforts to be more accountable and transparent in the way services are delivered. By taking stock of current and past performance, comparing it against results of other municipal governments and sharing best practices, the City increases opportunities to make continuous gains in providing higher quality service.

The City of Abbotsford is transitioning from a medium-sized city into a diverse metropolitan region that is well positioned to leverage every opportunity provided to us. It is important that we continue to strengthen the partnerships we have with stakeholders, residents, developers and government and build upon our strengths – in agriculture, health care, industry, our airport and our university. By continuing to work together we will further transform Abbotsford's ability to achieve excellence in the services and programs we deliver to all residents.

As a City Council member, as Mayor and as a resident of Abbotsford, I have been privileged to witness the transformation of this community into a vibrant city that is recognized regionally and Canada-wide for its innovative, business-friendly government, quality of life, and unsurpassed potential.

I invite you to read through the updates contained in this report and learn more about the initiatives underway that will continue to shape our city for years to come.

A handwritten signature in black ink, appearing to read 'G. Peary'. The signature is stylized and fluid.

George W. Peary
Mayor

Elected Officials

The Mayor and eight councillors are elected for a three-year term. Members of Council are elected at large, meaning they each represent the community as a whole, rather than only a specific geographic portion of it.

The City of Abbotsford, pursuant to the Community Charter operates on a Committee-of-the-Whole system, whereby all members of Council sit at the Executive Committee, in an open meeting, prior to each Regular Council Meeting. The Executive Committee has authority to deal with all matters, with the exception of bylaws, tenders and approval of budgets. Council makes decisions by either passing resolution or a bylaw. A resolution requires a single vote; whereas, a bylaw requires four readings.

Mayor and Council serve on many committees, boards and commissions and provide strategic input and direction on areas ranging from agriculture and arts to economic development and regional issues.

Councillors



Mayor
George W. Peary



Les Barkman



Simon Gibson



Moe Gill



Bill MacGregor



Lynne Harris



David Loewen

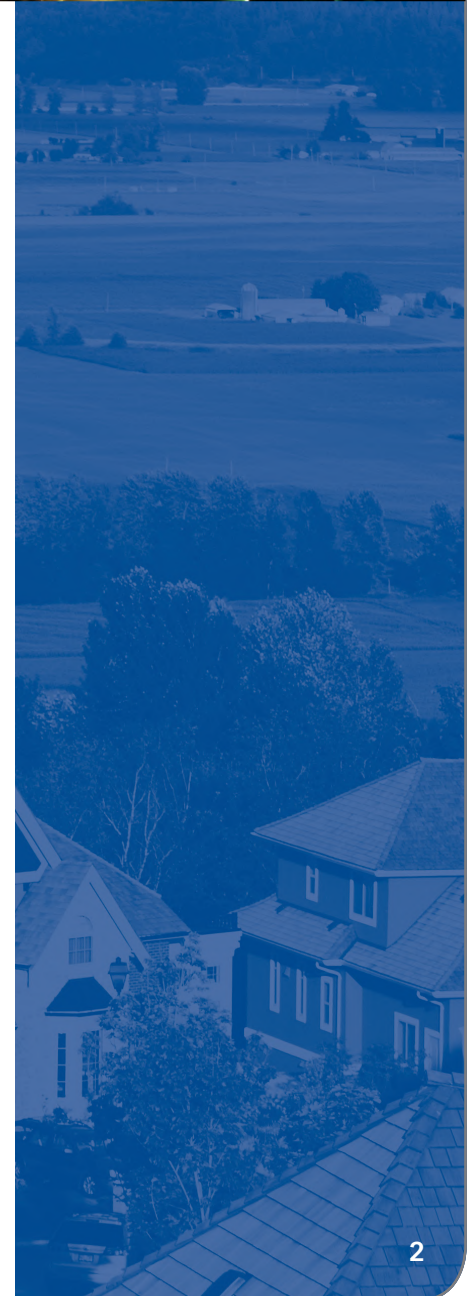


Patricia Ross



John Smith

elected officials



strategic goals and directions



Strategic Goals and Directions

STRATEGIC GOALS

FISCAL/ECONOMIC

- **Achieve Economic and Fiscal Balance**
- **Promote Economic Competitiveness & Innovation**

ENVIRONMENTAL

- **Green Economy, Green Energy, Green Community**

SOCIAL

- **Provide a Safe, Healthy, and Inclusive Community**

CORPORATE

- **Support an Engaged and Effective Workforce**
- **Provide Exceptional Customer Service**

GOAL 1 – Achieve Economic and Fiscal Balance

Performance Measures

Key Performance Indicator	2009 Actual	Measures 2010 Actual	2011 Target
# Hectares of Commercial/ Industrial development applications	44.984	45.073	Increase
Value of commercial/ industrial building permits issued	\$53.7M	\$70.4M	Increase
Value of commercial/industrial property assessments	\$2.5B	\$2.7B	Increase
Value of tax base that is non-residential	\$2.7B (16.0%)	\$2.9B (17.2%)	Increase
Overall city budget dependent on property taxes	44.0%	42.6%	Reduce
Peak Day Water Demand (AMWSC)	126.6MLD	106.8MLD ¹	113.2MLD
Abbotsford Entertainment and Sports Centre (AESC) profitability	(\$2.6M)	(\$3.4M)	(\$3.4M)

¹ Peak Day Water Demand for 2010 included a full ban. The target for 2011 does not include a ban, which is why the target is higher than 2010 actual consumption.

GOAL 1:

Achieve Economic
and Fiscal Balance

KEY PERFORMANCE INDICATORS:

Number of Hectares of Commercial/Industrial
development applications

Value of commercial/industrial
building permits issued

Value of commercial/industrial
building property assessments

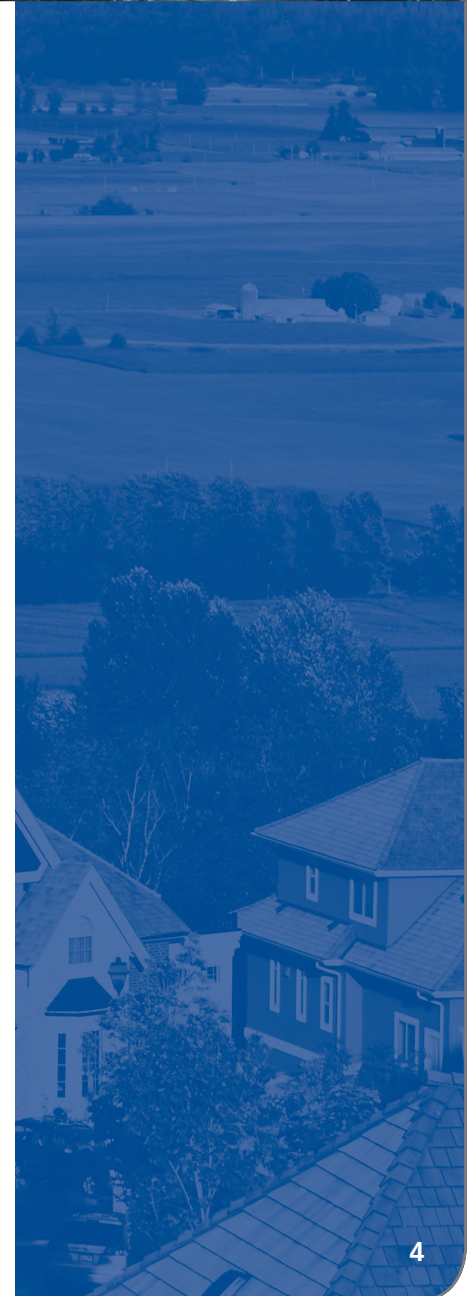
Value & percentage of tax base that is non-residential

Overall city budget dependent on
property taxes

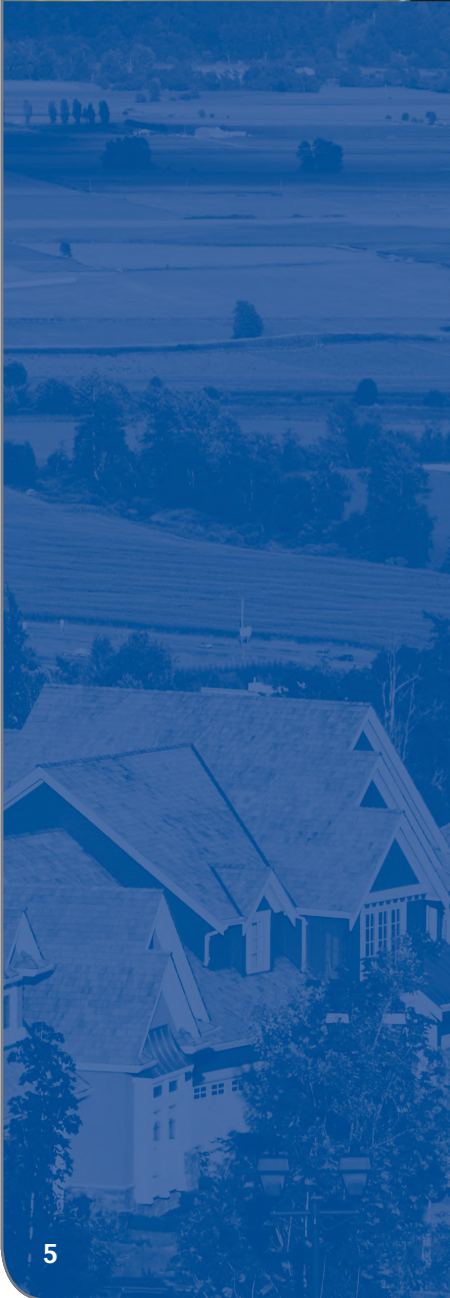
Peak Day Water Demand (total from
Abbotsford Mission Water Sewer Commission)

Abbotsford Entertainment and Sports Centre
(AESC) profitability

strategic goals
and directions



strategic goals and directions



GOAL 2: Promote Economic Competitiveness & Innovation

Performance Measures Key Performance Indicator	2009 Actual	Measures 2010 Actual	2011 Target
Airport revenue	\$5,469K	\$5,508K	\$5,637K
Airport passenger throughput	468.6K	463.8K	485.0K
Full-time equivalent students enrolled at UFV	6,174 FTE	8,117 FTE	Increase
Health services / health sciences related employment	Measure under construction		
Transit (ridership) levels per capita	1,607K	1,812K	1,993K
Transit service hours per capita	0.62	0.66	0.68
Travel times (all modes)	Measure under construction		

GOAL 2: Promote Economic Competitiveness & Innovation

KEY PERFORMANCE INDICATORS:

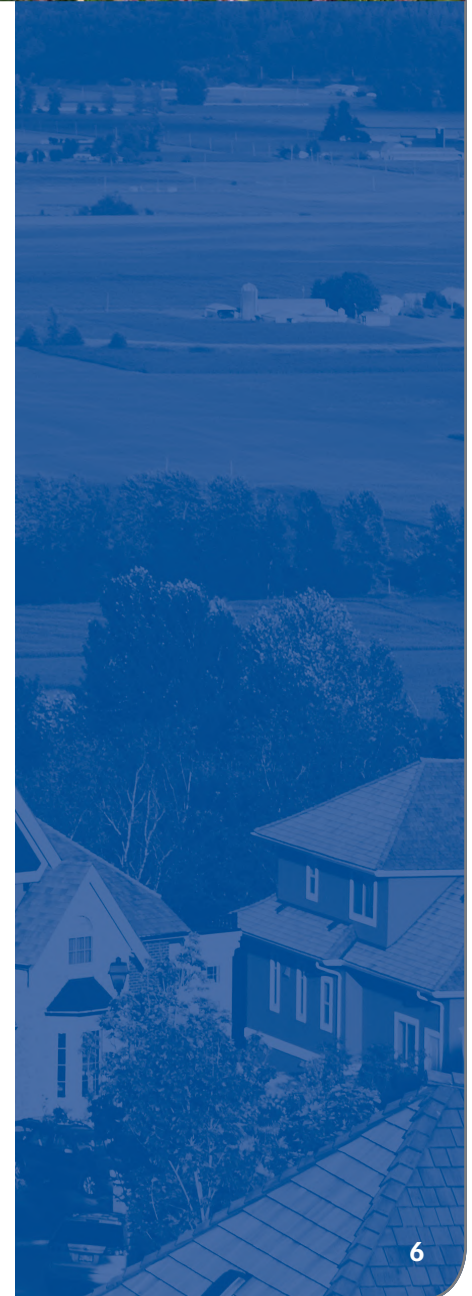
- Abbotsford International Airport revenue
- Number of passengers through Abbotsford International Airport
- Full-time equivalent students enrolled at the University of the Fraser Valley
- Health services / health sciences related employment
- Transit (ridership) levels per capita
- Transit service hours per capita
- Travel times (all modes)

GOAL 3 – Green Economy, Green Energy, Green Community

Performance Measures Key Performance Indicator

Performance Measures Key Performance Indicator	Measures		
	2009 Actual	2010 Actual	2011 Target
Solid waste diversion rate (single family residential)	40.5%	44.0%	46.0%
Population densities in the urban core	47,726 (2006 Census)	Not reported in 2010	52,500
Residential units within urban core	20,549 (2006 Census)	Not reported in 2010	26,050
Number of trees planted in the urban core	414 trees	758 trees	1,085 trees
Kilometers of trails	89 kms	91 kms	96 kms
Community GHG Emissions (CEEI + Agriculture) – Per Capita	6.7 tonnes	Not reported in 2010	6.6 tonnes
Corporate GHG Emissions (expressed as Tonnes of CO ₂ e)	5,658	5,225	Decrease

strategic goals and directions

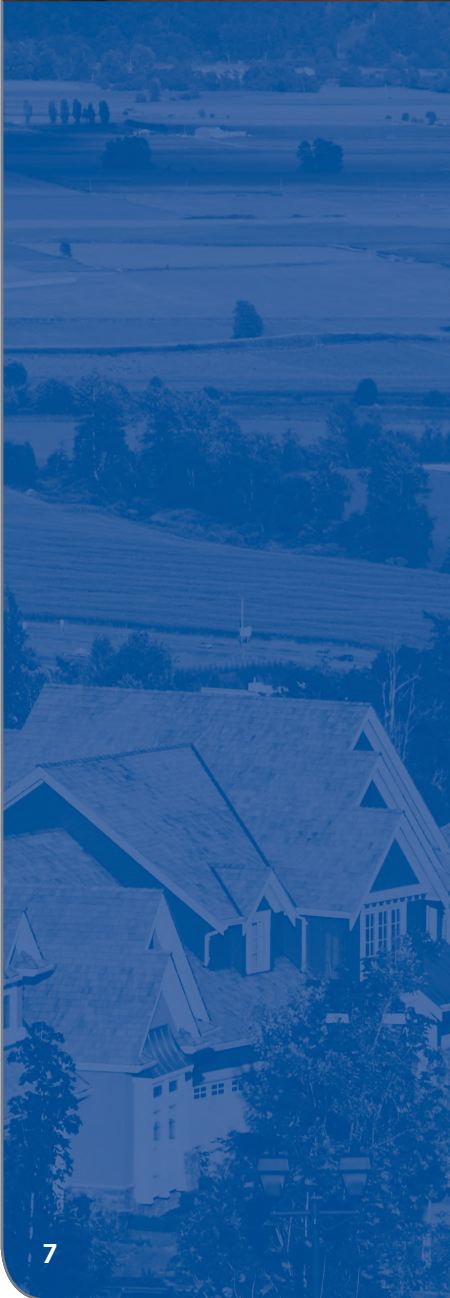


GOAL 3: Green Economy, Green Energy, Green Community

KEY PERFORMANCE INDICATORS:

- Solid waste diversion rate (single family residential)
- Population densities in the urban core
- Residential units within urban core
- Number of trees planted in the urban core
- Kilometers of trails
- Community GHG Emissions (CEEI + Agriculture) Per Capita
- Corporate GHG Emissions (expressed as Tonnes of CO₂e)

strategic goals and directions



GOAL 4 – Provide a Safe, Healthy, and Inclusive Community

Performance Measures Key Performance Indicator	2009 Actual	Measures 2010 Actual	2011 Target
Police crime rates	69.3	Not available	TBA
Police Crime Severity Index	106.5	Not available	TBA
MVA injury and fatality rates	493	Not available	10% reduction ¹
Fire 1st Response – urban	72%, Average 6:08 minutes	Not available	90%, 4 minutes
Fire 1st Response – rural	72%, Average 12:13 minutes	Not available	80%, 11 minutes
AFRS public education contacts with citizens	31,518	24,847	30,000
Visits to Healthy Abbotsford website	Did not exist in 2009	107	7,500
Registrants in community sports leagues	1,568	1,773	1,867
Attendance at public recreation centres (ARC/MRC)	644K	830K	880K
Number of homeless persons (annual count)	226	235	117 (Actual)
Households paying more than 30% of gross income on shelter	Measure under construction		
Population per sports field	Not reported in 2009	1:2121	1:2164 ²

¹Stretch Goal.

² Longer range target has the number reducing

GOAL 4:

Provide a Safe, Healthy, and Inclusive Community

KEY PERFORMANCE INDICATORS:

- Police crime rates
- Police Crime Severity Index
- Motor Vehicle Accident injury and fatality rates
- Fire First-Response Time – urban ('09/'11)
- Fire First-Response Time – rural ('09/'11)
- Number of Fire Rescue Service public education contacts with citizens
- Number of visits on Healthy Abbotsford website
- Number of registrants in community sports leagues
- Total attendance at public recreation centres (Abbotsford Recreation Centre/Matsqui Recreation Centre)
- Homeless persons count
- Households paying more than 30 per cent of gross income on shelter
- Population per sports field

GOAL 5 – Support an Engaged and Effective Workforce

Performance Measures Key Performance Indicator

Key Performance Indicator	Measures		
	2009 Actual	2010 Actual	2011 Target
Number of internal hires/promotions as a percentage of total hires	Not reported in 2009	68%	70%+
Employee engagement survey – % of respondents rating Customer Service high	45.4% (2008)	Not reported in 2010	+2 to 3%

strategic goals and directions



GOAL 5:

Support an Engaged and Effective Workforce

KEY PERFORMANCE INDICATORS:

Number of internal hires/promotions as a percentage of total hires

Employee engagement survey – percentage of respondents rating Customer Service high

strategic goals and directions

GOAL 6 – Provide Exceptional Customer Service

Key Performance Indicator	Measures		
	2009 Actual	2010 Actual	2011 Target
External customer service satisfaction (from survey)		Measure under construction	
Internal customer service satisfaction (from survey)		Measure under construction	
Employee engagement survey – customer service score out of 100	40% (2008)	Not reported in 2010	+2 to 3%
Performance Management - work plan objectives linked to customer service.	Not reported in 2009	25%	33%

GOAL 6: Provide Exceptional Customer Service

KEY PERFORMANCE INDICATORS:

- External customer service satisfaction
- Internal customer service satisfaction
- Employee engagement
- Performance Management

Message from the City Manager

I am pleased to present the City of Abbotsford's Annual Report for 2010. This report contains some of our key accomplishments over the past year and highlights areas of specific achievement for our City.

2010 was an extremely busy year. We made great progress in achieving many of our strategic directions including pursuing commercial and industrial development, expanding the economic capacity of our airport, along with the enhancement of our community safety initiatives and agriculture sector support. Additionally, we were able to add to the scope of our three major infrastructure improvement projects: the McCallum Interchange; the Clearbrook Interchange; and the Abbotsford International Airport Improvement project by securing further funding from the Provincial and Federal governments.

2010 also saw the solidification of our five-year Strategic Plan which guides us in all that we do. Virtually everything the City does affects the quality of life for our stakeholders: the public; people doing business with the City; partnering agencies and groups; and employees. The City of Abbotsford's Strategic Plan sets out the long-term direction and guiding principles for how the City conducts business on behalf of our stakeholders. It outlines high level goals that apply to all City operations, and seeks to ensure long-term fiscal-economic, environmental, and social community and corporate wellbeing for those we serve. Looking ahead, we will continue to strengthen our partnerships and focus on key strategic priorities that will take Abbotsford into the next decade of prosperity.

Although this Annual Report is about dollars and cents, corporate accountability and about the responsible stewardship of public funds, it is also about the services citizens count on in their daily lives. The people who work at the City of Abbotsford care about their work and the services they provide to the public. At the core of our services is you. We promise to deliver these services through knowledgeable staff in a fair and consistent way. We want you, our customer, to feel that we have heard you and that every interaction with us is satisfactory and helpful.

As we approach the coming year, we will continue to provide the best service possible to ensure that our community is safe, clean, and prosperous for all to enjoy.



Frank Pizzuto
City Manager

message from the
city manager



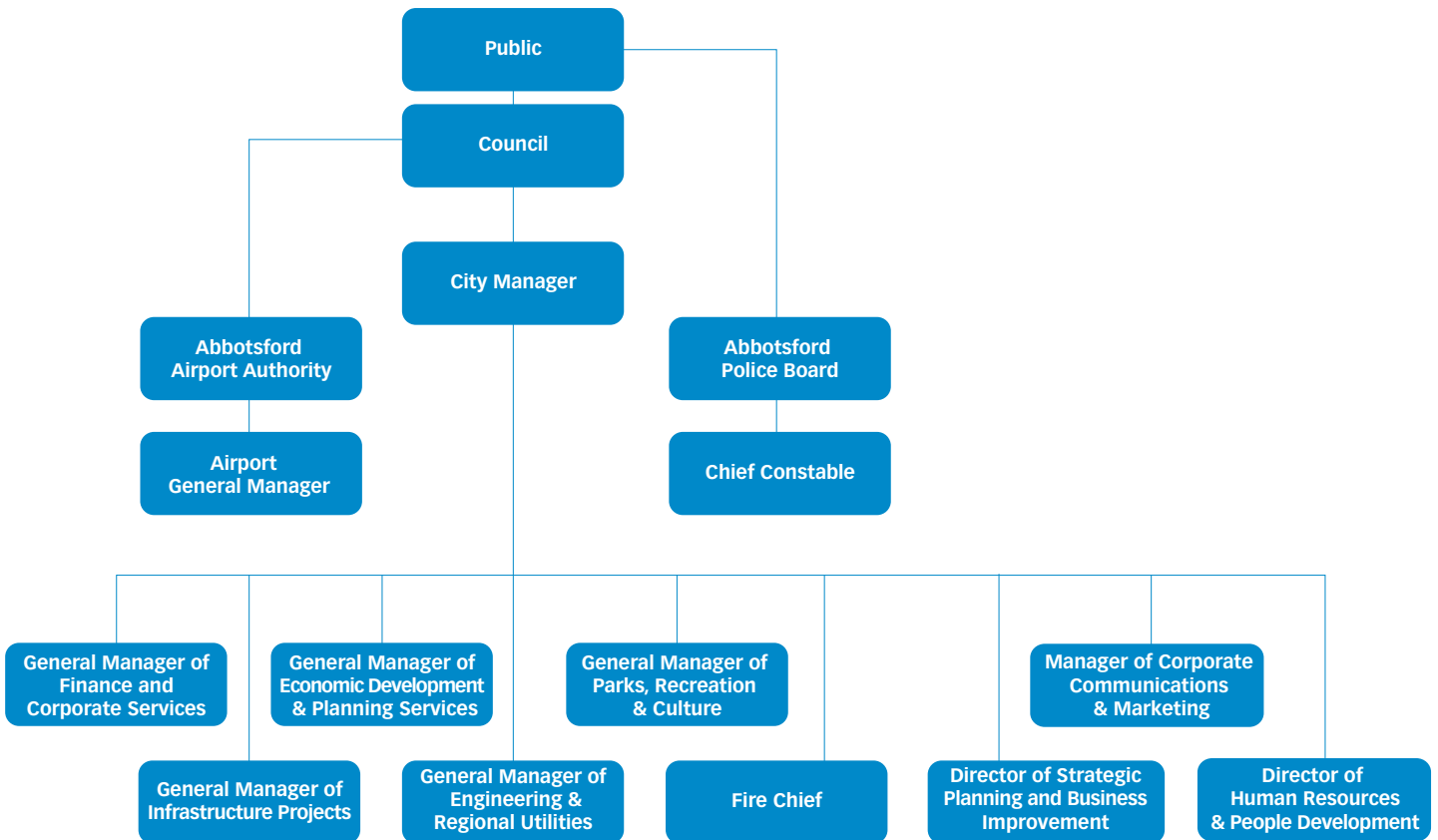
organizational structure



Organizational Structure

The Mayor and eight Councillors elected by the public are responsible for setting the strategic direction and establishing the policies for leading the community. These policies are carried out by the City's administration, which is organized below.

The Abbotsford International Airport and the Abbotsford Police Department report to individual boards. All other departments report directly to the City Manager, who reports to Council. The City Manager is the chief administrative officer of the organization.



2010 Senior Management Team

City Manager
Frank Pizzuto

Chief Constable
Bob Rich

Fire Chief
Don Beer

General Manager of Infrastructure Projects
Grant Acheson

General Manager of Engineering & Regional Utilities
Jim Gordon

General Manager of Parks, Recreation & Culture
Mark Taylor

General Manager of Economic Development & Planning Services
Jay Teichroeb

General Manager, Finance & Corporate Services
Pat Soanes

Director, Legislative Services, City Clerk
Bill Flitton

Director of Financial Services
Judy Lewis

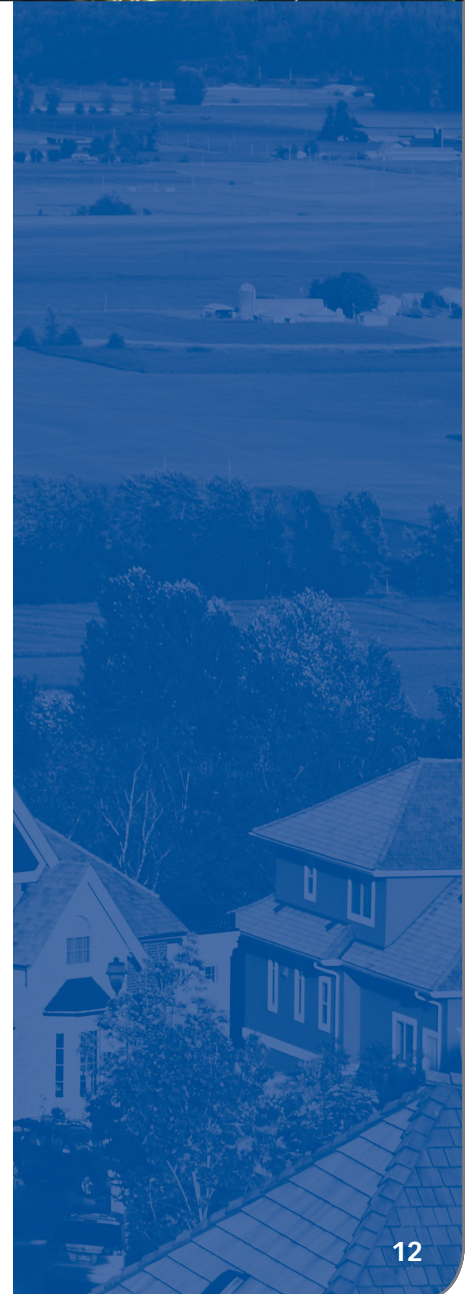
Director of Strategic Planning & Business Improvement
Karen Sinclair

Manager of Corporate Communications & Marketing
Katherine Jeffcoatt

Director of Human Resources & People Development
Marius Bierman

Airport General Manager
Mike Pastro

2010 senior
management team





2010 DEPARTMENT HIGHLIGHTS



City Manager's Office

The City Manager's Office in municipal government operates much like the CEO's office in a corporation. Appointed by, and reporting to City Council, the City Manager provides overall management to the organization while providing clear leadership and direction, implements Council decisions, and ensures financial integrity. In 2010 the City Manager's office included Infrastructure Projects, Human Resources and People Development, Corporate Communications and Marketing, and Strategic Planning and Business Improvement.

Highlights:

- Achieved \$1M increase in transfer to capital reserves
- Received close to \$70M of grant funding for a significant number of City projects
- Administered close to \$50M of grant funding for the community for projects the City participated in and supported
- Official launch of the Campus of Care
- Grant funding received for interchanges, airport improvements, Discovery Trail, under-grounding hydro wires, sidewalks, bike paths and transit improvements
- Every department was asked, in 2010, to come back with a goal related to health and wellness for 2011 and as a result, health and wellness was incorporated into the City's Strategic Plan
- Introduced LEAD (2 cohorts through) and LEAPS (first cohort) leadership programs
- Hired a Health and Safety Coordinator and set 2011 priority to complete work on Certificate of Recognition Health and Safety Audit
- Initiated a City-wide customer service program and developed a Customer Service Promise
- Made respectful workplace training and supervisory skills training mandatory for all employees
- Highlighted customer service as a core competency in Performance Management
- Improved business improvement cost savings (cell phones, natural gas, property negotiations, fuel, fleet, building maintenance)
- Completed FVRD Preliminary Review
- Launched Community Champions program
- City earned 'Top Family-Friendly City' honors
- Abbotsford official delegation visited Chandigarh, India
- Crime Reduction Task Force Report, including the Good Neighbour Project, launched
- Updated organizational structure to successfully complete infrastructure projects
- Performance Management Project implemented City-wide
- Completed a review of business enterprises including Ledgeview Golf, Abbotsford International Airport and the Entertainment & Sports Centre

city manager's office



City Manager
Frank Pizzuto

economic development & planning services



General Manager
of Economic
Development &
Planning Services
Jay Teichroeb

Economic Development & Planning Services

The Economic Development and Planning Services Department focuses on business retention, business expansion, business attraction, community planning, the investment climate, and real estate services. The City of Abbotsford facilitates the growth of a diversified local economy and works to expand the City's tax and employment base in order to preserve the community's high standard of living.

Economic Development and Planning Services is comprised of the following divisions: Airport Business Development; Economic Development; Real Estate Services; Strategic Projects Division; Bylaw Enforcement; Building Permits and Licenses; Community Planning and Development Planning.

The department is primarily responsible for formulating policies and standards for new development; managing approvals of all types of land development; regulating building construction, ensuring compliance with community standards; facilitating development of best practices to protect the environment, and bylaw enforcement.

A highlight in 2010 was the first full year of operations for the Strategic Projects Team. The Strategic Projects Team is comprised of an Engineer, a Strategic Project Coordinator and a City Planner. The team's mandate is to identify a small number of high impact projects for Abbotsford and deliver expedited services to the development community for these projects. Support for the development of Abbotsford's newly serviced industrial areas is a key strategic priority for this team. In 2010, this team fast-tracked five high level key projects across the City and established local area service bylaws for the new Clearbrook and Peardonville City in the Country Plan industrial lands.

Highlights:

- Continued economic growth with a high building permit dollar value
- Approved local area service bylaws for Clearbrook and Peardonville City in the Country Plan areas
- Fast-tracked through the City's approval process the following key strategic projects:
 - Abby Collegiate School
 - High Street commercial project on Mt. Lehman Road
 - Vanderpol lands industrial development (Golden Valley)
 - Two airside projects at the Airport
- Established Agriculture Trust Fund and received first deposit of \$308K
- Official launch of Campus of Care
- New discussions on former hospital site development
- Improved transit service to hospital
- Supported the development of first large-scale anaerobic digester
- Increased the LEED certified planning function

Abbotsford International Airport

In 2010, the Abbotsford International Airport served approximately 464,000 domestic and international passengers. The airport continued to meet the needs of passengers east of the Fraser River and strengthened its position as British Columbia's most efficient and easy-to-use full-service airport. Major infrastructure improvements under the Infrastructure Stimulus Fund Program included the construction of a 9,600 foot parallel taxiway, widening of the main apron, rehabilitation of various runway, taxiway and apron surfaces, and the renovation of the Air Terminal Building interior. These projects have greatly improved the Airport's capacity and amenities to better serve its users. In February 2010, the airport accommodated 500 aircraft related to the 2010 Winter Olympic Games, the busiest day being February 28th when 70 aircraft arrived and 51 corporate jets were parked at the Airport. Other highlights from 2010 include a new seasonal charter service to Cancun, Mexico and a new scheduled service to Comox.

Since the City of Abbotsford assumed airport ownership in 1997, revenues have risen steadily. With guidance from the Abbotsford Airport Authority, the airport will continue to operate in an environmentally-sound and fiscally responsible manner, as well as develop strategies to meet its growth and expansion goals.

2010 Highlights:

- Completed core components of the \$30 million infrastructure stimulus fund project which included terminal upgrades and improvements
- Processed 500 aircraft for 2010 Olympics Games
- Added a new flight to Comox. BC
- Fast-tracked the permit process for the new Shell Aerocentre facility to open for 2010 Olympic traffic
- Hired a new Airport Business Development Manager
- The new Chinook Helicopter training facility opened

abbotsford international airport



Airport General Manager
Mike Pastro

engineering & regional utilities



General Manager of
Engineering and
Regional Utilities
Jim Gordon

Engineering & Regional Utilities

The Engineering Department is responsible for planning, designing, constructing, maintaining and renewing the engineering infrastructure essential for a high quality of life in Abbotsford.

The department has approximately 250 staff working at City Hall, the Operations Yard, JAMES Treatment Plant, and the Norrish Drinking Water Plant. This is one of the largest departments in the City, consisting of several divisions that coordinate the City's fleet, manage transportation and road maintenance, drainage and irrigation, water and solid waste services, wastewater initiatives, regional utilities and mapping and building operations.

In 2010, the department substantially completed the upgrade to the water meter system and installed more than 25,000 new Smart Radio Read Meters in homes and businesses across the City. Water conservation continued to be a top priority in 2010 and the department embarked on a large-scale water conservation and education campaign with the development of ourwatermatters.ca and the coordination of various rebate programs with outside suppliers.

Additionally, Engineering also continued to make headway on the Transportation Master Plan with the completion of the Whatcom Road connector from Sandringham Drive to Westview Boulevard and the reconstruction of Old Yale Road by DeLair. The construction of a new bridge at No. 5 Road and the Inter-Provincial Highway was also completed. All these projects provide support for improved traffic flow across Abbotsford as the community continues to expand.

Highlights:

- Construction of bridge at No. 5 Road and Inter-Provincial Highway
- Started the expansion of JAMES Treatment Plant to accommodate agricultural, industrial and residential growth
- Substantially completed Smart Meter installation
- Implemented new water conservation practices and program and launched www.ourwatermatters.ca
- Residential Food Waste Collection Pilot Project underway
- Improved Norrish Creek water supply through updates to Dickson Lake intake
- Completed Emerson Street reconstruction
- Flushed and cleaned the JAMES trunk sewer

Fire Rescue Service

The Abbotsford Fire Rescue Service responds to a variety of emergency incidents including structure fires, vehicle fires, commercial and residential fire alarms, industrial accidents and motor vehicle incidents. Fire rescue Service provides public service response as well as assistance to BC Ambulance Service and Abbotsford Police. Fire Rescue Service members also conduct fire inspections for over 4,300 properties across the City.

The Abbotsford Fire Rescue Service operates four full-time career engines based in the urban response plan of the Official Community Plan. There are four fire fighters on each engine, enabling continuous 24-hour, year-round emergency response capabilities. Auxiliary fire fighters respond to emergencies from fire halls when paged and provide support to the career responders. In 2010 AFRS responded to over 5,500 emergency calls.

Along with the traditional fire and rescue services, the department also has an active Fire Prevention Division that performs fire inspections and investigations, fire plan reviews, and conducts a number of public education programs in the community. The Abbotsford Fire Rescue Service prides itself in making a difference in our community through prevention, response and safety.

In 2010 Members of the Abbotsford Fire Rescue Service supported many charitable organizations and community events including:

- Abbotsford Police Emergency Day
- Adventure Race
- ADBA Car Show
- Agri-Fair
- Arbour Day
- Bakerview Vintage Fair
- Berry Festival
- Burn Fund—Save On Foods
- Canada Day Parade and Family Event
- Charity Tournaments
- Christmas Boot Drive and Food Drive
- Emergency Preparedness Day
- Fire Prevention Week Family Night
- Fishing Derby
- Haiti Relief Fund
- Honour Guard Colorado Springs
- M&M Meats Fund Raiser
- Shore to Shore

fire rescue service



Fire Chief
Don Beer

fire rescue service cont'd



In 2010, the Abbotsford Fire Rescue Service Training Centre became operational. The Training Centre is used for ongoing career and auxiliary fire fighter training, as well as, utilized by a number of community partners and outside agencies such as:

- Abbotsford Child Care Resource & Referral
- Abbotsford Police Department
- BC Ambulance
- Candidate Physical Ability Test (CPAT) Evaluations
- City of Abbotsford Human Resources
- Justice Institute of BC
- Pacific Electrical Installations
- Popkum Fire Department
- United Arab Emirates—Fire Service



Parks, Recreation & Culture

The Parks, Recreation & Culture department is responsible for planning, developing, maintaining, and operating all City parks, trails, cemeteries, recreation, and cultural facilities. It consists of four functions: Administration, Parks, Recreation, and Cultural Services.

2010 was a great year for the Parks, Recreation & Culture Department. Abbotsford hosted the most successful Torch Relay outside of Vancouver for the 2010 Winter Olympics, and the Abbotsford Recreation Centre was transformed into the Live Site for the city for the duration of the Games. In 2010, once again, participation levels were up significantly and revenues exceeded expectations.

Health and Wellness continued to be a strong focus for the department with the launch of healthyabbotsford.ca and the renewal of the successful Grade 5 Get Active program.

Additionally, the department received a grant from the federal government for the implementation of a new diversity project, the Abbotsford Building Connections Diversity Project which began in the fall of 2010. One of the real successes of this program has been the cultural partnering of Sandy Hill and Clearbrook Elementary Schools. The ethnically diverse students have learned a lot about ethnic differences and had a lot of fun.

The third section of the Discovery Trail continued its expansion across the city and Pepin Brook Park was opened. The Discovery Trail will be completed from Gardner Park to McKay Creek by Spring 2012.

The department also received approval from Council for the new Public Art Policy.

Highlights:

- Completed Discovery Trail Aections 1 and 2 and 80% of Section 3
- Hired a full-time Community Developer to focus on the cornerstones of Children, Youth and Family Engagement and Neighbourhood Capacity Building
- Launched the www.healthyabbotsford.ca website
- Incorporated health into the City's Strategic Plan
- Volunteer coordinator, Special Events coordinator and Arts & Culture coordinator all contributed to making neighborhoods stronger
- Promoted MRC as a Gathering Place
- Initiated Abbotsford Building Connections – Diversity Project
- Developed Rain Gardens
- Planted 1,000 trees in 2010
- Used three city wells to irrigate parks
- Opened Pepin Brook Park
- Hosted the most successful Torch Relay outside Vancouver for 2010 Winter Olympics
- Hosted ARC 'Live Site' for 2010 Winter Olympics

parks recreation & culture



General Manager of Parks,
Recreation & Culture
Mark Taylor

infrastructure projects



General Manager
of Infrastructure
Projects
Grant Acheson

Infrastructure Projects

In 2010, the City of Abbotsford began work on three crucial infrastructure projects: the Clearbrook Road Interchange project; the McCallum Road Interchange project and the Abbotsford International Airport, Parallel Taxiway and Apron expansion project. All three projects were undertaken in 2010 and the project scope for each expanded with additional stimulus funding being provided by governments. It is anticipated that the three projects will be completed in the fall of 2011.

The Abbotsford International Airport began construction of a parallel taxiway along the main runway which, when complete, will double the arrival rate on Runway 07 and the departure rate on Runway 25. The new taxiway will increase the airport's capacity, assist with the reduction of greenhouse gas emissions by reducing aircraft taxi times and delays, and improve international trade by increasing the airport's capacity to handle larger aircraft, typical of international flights. Project expansion items through additional stimulus funding received in 2010 include:

- Pavement rehabilitation on runway 07-25
- Aircraft run-up pad
- Apron 1 floodlights
- Airport terminal building renovations
- Rehabilitation of portions of Apron 1
- Apron 2 rehabilitation

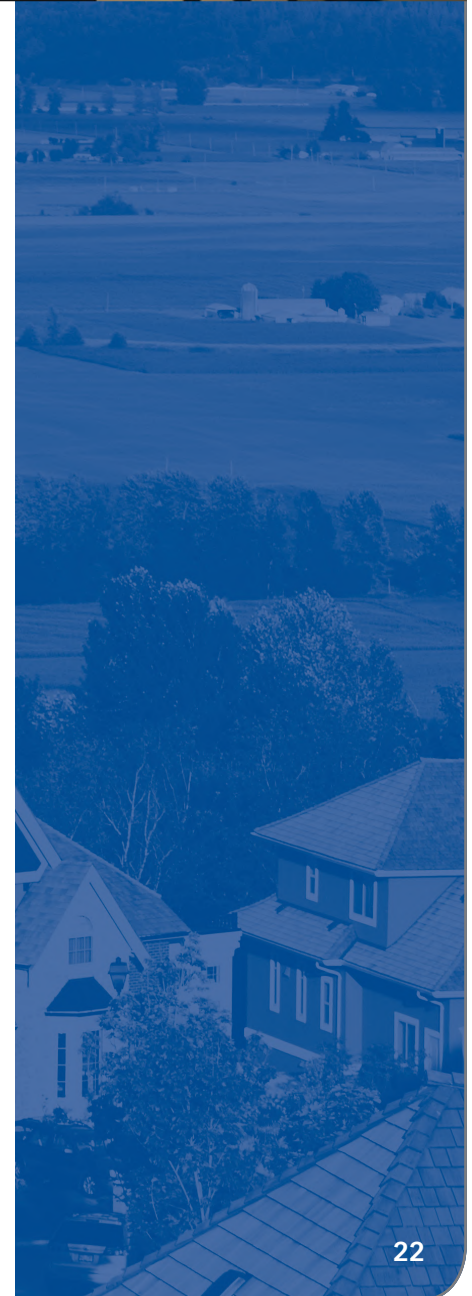
The Clearbrook Road Interchange project provides easier access to vital institutions such as the Abbotsford Regional Hospital and Cancer Centre, the University of the Fraser Valley, the Abbotsford Entertainment and Sports Centre, the Abbotsford International Airport, and the Matsqui Institution. The new overpass will address current capacity and safety issues and will provide an important gateway for the Marshall Road Industrial areas and for the potential 2,000 new jobs that the industrial area will develop. Project expansion items through additional stimulus funding received in 2010 include:

- Extension of water main south from 1709 Clearbrook Road to King Road intersection
- Reconstruction of Clearbrook Road from the new interchange south to King Road to four lanes, including reconstruction of the intersection and signalization
- Reconstruction of Marshall Road west from the new Clearbrook Interchange to north property line of 31888 Marshall Road, including storm water drainage infrastructure

infrastructure projects cont'd

The McCallum Road Interchange project provides longer merge lanes, an overpass capable of accommodating higher traffic volumes, and changes to the traffic pattern to ensure that peak volume traffic does not back up onto Highway 1. The new McCallum Road interchange improves safety for motorists and provides better access for residents to key public amenities such as the new Abbotsford Regional Hospital, the Abbotsford Entertainment and Sports Centre, as well as key transportation routes to local businesses in the region. Project expansion items through additional stimulus funding received in 2010 include:

- Construction of westbound truck climbing lane on Trans-Canada Highway between Highway 11 and McCallum Interchange
- Widened sidewalk along southwest side on King Connector
- Constructed a bus shelter at the Park and Ride facility
- Installed lighting along King between the two intersections at King Connector and McCallum Road
- Repaved King Road between the two intersections at King Connector and McCallum Road
- Increased the elevation of the ground north of King Connector to improve development potential of the land and provide for temporary overflow parking



abbotsford police department



Chief Constable
Bob Rich

Abbotsford Police Department

The Abbotsford Police Department's mission is to make Abbotsford the safest city in British Columbia. The Abbotsford Police Department is governed by the Police Board, which is chaired by the Mayor, and consists of six appointed community members.

In 2010, there were 216 sworn police officers, 100-plus civilian staff, and close to 200 volunteers that work in one of six Branches that make up the Abbotsford Police Department (APD). Each Branch is integral to the operations and effective delivery of service to the community: Patrol Branch; Criminal Investigation Branch; Operations Support Branch; Human Resources Branch; Support Services Branch; and the Finance & Budget Branch.

The APD identified six new goals that guided the Department as it moved forward:

1. Suppress gang crime
2. Reduce fatal collisions
3. Reduce property crime
4. Reduce violent crime
5. Target street disorder
6. Enhance community engagement

Highlights:

- Launched the Gang Suppression Unit in May 2010
- Property crime and reported crime dropped by 7%
- Homicides dropped by 56%
- Robberies dropped by 28%
- Reduced Violent Crime by 8%
- Answered 54,757 calls for service

Finance & Corporate Services

The Finance and Corporate Services Department provides efficient and cost-effective management of the City's resources. The department includes the Financial Services division, Information Technology, the City Clerk's office, including Risk Management, and the Purchasing Supply Services division.

In 2010, Finance and Corporate Services undertook a tangible capital asset initiative and completed the recording of all 2009 capital transactions including amortization, capitalization and asset disposal. We ensured our regulatory compliance was met by revising the City's Financial Statements, including restating retroactively to accommodate the new PSAB requirements. The City was once again recognized by the Government Finance Officers Association for the highest program standard of financial reporting for the 2009 Annual Financial Report.

The City Clerk's Office continued to support accountability and transparency through the management of over 200 Freedom of Information requests in 2010, as well as the administration and publication of all Council agendas, reports and minutes. We continued to mitigate corporate risk through continued focus on Risk Management by working collaboratively with departments to identify and manage risks in areas such as road maintenance and building inspections.

Information Technology worked collaboratively with all City departments to successfully deliver several key technology solutions, made necessary system changes in response to HST, and CRA tax revisions, and ensured security of the City's IT systems.

The Purchasing & Supply Services division further improved service delivery through streamlining processes and the introduction of supply chain improvements, and provided procurement support for more than \$85 million in infrastructure improvement projects.

Highlights:

- Achieved \$1M increase in transfer to capital reserves
- Received grant funding for Clearbrook and McCallum Road interchanges, airport improvements, Discovery Trail, undergrounding of hydro wires, and improvements to sidewalks, bike paths and transit
- Completed a review of utility consumption-oriented rate structures
- Completed a preliminary review of services provided by the Fraser Valley Regional District
- Received \$1.5M new revenue based on changes to Abbotsford-Langley Sewer Agreement
- Closed over 4,989 work orders through the IT Helpdesk
- Reviewed and issued 85 major tenders and RFX's

finance & corporate services



General Manager,
Finance &
Corporate Services
Pat Soanes

financial year in review



Financial Year in Review

May 2011

Your Worship and Members of Council:

It is my pleasure to submit the 2010 Annual Report for the City of Abbotsford, in accordance with Section 98 of the Community Charter. This Annual Report provides readers a clear understanding of the financial position and the results of operations for the City for the year ended December 31, 2010. The Financial Position and Financial Activities of the City are reported and audited on a consolidated basis.

The City also reports, as supplementary information, the financial position and financial activities of all of the funds of the City, which include: General, Water, Sewer, and Airport operating, capital, and reserve funds. Statements of Financial Position and Financial Activities for Ledgeview Properties Ltd., a wholly-owned corporation of the City, are also included.

DEPARTMENTS

- Abbotsford International Airport
- City Manager
- Economic Development & Planning Services
- Engineering & Regional Utilities
- Finance & Corporate Services
- Fire Rescue Services
- Parks, Recreation & Culture
- Police

LOCAL AND REGIONAL GOVERNMENTS

The City is a member of the Fraser Valley Regional District (FVRD), with five of the twenty members on the FVRD Board of Directors. The FVRD provides 9-1-1 emergency services, mosquito control, air quality management, and weed control.

The City also belongs to the Fraser Valley Regional Hospital District (FVRHD). The FVRHD is responsible for the capital financing needs of the region's hospitals. Membership on the FVRD and FVRHD Boards is identical. The FVRD and FVRHD are separate entities from the City. However, the City is responsible for a share of the operating and capital costs of the two Districts, which is determined by calculating a proportionate share of assessed value of the participating members for the various regional services. The Regional Districts determine the total amount to be requisitioned from the City, which is raised through property taxation.

As a partner with the Greater Vancouver Regional District (Metro Vancouver) in regional park planning and acquisition, the City appoints two members to the thirty-seven-member Board of Directors. The City is also a member of the Fraser Valley Regional Library, and liaises with the City of Sumas, Washington, to deal with common issues and services.

Public transit is provided in partnership with the District of Mission through an agreement with British Columbia Transit Authority. In 2010, Farwest Transit Services Inc. operated both the conventional and custom transit services, which are contracted to British Columbia Transit Authority.

Water treatment and supply services, and sanitary sewer treatment facilities, are overseen jointly by the City of Abbotsford and the District of Mission through a Water-Sewer Commission.

COMMISSIONS AND AUTHORITIES

A Parks, Recreation & Culture Commission, consisting of eleven members (three from City Council; three from the Board of School Trustees, School District No. 34 [Abbotsford]; and five from the community), provides input into parks, recreation and cultural programs, recommending priorities to Council.

The Abbotsford Airport Authority is appointed to manage and operate the Abbotsford International Airport for, and on behalf of, the City. Airport Authority members are appointed by City Council for a three-year term. The airport is a self-sustaining operation and does not require financial assistance from general municipal operations.

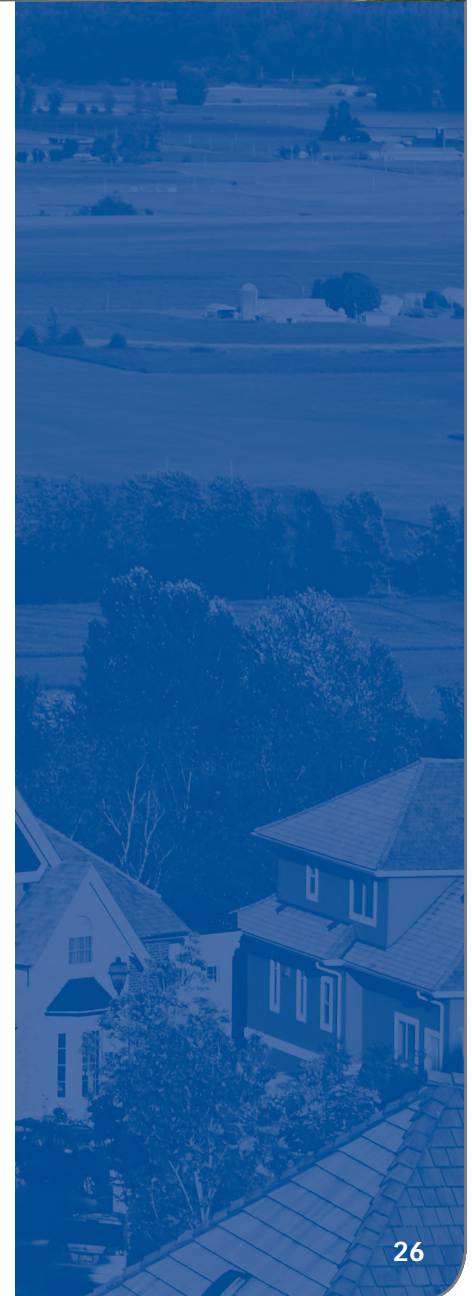
FINANCIAL MANAGEMENT AND CONTROL

The City maintains a system of internal budgetary, accounting and financial controls designed to provide reasonable assurances to safeguard municipal assets and provide reliable financial information. A five-year financial plan is prepared each year, representing the service levels and capital expenditure programs that Council wishes to implement. Responsibility for preparing, monitoring and managing operating and capital budgets rests with management staff charged with implementing Council's programs.

The Finance & Corporate Services Department is responsible for compiling estimates prepared by the operating departments, analyzing the financial implications of these estimates, making recommendations to the senior management team (which includes the City Manager and departmental General Managers), coordinating the presentation of budget material to Council, and periodic monitoring and comparison of the City's actual financial activities to approved budgets.

Preparation and presentation of financial statements and related exhibits and schedules included in the Annual Report is also the responsibility of the City's Finance & Corporate Services Department. While there is close consultation with the City's auditors, management is responsible for decisions relating to the form and content of the financial statements, and for the treatment, reporting and disclosure of financial transactions. The statements have been prepared in accordance with generally-accepted accounting standards for local governments. The preparation of financial information involves the use of estimates and judgments based on careful assessment of the data available through the City's financial information system.

financial year in review



financial year in review



AUDIT

The Community Charter requires that Council appoint an auditor to audit the accounts and transactions of the municipality, including all municipal administrative bodies handling funds for which no statutory audit provision is made. The auditor has a right of access at all times to every record, instrument, account and any other component of the financial reporting system of the municipality, or of any municipal administrative body handling municipal matters or funds.

The audit firm KPMG LLP was appointed by Council and is responsible for expressing an opinion on whether the consolidated financial statements prepared by management present fairly, in all material respects, the financial position of the City of Abbotsford and the results of its operations.

FINANCIAL RESULTS

The financial results for 2010 were favourable and reflect a commitment to sound financial management. The Consolidated Statement of Financial Assets for the year ended December 31, 2010, records an increase in financial equity of \$3.7 million, for a total financial equity in fund balances of \$106.6 million (2009 - \$102.9 million). Consolidated equity in non-financial assets increased by \$35 million, for a total consolidated equity in non-financial assets of \$1,279.0 million (2009 - \$1,244.0 million).

The management discussion and analysis of the financial position and operating results (included in the 2010 financial statements) provides further financial details.

On behalf of the Finance and Corporate Services Department, I take this opportunity to convey my appreciation to all members of Council and staff for their efforts in achieving these favourable results for 2010. I also thank those employees who contributed to the City's financial processes and the preparation of the 2010 Annual Report.

Respectfully submitted,

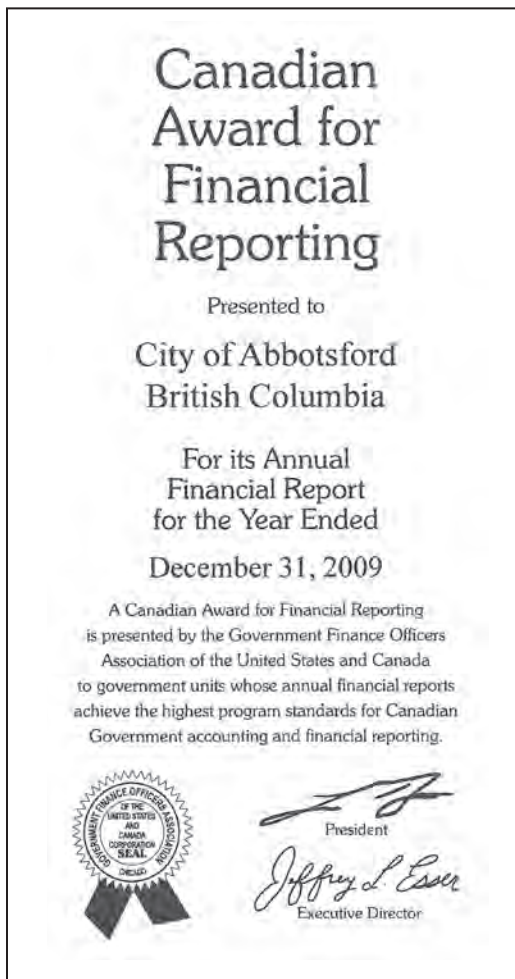
A handwritten signature in black ink that reads "Judy Lewis". The signature is written in a cursive, flowing style.

Judy Lewis, CMA
Director of Finance

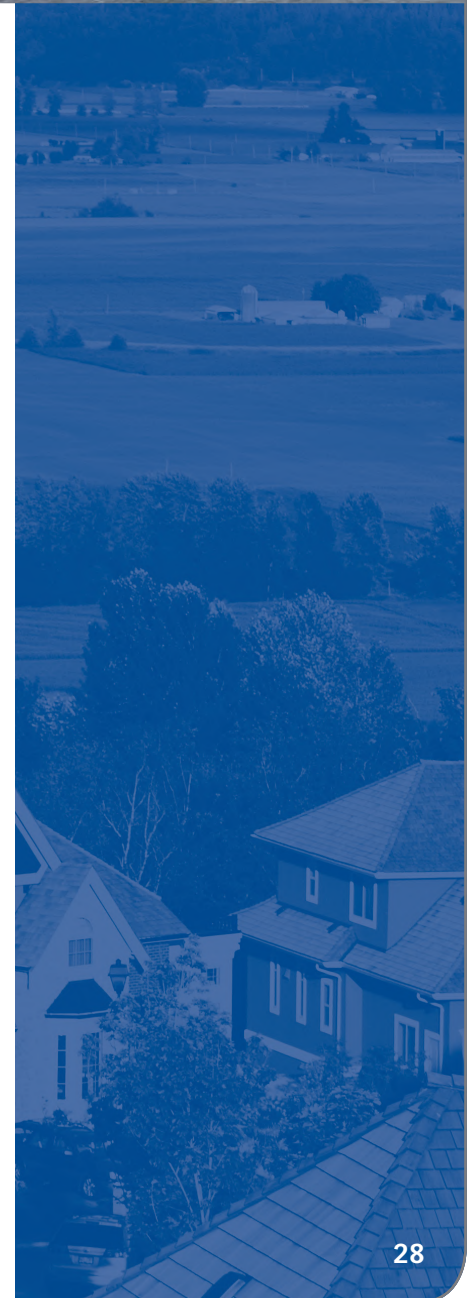
Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Abbotsford for its Annual Report of the fiscal year ended December 31, 2009. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles, and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only.



Canadian award for financial reporting



management discussion and analysis



Management Discussion and Analysis

OVERVIEW

The City of Abbotsford reports the results of its operations on a consolidated basis, along with accompanying notes to the consolidated financial statements. The City also reports, as supplementary information, the financial position and financial activities of the four funds of the City, which are: General, Waterworks, Sanitary Sewer, and Airport. Each fund is self-supporting with no cross-subsidization between funds. Additionally, in accordance with segment reporting requirements, the Notes to the Financial Statements include a Schedule of Revenues and Expenses segmented by municipal service area.

Municipal financial statements for a fiscal year must be prepared by the financial officer appointed by Council. The financial statements must be prepared in accordance with generally-accepted accounting principles for local governments.

As is required, the City's accounting policies conform to generally-accepted accounting policies for local government financial reporting in British Columbia, and the Consolidated Financial Statements (including the accompanying notes) were prepared in accordance with current recommendations issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Net Financial Assets

A key indicator in assessing the financial health of a local government is its net financial assets (financial assets less liabilities). Net financial assets decreased by \$12.5 million during 2010, from \$2.1 million of net financial assets to \$10.4 million of net debt. Most of the decrease is due to an aggressive infrastructure plan in 2010, much of which will be funded in 2011 and subsequent years through infrastructure stimulus grant funds and Development Cost Charges to be collected from future growth.

Long-Term Debt

In 2006, the electors approved three separate borrowing bylaws totalling \$85 million to assist funding construction of three community facilities: a Cultural Centre, a Community Centre, and an Entertainment and Sports Centre (ESC). The Cultural Centre and Community Centre were both opened in 2008, with the ESC commencing operations in 2009. By the end of 2010, debt for these three facilities was reduced to \$79.0 million (\$81.4 million in 2009). Total debt repayments of \$4.2 million were made in 2010 (\$4.1 million in 2009). As a result, total long-term debt at the end of the year was \$96.6 million (\$100.8 million in 2009). Of that amount, \$80.4 million (\$83.3 million in 2009) is general fund debt.

The City's debt reserve, established in 2002, is sufficient to finance the remaining general fund debt servicing costs not related to the three new facilities.

The City has always reviewed its ability to provide for an early debt repayment strategy for the significant amount of debt it assumed with the transfer of the water supply and distribution and sewage treatment operation from the Fraser Valley Regional District (FVRD). Significant joint water and joint sewer capital projects in the near future are now limiting any early debt repayment strategy.

Annual Debt Servicing Capacity

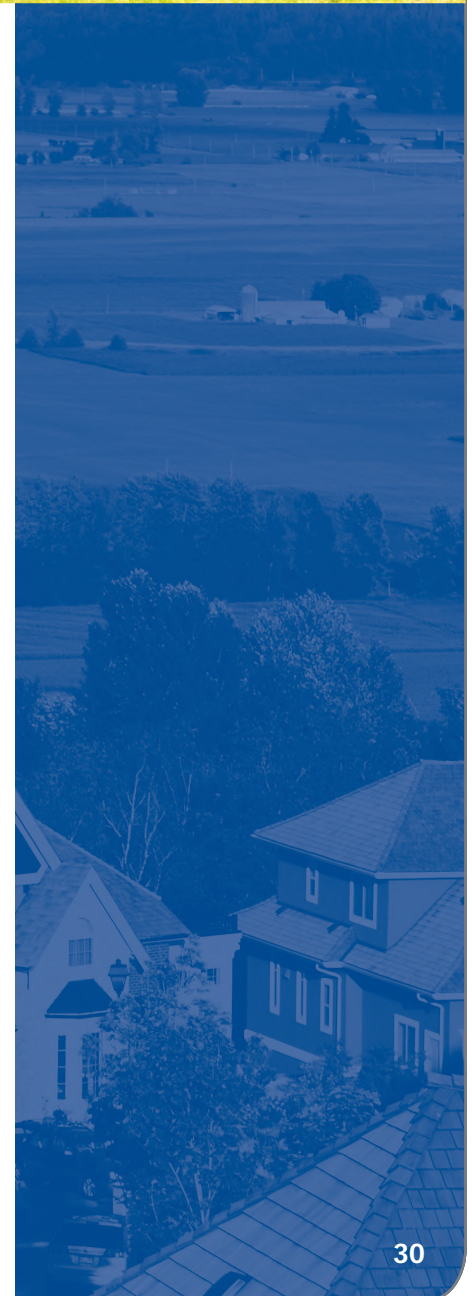
The Community Charter imposes a limit to the amount a municipality may borrow—the "legal debt servicing limit." In 2010, the City's legal debt servicing limit was \$45.6 million, and the annual debt servicing was \$9.3 million. The remaining debt servicing capacity of \$36.3 million represents the amount of additional borrowing the City could incur, if it chose, while still remaining within the debt servicing limit prescribed by the Community Charter.

Non-financial Assets

Non-financial assets are comprised of both capital assets, inventory and pre-paid expenses. Net book value of tangible capital assets increased by \$50.0 million in 2010 to \$1,392.0 million.

(in millions)

Land & land improvements	\$ 15.0	\$ 377.1
Park improvements	1.5	20.6
Buildings	(1.5)	134.3
Machinery & equipment	(0.1)	15.3
Vehicles	(1.5)	12.3
Airport	(0.3)	5.9
Water	10.9	190.9
Sewer	(1.2)	142.5
Transportation	(2.3)	228.3
Storm drainage	(2.2)	181.6
Dyking, drainage & irrigation	(0.6)	23.1
Assets under construction	32.3	60.1
Total non-financial assets	<u>\$ 50.0</u>	<u>\$1,392.0</u>





ACCUMULATED SURPLUS

Financial

Equity in financial assets is determined by the amount of financial assets less liabilities (excluding long-term debt). Financial equity in fund balances increased from \$102.9 million in 2009 to \$106.6 million in 2010. The \$3.7 million net increase in financial equity is due to an increase in operating and capital reserves of \$3.3 million, as well as an increase of \$0.4 million in operating fund balances.

Tangible Capital Assets & Other Non-Financial Assets

Equity in non-financial assets is determined by the amount of capital and other non-financial assets, less long-term debt. Equity in non-financial assets increased from \$1,244.0 million in 2009, to \$1,279.0 million in 2010. The \$35.0 million increase was largely due to an increased investment of \$33.9 million in tangible capital assets. The remaining \$1.1 million change was a result of increased inventory and pre-paid levels.

CONSOLIDATED STATEMENT OF OPERATIONS

The effects of the economic downturn that began in late 2008 continued throughout 2010; albeit, with some improvement. Although many operating and development revenues experienced substantial increases from 2009 levels, most development fees remain at levels significantly lower than pre-recession levels. Many cost-saving measures, including \$1.0 million in temporary staff reductions, along with a 4.5% tax increase and several user fee increases, were implemented to balance the budget. Additionally, as in 2009, many capital projects were deferred.

On a consolidated basis, the City experienced an annual surplus of \$38.7 million in 2010, compared with \$53.8 million in 2009. This does not provide the complete picture, however, as the annual surplus is largely a result of capital revenues for which there are no corresponding expenses (i.e., developer charges and contributions of \$16.8 million and \$8.2 million and capital grants included in the \$44.7 million of total grant funding).

Exhibit 2 of the financial statements provides the sources of the consolidated annual surplus for 2010:

General Operating	\$ 19,000
Water Operating	(155,000)
Sewer Operating	349,000
Operating Reserve	588,000
Capital Reserves	2,664,000
Investment in non-financial assets (i.e., capital and inventory)	<u>35,248,000</u>
Total annual surplus	<u>\$38,713,000</u>

Supporting schedules (Exhibits 1 to 5) and (Schedules A to T) explain fund details and comparisons to budget.

General Operating Fund - Schedule A

This schedule provides the details of the \$19,000 increase in unappropriated surplus in the general fund. Coming within \$19,000 (<\$133,000> in 2009) of the annual budget was a major achievement and resulted from very careful budget monitoring and expenditure control by all departments.

Major variances in the General Operating Fund:

Increased Revenues:

Soil removal fees	\$0.8 M (increased fees & removal)
Interest & penalties	1.5 M

Increased Expenses:

Entertainment & Sports Centre operations	\$1.5 M
Other	0.8 M

Variances in Revenues offset by expenditures and reserve transfers:

Police
Solid waste
Parks, Recreation & Culture
Transportation

Water Operating Fund - Schedule B

Operations in 2010 again realized significantly reduced revenues resulting from water conservation programs impacting overall consumption. Expenses were reduced where possible, bringing the annual surplus in at \$1.5 million less than planned. A corresponding reduction in the transfer to the capital reserve was recorded leaving a small decrease of \$155,000 in the unappropriated surplus.

Sewer Operating Fund - Schedule C

As user fees are determined by 90% of water consumption, the sewer operating fund was also under budget in this area. Significant other revenue realized (Langley user fees) helped offset the shortage in user fees. In accordance with the City's financial planning principles, an additional \$1.5 million beyond plan was transferred to the capital reserve, leaving a small increase of \$349,000 in the unappropriated surplus.

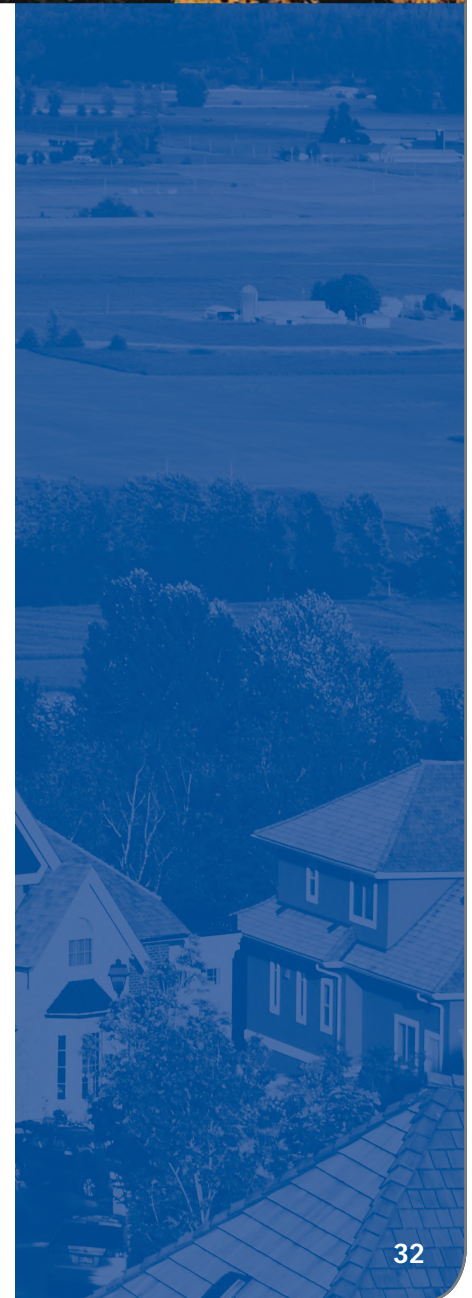
Reserves – Exhibit 4

Capital

This exhibit provides details of the transfers to and from reserves. Total reserves increased by \$2.7 million from 2009 to 2010. The financial plan anticipated a reduction of \$36.7 million that did not occur due to projects being deferred, in addition to delayed project start dates in 2010.

Operating

The operating reserve increased by almost \$2.7 million more than planned. This was the result of the recognition of City funds from our recycling operations (\$1.0 million), surpluses from winter operations (\$0.7 million), storm drainage (\$0.2 million) and dyking (\$0.2 million), plus smaller unplanned transfers (\$0.6 million).



management discussion and analysis



FUTURE OUTLOOK

The economic downturn, which began in the latter part of 2008, continued to impact operations in 2010. However, in spite of the global economic challenges, the City achieved significant progress during 2010. It was a major accomplishment to complete the year with a surplus of \$19,000 in the general operating fund.

Even though new construction and development abated somewhat after the market downturn, both previous and expected future growth continue to put pressure on the City for increased services, particularly in the areas of infrastructure capacity and public safety.

Recent inventory of infrastructure and other tangible capital assets makes it possible to more accurately estimate the timing and cost of required infrastructure renewal and replacement. Recent master plan updates in the water and sewer utilities, as well as ongoing analyses of road network conditions, have also contributed to improved estimates of replacement and renewal costs. While the majority of these costs are not expected in the immediate future, they are of such a magnitude that planning is required now to better meet replacement costs as they occur. In 2010, a 1% tax increase was dedicated to capital funding, and a similar increase is planned for 2011. In total, the five-year financial plans propose a 1% annual capital levy for five years, including 2010.

The City must also balance the need to improve the transportation network, develop parks, accommodate expanding City functions and meet changing community priorities with available funding sources. Council and staff continue to explore innovative financing options for significant projects, such as servicing the "City in the Country" lands, exploring options for waste diversion, and expanding the Police Services center. One of the most significant projects over the next several years will be an expansion to the water sources for the regional water system, as system peak usage is nearing its capacity.

The water system expansion and other growth-related projects are primarily funded by developers through Development Cost Charges (DCC's). Significant expenditures will be required prior to the collection of all necessary DCCs, necessitating the use of long-term debt to cover the shortfall.

Recreation Services has also seen significant increases in revenues over the past two years, from increased attendance and demand for programming. The Abbotsford Entertainment and Sports Centre commenced operation and acquired an American Hockey League team, the "Abbotsford Heat" in 2009. The team's first full hockey season was completed in 2010 and they were successful in making the second round of playoffs.

Although the Centre is still experiencing growing pains and ended 2010 with a deficit of \$1.5 million, higher than the planned contribution, significant efforts have been made to improve financial results of the Centre, including the hockey team revenues. The investment in this still new civic facility will enhance many opportunities for sports and entertainment in the City for many years to come.

While continuing to face these economic challenges head on, the City of Abbotsford remains committed to fostering a city where the quality of life is the best in the province, and residents have the facilities and services they need to prosper. Abbotsford is a strong community with a clear, focused vision and, as a result, is well positioned to emerge from the economic storm.

Judy Lewis, CMA
Director of Finance