

2019 CONSOLIDATED FINANCIAL STATEMENTS



2019 CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

To the Members of Council of the City of Abbotsford

Opinion

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

- the statement of financial position as at end of December 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes, exhibits and schedules to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Abbotsford as at December 31, 2019 and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

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

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

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

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

Auditors' Responsibility

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

Auditors' Responsibilities for the Audit of the Financial Statements'

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

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

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

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

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We also:

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

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

April 27, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019 with comparative information as at December 31, 2018 (in thousands)

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 33,052	\$ 18,289
Accounts receivable (Note 3)	40,555	41,530
Portfolio investments (Note 4)	<u>465,901</u>	<u>416,372</u>
	<u>539,508</u>	<u>476,191</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	84,118	87,089
Restricted revenue (Note 6)	114,298	92,613
Deferred revenue (Note 7)	<u>19,104</u>	<u>15,864</u>
	<u>217,520</u>	<u>195,566</u>
Long-term debt (Note 8)	51,675	55,204
	<u>269,195</u>	<u>250,770</u>
NET FINANCIAL ASSETS	<u>270,313</u>	<u>225,421</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	1,439,563	1,422,714
Inventories (Note 10)	1,368	1,463
Pre-paid expenses (Note 11)	<u>718</u>	<u>710</u>
	<u>1,441,649</u>	<u>1,424,887</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 1,711,962</u>	<u>\$ 1,650,308</u>
Contingent Liabilities (Note 16)		
Subsequent Event (Note 21)		



HENRY BRAUN, MAYOR



KOMAL BASATIA, CPA, CGA
ACTING CFO

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

	2019 Plan (Note 19)	2019 Actual	2018 Actual
REVENUE			
Municipal taxation	\$ 147,930	\$ 150,969	\$ 142,971
Fees and other charges	82,304	90,481	89,488
Developer charges earned	14,910	3,867	6,283
Contributed tangible capital assets	-	19,372	23,277
Grants and government transfers	53,142	25,832	57,436
Portfolio investment income	7,105	9,076	7,065
Interest and penalties	570	1,740	755
Rent	3,661	3,861	3,669
Other	-	4	20
	309,622	305,202	330,964
EXPENSE			
General government	23,140	21,020	19,342
Planning & development services	7,118	6,263	6,905
Protective services	73,280	73,549	71,350
Parks, recreation, culture & libraries	35,886	42,644	42,915
Transit	13,516	12,596	15,230
Engineering	32,072	48,089	46,686
Dyking, drainage & irrigation	3,798	2,858	3,945
Waterworks	12,708	16,800	16,179
Sanitary sewer	10,467	13,112	13,007
Airport	4,385	6,617	6,232
	216,370	243,548	241,791
ANNUAL SURPLUS	93,252	61,654	89,173
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,650,308	1,650,308	1,561,135
ACCUMULATED SURPLUS, END OF YEAR	\$1,743,560	\$1,711,962	\$1,650,308

 See notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

	2019	2018
OPERATING ACTIVITIES		
Annual Surplus	\$ 61,654	\$ 89,173
Non-cash items included in annual surplus:		
Amortization expense	38,252	39,806
Contributed tangible capital assets	(19,372)	(23,277)
Transferred tangible capital assets	-	(37,321)
Loss/(gain) on disposal of tangible capital assets	(653)	271
Recognition of restricted revenue	(3,118)	(6,282)
Changes in non-cash operating items:		
Accounts receivable	975	(6,807)
Inventories	95	(199)
Pre-paid expenses	(8)	(55)
Accounts payable and accrued liabilities	(2,971)	7,882
Deferred revenue	<u>3,240</u>	<u>(325)</u>
	78,094	62,867
INVESTING ACTIVITIES		
Increase in portfolio investments	(49,529)	(53,286)
FINANCING ACTIVITIES		
Collection of and interest on restricted revenue	24,803	29,318
Debt principal repaid	<u>(3,529)</u>	<u>(3,394)</u>
	21,274	25,924
CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	933	323
Acquisition of tangible capital assets	<u>(36,009)</u>	<u>(36,341)</u>
	(35,076)	(36,018)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,763	(513)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>18,289</u>	<u>18,802</u>
	\$ 33,052	\$ 18,289

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(DEBT)

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

	2019 Plan <small>(Note 19)</small>	2019 Actual	2018 Actual
ANNUAL SURPLUS	\$ 93,252	\$ 61,654	\$ 89,173
TANGIBLE CAPITAL ASSETS:			
Acquisition of tangible capital assets	(180,836)	(36,009)	(36,341)
Contributed tangible capital assets	-	(19,372)	(23,277)
Transferred tangible capital assets	-	-	(37,320)
Amortization	-	38,252	39,806
Proceeds from disposal of tangible capital assets	-	933	323
Loss/(gain) on disposal of tangible capital assets	-	(653)	271
	(180,836)	(16,849)	(56,538)
OTHER NON-FINANCIAL ASSETS:			
(Increase)/decrease in inventory	-	95	(199)
(Increase)/decrease in pre-paid expenses	-	(8)	(55)
	-	87	(254)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(87,584)	44,892	32,381
NET FINANCIAL ASSETS, BEGINNING OF YEAR	225,421	225,421	193,038
NET FINANCIAL ASSETS, END OF YEAR	\$ 137,837	\$ 270,313	\$ 225,421

 See notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

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

1. SIGNIFICANT ACCOUNTING POLICIES:

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

(a) Principles of Consolidation:

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

(b) Fund Accounting:

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

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

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

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

(c) Financial Plan:

The Community Charter (Section 165) requires revenues and expenses to be in accordance with the five-year financial plan adopted annually by Council. The 2019 Plan amounts in the financial statements reflect the first year of the five-year financial plan adopted by Council on March 25, 2019, with the exception of adjustments detailed in Note 19 to the Consolidated Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES: CONTINUED

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES: CONTINUED

(f) Non-Financial Assets:

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

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

Tangible Capital Assets

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

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

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

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES: CONTINUED

(g) Accrued Liabilities:

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

(h) Financial Instruments:

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

(i) Revenue Recognition:

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

(j) Expense Recognition:

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

(k) Government Transfers:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES: CONTINUED

(l) Use of Estimates:

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

(m) Contaminated Sites:

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

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

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

(n) Comparative Figures:

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

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

2. CASH AND CASH EQUIVALENTS:

	2019	2018
Cash	\$ 27,912	\$ 13,243
MFA short-term money-market investment pools	5,140	5,046
	\$ 33,052	\$ 18,289

3. ACCOUNTS RECEIVABLE:

	2019	2018
Fees and charges	\$ 16,074	\$ 14,353
Taxes	5,739	5,720
Grants	4,864	3,960
Development cost charges	10,104	13,465
Local improvement/service charges	3,774	4,032
	\$ 40,555	\$ 41,530

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (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.

	2019		2018	
	Cost	Market	Cost	Market
	\$ 465,901	\$ 466,072	\$ 416,372	\$ 416,373
	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	366,816	20,509	343,374	25,601
Annual yield	2.65 %	2.21 %	2.28 %	2.29 %

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	2019	2018
Accounts payable:		
Trade payables	\$ 19,675	\$ 21,394
Deposits	27,487	30,768
Tax prepayments	14,256	13,459
Salaries and wages	4,987	4,905
Due to Cemetery Care Trust Fund	2,037	753
Accounts payable and accrued liabilities:		
Retirement allowance liability	12,032	11,789
Liability claims	437	248
Vacation pay	2,027	2,049
Landfill restoration liability	1,180	1,163
Current portion of long-term payables	-	561
	<hr/> <u>\$ 84,118</u>	<hr/> <u>\$ 87,089</u>

(a) Retirement Allowance Liability:

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

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

In 2019, an independent actuarial valuation of the retirement allowance liability was performed. The actuarial valuation for these benefits was updated to determine the City's benefit obligation as at December 31, 2019. The difference between the actuarially determined benefit obligation of \$12,789,000 and the accrued benefit liability of \$12,032,000 as at December 31, 2019, was an unamortized actuarial loss of \$757,000, (2018 loss - \$1,039,000) 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, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES: CONTINUED

(a) Retirement Allowance Liability: continued

	2019	2018
Actuarial benefit obligation	\$ 12,789	\$ 12,828
Unamortized actuarial gain/(loss)	(757)	(1,039)
Accrued benefit liability	<u>\$ 12,032</u>	<u>\$ 11,789</u>
Accrued benefit liability:		
	2019	2018
Balance, beginning of year	\$ 11,789	\$ 11,103
Current service cost	1,066	1,023
Interest cost	442	411
Plan amendment cost (gain)	(1,306)	52
Benefits paid	(582)	(992)
Amortization of net actuarial loss	127	192
Recognition of net unamortized actuarial loss in determination of plan amendments	496	-
Balance, end of year	<u>\$ 12,032</u>	<u>\$ 11,789</u>

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES: CONTINUED

(a) Retirement Allowance Liability: continued

Actuarial Assumptions used to determine the benefit obligation:

	2019	2018
Discount rate	2.7 %	3.3 %
Expected average annual wage and salary increase - Fire & Police	2.5 %	2.5 %
Expected average annual wage and salary increase - all others	2.5 %	2.5 %

(b) Landfill Restoration Liability:

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

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

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

The Trethewey Street Landfill site is expected to require care up to and including the year 2040, primarily for gas collection. Further care requirements may be determined from a closure plan prepared by a qualified independent consultant, as required by BC Ministry of Environment permits - this deadline is set at December 2020.

The Valley Road Landfill Closure Plan was largely complete at the end of 2014, however, a 2015 review indicated that the majority of the wood waste had decomposed and therefore, the completion of the closure plan was deferred until the removal of the remaining woodwaste could be completed. The Valley Road Landfill site is expected to require care up to and including the year 2030, primarily for environmental monitoring and for construction of final cover over the cells now accepting Sumas River sediment. The capacity of the site for river sediment is estimated by the closure plan at 67,500 cubic meters, none of which had been used at the end of 2019. This capacity is projected to be fully used by 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES: CONTINUED

(b) Landfill Restoration Liability: continued

The liability of \$1,180,000, at December 31, 2019 (2018 - \$1,163,000), 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 \$850,000 (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 2019 was 2.7% (2018 – 3.3%) and the inflation rate used in 2019 was 2.0% (2018 - 2.0%). Landfill closure costs in 2019 were \$143,637 (2018 - \$134,896). There are no assets designated for settling the post-closure care liability.

	2019	2018
Restoration liability, beginning of year	\$ 1,163	\$ 1,264
Adjustment to liability	17	(101)
Restoration liability, end of year	\$ 1,180	\$ 1,163

(c) Liability for Contaminated Sites:

The City has determined that as of December 31, 2019, no contamination in excess of an environmental standard exists related to sites not in productive use for which the City is responsible.

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

6. RESTRICTED REVENUE LIABILITY:

	Development cost charges	Development fees	Airport fees	2019 Total	2018 Total
Balance, Beginning of Year	\$ 64,959	\$ 25,078	\$ 2,576	\$ 92,613	\$ 69,577
Add:					
Current year contributions	20,193	2,249	80	22,522	27,866
Interest	1,554	662	65	2,281	1,452
	<u>86,706</u>	<u>27,989</u>	<u>2,721</u>	<u>117,416</u>	<u>98,895</u>
Deduct amounts recognized as revenue in current year					
Developer charges earned:					
Capital expenditures	2,723	395	-	3,118	6,282
Balance, End of Year	<u>\$ 83,983</u>	<u>\$ 27,594</u>	<u>\$ 2,721</u>	<u>\$ 114,298</u>	<u>\$ 92,613</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, 2019, the amount of DCCs due over the next two years is \$10,103,732 (2018 - \$13,465,083).

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

6. RESTRICTED REVENUE LIABILITY: CONTINUED

(a) Development Cost Charges (DCC): continued

	2019	2018
Development cost charges:		
Storm drainage	\$ 12,797	\$ 12,439
Parks	19,704	16,287
Waterworks - supply	20,197	15,928
Waterworks - distribution	1,760	1,325
Sanitary sewer - collection	6,017	5,074
Sanitary sewer - treatment plant	7,329	5,115
Roads	16,179	8,791
	<hr/>	<hr/>
	\$ 83,983	\$ 64,959
	<hr/>	<hr/>

(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 customer facility charges collected from car rental companies and are used to fund capital improvements related to car rental facilities at the Airport, including debt service charges.

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

7. DEFERRED REVENUE:

	December 31, 2018	Externally restricted inflows	Revenue earned	December 31, 2019
Fees and charges	\$ 3,014	\$ 10,158	\$ (6,526)	\$ 6,646
Grants	12,850	520	(912)	12,458
	<u>\$ 15,864</u>	<u>\$ 10,678</u>	<u>\$ (7,438)</u>	<u>\$ 19,104</u>

8. LONG-TERM DEBT:

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

	Total
2020	\$ 3,656
2021	3,802
2022	3,954
2023	4,112
2024	4,277
2025 and thereafter	<u>31,874</u>
	<u>\$ 51,675</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 \$3,010,900 in 2019 (2018 - \$3,146,800).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

9. TANGIBLE CAPITAL ASSETS:

Tangible Capital Assets consist of the following:

	2019	2018
General		
Land	455,844	441,222
Land improvements	6,571	6,962
Park improvements	18,852	20,495
Buildings	101,584	104,192
Machinery & equipment	4,980	6,063
Vehicles	12,797	12,733
Infrastructure		
Airport	23,901	24,918
Waterworks	227,183	230,248
Sanitary sewer	151,683	154,419
Transportation	193,083	186,628
Storm drainage and detention	180,527	180,175
Dyking, drainage & irrigation	18,729	19,462
Assets under construction	43,829	35,197
	<hr/> \$ 1,439,563	<hr/> \$ 1,422,714

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

The value of contributed capital assets received and recognized in the year 2019 from developers, for various infrastructure works and related land and parks is \$19,372,000 (2018 – \$23,277,000). In 2018, the City also received a one time transfer of \$37,321,000 (2019 - nil) in parks from other governments.

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

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

10. INVENTORIES:

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

	2019	2018
Stock	\$ 632	\$ 673
Fuel	36	49
Gravel	700	741
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 1,368	\$ 1,463

11. PRE-PAID EXPENSES:

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

	2019	2018
General	\$ 658	\$ 649
Abbotsford Centre	60	61
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$ 718	\$ 710

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

12. ACCUMULATED SURPLUS:

	2019	2018
Unappropriated Balance		
General operations	\$ 19,550	\$ 19,570
Waterworks operations	4,265	4,265
Sanitary sewer operations	5,801	5,799
Airport operations	1,176	1,176
	<hr/> 30,792	<hr/> 30,810
Appropriated Surplus		
General operations reserve	66,964	51,293
Statutory capital reserves	<hr/> 224,232	<hr/> 199,084
	<hr/> 291,196	<hr/> 250,377
Investment in tangible capital assets	1,387,888	1,366,948
Investment in other non-financial assets	<hr/> 2,086	<hr/> 2,173
Total Accumulated Surplus	<hr/> \$1,711,962	<hr/> \$1,650,308

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

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

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	2019	2018
Interest paid	\$ 3,224	\$ 3,329
Interest received	9,996	7,158

14. SUPPLEMENTAL GRANT REVENUE INFORMATION:

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

	2019	2018
Federal transfers	\$ 12,001	\$ 5,954
Provincial transfers	13,831	13,112
Other transfers	-	38,370
Total grant revenue	<u>\$ 25,832</u>	<u>\$ 57,436</u>

15. EXPENSE BY OBJECT:

	2019	2018
Salaries and benefits	\$ 110,726	\$ 105,261
Operating goods and services	66,902	65,841
Minor capital projects	8,610	10,793
Amortization	38,252	39,806
Loss (gain) on disposal of tangible capital assets	(653)	271
Transfer payments to other governments and agencies	16,700	16,672
Long-term debt interest	3,011	3,147
Total expense by object	<u>\$ 243,548</u>	<u>\$ 241,791</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES:

(a) Fraser Valley Regional District (FVRD):

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

(b) Third party claims:

The City is involved in certain legal actions. Although the actual outcome of these claims is currently indeterminable, in 2019 the City reports a liability of \$437,282 (2018 – \$248,231) which, at this time, is management's best estimate of expected future settlements.

(c) Municipal Pension Plan:

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined-benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 1,000 contributors from the City of Abbotsford.

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

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

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES: continued

(c) Municipal Pension Plan: continued

The most recent actuarial valuation as at December 31, 2018 indicated a \$2,866,000,000 funding surplus for basic pension benefits.

The next valuation will be as at December 31, 2021, with results available in 2022. In 2019 the City of Abbotsford paid \$10,141,780 (2018 - \$9,549,664) for employer contributions while employees contributed \$8,013,399 (2018 - \$7,556,457) to the plan.

(d) Municipal Finance Authority:

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

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

The City has a cash receivable with the Authority, from the one percent paid to the Debt Reserve Fund, totaling \$1,212,892 (2018 - \$1,185,285). The balance of the City's portion of the Debt Reserve Fund totals \$2,442,730 (2018 - \$2,442,730), for which the City has also executed demand notes in connection with each debenture totaling \$2,442,730 (2018 - \$2,442,730), whereby the City may be required to loan extra amounts to the Authority.

(e) Abbotsford International Airport:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

16. CONTINGENT LIABILITIES: continued

(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.

(g) Clayburn Village Project

In 2019, the City was required to provide a letter of credit in the amount of \$844,662 as financial security to the Department of Fisheries and Oceans (DFO) to meet the requirements to guarantee certain works would take place as part a project in Clayburn Village in Abbotsford. The file name is "REVISION 3: Compendium of updated project information to support the Request for Authorization for the 2019 Clayburn Creek Conveyance Improvements near Clayburn Village, Abbotsford, BC, dated June 6, 2019" under DFO Referral File No: 18-HPAC-00371/City of Abbotsford.

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

17. CONTRACTUAL OBLIGATIONS:

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

	Extent of Contracts	Estimated Remaining Expenditure	
Airport services	\$ 4,722	\$ 71	
Drainage construction	441	345	
Parks construction	7,956	6,001	
Road construction	30,025	9,568	
Waterworks construction	2,966	1,665	
Sanitary sewer construction	8,543	2,683	
Vehicles & equipment	1,445	1,493	
Operational services	2,962	1,132	
Building construction	1,300	142	
	\$ 60,360	\$ 23,100	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

18. CONTRACTUAL RIGHTS:

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

	Extent of Contracts
2020	\$ 21,844
2021	7,843
2022	2,451
2023	2,299
2024	1,569
2025 and thereafter	<u>16,597</u>
	<u><u>\$ 52,603</u></u>

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

19. 2019 BUDGET FIGURES:

The budget figures included in the financial statements reflect the amended planned budget adopted through Bylaw No. 2925-2019 on March 25, 2019. The City of Abbotsford has elected to present the amended budget, which was adopted prior to the tax rates bylaw, as it reflects the City's comprehensive budget figures and includes on-going prior years' commitments related to capital expenditures and relevant government grants.

Revenues	Annual Budget	Amended Budget	Change
Municipal assessment taxes	\$ 147,930	\$ 147,930	\$ -
Fees and charges	71,059	71,983	924
Developer charges earned	4,963	14,910	9,947
Contributions from other governments	4,469	7,507	3,038
Government grants	19,937	53,142	33,205
Rent	5,294	5,294	\$ -
Interest and penalties	7,701	7,701	\$ -
Other sources	3,284	8,003	4,719
	\$ 264,637	\$ 316,471	\$ 51,834
Expenses			
Capital Expenses	59,315	188,162	128,847
Protective services	73,165	73,165	\$ -
Parks, recreation and cultural services	31,919	31,960	41
Engineering services	25,288	25,674	386
General Government	20,745	21,399	654
Water Services	11,133	11,693	560
Sewer Services	9,637	9,740	103
Transit Services	13,516	13,516	\$ -
Airport Services	4,185	4,185	\$ -
Development Services	7,837	8,199	362
Dyking Services	2,987	2,987	\$ -
Debt interest	3,063	3,063	\$ -
Debt principal repayment	3,515	3,515	\$ -
	\$ 266,305	\$ 397,258	\$ 130,953
Net Revenue (Expenses)	(1,668)	(80,788)	(79,119)
Debt proceeds	-	-	-
Transfers (to) from operating reserves	(793)	(23,237)	(22,444)
Transfers (to) from capital reserves	(875)	(57,551)	(56,676)
	1,668	80,788	79,119
Net budgeted surplus	\$ -	\$ -	\$ -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

19. 2019 BUDGET FIGURES: continued

Reconcile to Consolidated Statement of Operations

Net Revenue (Expenses) per Bylaw 2925-2019	\$ (80,788)
<hr/>	
Add:	
Capital expenditures	188,162
Debt principal repayment	3,515
Water/Sewer/Cemetery fund reserve revenue	751
Less:	
Minor capital expenses	(13,368)
Collections for other governments	(5,020)
Annual surplus per Statement of Operations	<hr/> \$ 93,252 <hr/>

20. CEMETERY CARE TRUST FUND:

The Cemetery Care Trust Fund is excluded from the Consolidated Financial Statements and is reported separately. The City administers the Cemetery Care Trust Fund for the perpetual care and maintenance of City-owned cemeteries. As at December 31, 2019, the trust fund balance is \$4,093,826 (2018 - \$3,974,533).

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

21. SUBSEQUENT EVENT:

Subsequent to 2019 year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our organization are not known at this time. At the time of approval of these financial statements, the City has made the following changes to operations to align with the socially responsible measures being implemented by the Province:

- a) Closure of recreation facilities on March 16, 2020 until further notice, with associated layoffs of service delivery staff in those facilities;
- b) In alignment with the socially responsible measures being implemented by the Province, the City closed direct public access to the City Hall, Public Works yards, Fire Hall, and Police front counters and other City facilities to the public on March 18, 2020 until further notice; however, the City is still open for business through other options.

At this time, these factors present uncertainty and an estimate of the financial effect is not practicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

22. CITY SERVICES FINANCIAL INFORMATION:

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

General Government Services

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

Fire Rescue Services

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

Police Protection

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

Engineering

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

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

22. CITY SERVICES FINANCIAL INFORMATION: continued

Parks, Recreation & Culture

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

Planning & Development Services

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

Solid Waste

Collection & disposal
Composting & recycling
Environmental education

Transit

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

Dyking & Irrigation

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

Drainage

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

Sanitary Sewer

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

Waterworks

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

Airport

National & international flights
Passenger & cargo services

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

23. SEGMENT INFORMATION – REVENUES & EXPENSES BY FUNCTION:

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
GENERAL OPERATING FUND			
General government services	\$ 101,456	\$ 116,820	\$ 101,762
Planning & development services	5,623	7,793	8,637
Police services	54,278	55,023	53,005
Fire rescue services	272	238	346
Parks, recreation & culture services	7,178	7,431	8,194
Abbotsford Centre	4,673	7,352	7,838
Library services	4,916	4,916	4,755
Transit services	8,475	8,611	8,407
Engineering services	3,371	4,929	4,894
Solid waste services	8,251	8,067	8,224
Storm drainage services	3,725	3,752	3,717
Dyking, drainage and irrigation services	2,139	2,161	2,143
	<hr/> 204,357	<hr/> 227,093	<hr/> 211,921
WATERWORKS	19,060	19,245	19,955
SANITARY SEWER	13,352	14,700	14,492
AIRPORT	8,929	9,801	8,165
CAPITAL FUNDS	58,494	27,752	71,325
RESERVE FUNDS	5,430	6,611	5,107
	<hr/> 309,622	<hr/> 305,202	<hr/> 330,964

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

23. SEGMENT INFORMATION – REVENUES & EXPENSES BY FUNCTION: continued

	2019 Plan	2019 Actual	2018 Actual
EXPENSES			
GENERAL OPERATING FUND			
General government services	21,199	20,561	18,893
Planning & development services	7,118	6,263	6,905
Police services	53,638	54,340	52,616
Fire rescue services	19,526	19,117	18,507
Parks, recreation & culture services	22,659	25,899	25,371
Abbotsford Centre	7,748	11,431	12,348
Library services	4,616	4,723	4,598
Transit services	13,516	12,596	12,718
Engineering services	15,597	26,217	26,803
Solid waste services	7,986	8,690	7,970
Storm drainage services	3,174	6,157	6,069
Dyking, drainage and irrigation services	2,988	3,552	3,788
	179,765	199,546	196,586
WATERWORKS	10,394	16,152	15,645
SANITARY SEWER	8,462	12,622	12,535
AIRPORT	4,385	6,617	6,232
CAPITAL FUNDS	13,365	8,611	10,793
	216,370	243,548	241,791
ANNUAL SURPLUS	\$ 93,252	\$ 61,654	\$ 89,173

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

24. REVENUES & EXPENSES BY FUNCTION LESS AMORTIZATION:

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

	2019 Plan	2019 Actual (less Amortization)	2018 Actual (less Amortization)
REVENUE			
GENERAL OPERATING FUND			
General government services	\$ 101,456	\$ 116,820	\$ 101,762
Planning & development services	5,623	7,793	8,637
Police services	54,278	55,023	53,005
Fire rescue services	272	238	346
Parks, recreation & culture services	7,178	7,431	8,194
Abbotsford Centre	4,673	7,352	7,838
Library services	4,916	4,916	4,755
Transit services	8,475	8,611	8,407
Engineering services	3,371	4,929	4,894
Solid waste services	8,251	8,067	8,224
Storm drainage services	3,725	3,752	3,717
Dyking, drainage and irrigation services	2,139	2,161	2,143
	204,357	227,093	211,921
WATERWORKS	19,060	19,245	19,954
SANITARY SEWER	13,352	14,700	14,491
AIRPORT	8,929	9,801	8,165
CAPITAL FUNDS	58,494	27,752	71,325
RESERVE FUNDS	5,430	6,611	5,107
	309,622	305,202	330,964

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

24. REVENUES & EXPENSES BY FUNCTION LESS AMORTIZATION: continued

	2019 Plan	2019 Actual (less Amortization)	2018 Actual (less Amortization)
EXPENSES			
GENERAL OPERATING FUND			
General government services	21,199	19,204	17,532
Planning & development services	7,118	6,263	6,905
Police services	53,638	53,325	51,511
Fire rescue services	19,526	18,121	17,646
Parks, recreation & culture services	22,659	22,936	22,038
Abbotsford Centre	7,748	10,179	10,712
Library services	4,616	4,535	4,408
Transit services	13,516	12,577	12,693
Engineering services	15,597	14,132	13,474
Solid waste services	7,986	8,672	7,903
Storm drainage services	3,174	2,472	2,391
Dyking, drainage and irrigation services	2,988	2,820	3,055
	<u>179,765</u>	<u>175,236</u>	<u>170,268</u>
WATERWORKS	10,394	9,797	9,101
SANITARY SEWER	8,462	7,536	7,232
AIRPORT	4,385	4,770	4,319
CAPITAL FUNDS	13,365	8,610	10,793
AMORTIZATION	-	38,252	39,806
LOSS/(GAIN) ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	(653)	271
	<u>216,371</u>	<u>243,548</u>	<u>241,791</u>
ANNUAL SURPLUS	<u>\$ 93,252</u>	<u>\$ 61,654</u>	<u>\$ 89,173</u>

STATEMENT OF FINANCIAL POSITION – BY FUND

As at December 31, 2019 with comparative information as at December 31, 2018 (in thousands)

EXHIBIT 1

	Operating Funds				Reserve Funds
	General	Waterworks	Sanitary	Airport	
			Sewer		
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 33,052	\$ -	\$ -	\$ -	\$ -
Due from other funds	3,295	20,768	18,855	3,826	291,196
Accounts receivable	27,733	5,754	1,911	493	-
Portfolio investments	465,901	-	-	-	-
	<u>529,981</u>	<u>26,522</u>	<u>20,766</u>	<u>4,319</u>	<u>291,196</u>
FINANCIAL LIABILITIES					
Accounts payable and accrued liabilities	83,228	159	522	209	-
Due to other funds	346,403	-	-	-	-
Restricted revenue	75,035	22,098	14,443	2,721	-
Deferred revenue	5,765	-	-	213	-
	<u>510,431</u>	<u>22,257</u>	<u>14,965</u>	<u>3,143</u>	<u>-</u>
Long-term debt	-	-	-	-	-
	<u>510,431</u>	<u>22,257</u>	<u>14,965</u>	<u>3,143</u>	<u>-</u>
NET FINANCIAL ASSETS					
	<u>19,550</u>	<u>4,265</u>	<u>5,801</u>	<u>1,176</u>	<u>291,196</u>
NON-FINANCIAL ASSETS					
Tangible capital assets	-	-	-	-	-
Inventories	1,368	-	-	-	-
Pre-paid expenses	718	-	-	-	-
	<u>2,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ACCUMULATED SURPLUS					
	<u>\$ 21,636</u>	<u>\$ 4,265</u>	<u>\$ 5,801</u>	<u>\$ 1,176</u>	<u>\$ 291,196</u>

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION – BY FUND

As at December 31, 2019 with comparative information as at December 31, 2018 (in thousands)

EXHIBIT 1 - Continued

Capital Funds						Total 2019	Total 2018
General	Waterworks	Sanitary Sewer	Airport	Consolidation Adjustments			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,052	\$ 18,289	
10,985	-	-	773	(349,698)	-	-	
1,369	-	3,295	-	-	40,555	41,530	
-	-	-	-	-	465,901	416,372	
12,354	-	3,295	773	(349,698)	539,508	476,191	
					84,118	87,089	
		3,295	-	(349,698)	-	-	
		-	-	-	114,297	92,613	
12,353	-	-	773	-	19,104	15,864	
12,353	-	3,295	773	(349,698)	217,519	195,566	
51,675	-	-	-	-	51,675	55,204	
64,028	-	3,295	773	(349,698)	269,194	250,770	
(51,674)	-	-	-	-	270,314	225,421	
978,885	231,229	167,703	61,746		1,439,563	1,422,714	
-	-	-	-	-	1,368	1,463	
-	-	-	-	-	718	710	
978,885	231,229	167,703	61,746		1,441,649	1,424,887	
\$ 927,211	\$ 231,229	\$ 167,703	\$ 61,746		\$ 1,711,962	\$ 1,650,308	

 See notes to Consolidated Financial Statements.

STATEMENT OF FINANCIAL ACTIVITIES – BY FUND

As at December 31, 2019 with comparative information for 2018 (in thousands)

EXHIBIT 2

	Operating Funds				Reserve
	General Schedule A	Waterworks Schedule B	San Sewer Schedule C	Airport Schedule D	Funds Schedule R
REVENUE					
Municipal taxation	\$ 150,969	\$ -	\$ -	\$ -	\$ -
Fees and charges	48,508	19,190	14,531	7,985	-
Developer charges earned	-	-	-	-	-
Contributed tangible capital assets	-	-	-	-	-
Grants and government transfers	21,586	-	-	-	-
Investment income	3,892	15	169	136	6,604
Rent	2,141	40	-	1,680	-
Other sources	-	-	-	-	7
Contributions (to)/from other funds	-	-	-	-	-
	227,096	19,245	14,700	9,801	6,611
EXPENSE					
General government services	19,204	-	-	-	-
Planning & development services	6,263	-	-	-	-
Protective services	71,446	-	-	-	-
Parks, recreation, culture, libraries	37,650	-	-	-	-
Transit services	12,577	-	-	-	-
Engineering services	25,276	-	-	-	-
Dyking, drainage and irrigation services	2,820	-	-	-	-
Waterworks services	-	9,797	-	-	-
Sanitary sewer services	-	-	7,536	-	-
Airport services	-	-	-	4,770	-
Amortization	25,024	6,296	5,085	1,847	-
Loss/(gain) on disposal of TCA	(713)	59	1	-	-
	199,547	16,152	12,622	6,617	-
ANNUAL SURPLUS/(DEFICIT)	27,549	3,093	2,078	3,184	6,611
RECONCILE TO BUDGET BASIS SURPLUS/(DEFICIT)					
Operating reserve	(14,302)	-	-	-	14,302
General capital reserve	(35,066)	-	-	-	4,336
Affordable housing reserve	-	-	-	-	500
Storm drainage capital reserve	-	-	-	-	(1,248)
Waterworks capital reserve	-	(9,448)	-	-	7,701
Sanitary sewer capital reserve	-	-	(7,164)	-	4,255
Airport capital reserve	-	-	-	(5,031)	2,470
Property acquisition reserve	-	-	-	-	1,889
Eliminate amortization and loss/gain	25,244	6,355	5,086	1,847	-
	(24,124)	(3,093)	(2,078)	(3,184)	34,205
Debt principal repayments	(3,530)	-	-	-	-
CHANGE IN INVENTORY/PRE-PAID EXPENSES	105	-	-	-	-
ANNUAL SURPLUS/(DEFICIT)	-	-	-	-	40,816
SURPLUS, BEGINNING OF YEAR	21,743	4,265	5,799	1,176	250,377
SURPLUS, END OF YEAR	\$ 21,638	\$ 4,265	\$ 5,799	\$ 1,176	\$ 291,193

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL ACTIVITIES – BY FUND

As at December 31, 2019 with comparative information for 2018 (in thousands)

EXHIBIT 2 - Continued

Capital Funds					
General Schedule Q	Waterworks Schedule Q	San Sewer Schedule Q	Airport Schedule Q	Total 2019	Total 2018
\$ -	\$ -	\$ -	\$ -	\$ 150,969	\$ 142,971
216	42	9	-	90,481	89,488
3,344	39	484	-	3,867	6,283
15,023	2,469	1,880	-	19,372	23,277
1,302	-	2,940	4	25,832	57,436
-	-	-	-	10,816	7,820
-	-	-	-	3,861	3,669
-	-	-	-	7	20
1,728	178	180	(2,086)	-	-
21,613	2,728	5,493	(2,082)	305,205	330,964
460	-	-	-	19,664	17,981
-	-	-	-	6,263	6,906
92	-	-	-	71,538	69,385
591	-	-	-	38,241	37,757
-	-	-	-	12,577	15,203
6,152	-	-	-	31,428	29,611
177	-	-	-	2,997	3,212
-	648	-	-	10,445	9,635
-	-	490	-	8,026	7,704
-	-	-	-	4,770	4,319
-	-	-	-	38,252	39,806
-	-	-	-	(653)	272
7,472	648	490	-	243,548	241,791
14,141	2,080	5,003	(2,082)	61,657	89,173
-	-	-	-	-	-
30,636	94	-	-	-	-
(500)	-	-	-	-	-
1,248	-	-	-	-	-
-	1,747	-	-	-	-
-	-	2,909	-	-	-
-	-	-	2,561	-	-
(1,889)	-	-	-	-	-
(25,244)	(6,355)	(5,086)	(1,847)	-	-
4,251	(4,514)	(2,177)	714	-	-
3,530	-	-	-	-	-
-	-	-	-	105	254
21,922	(2,434)	2,826	(1,368)	61,657	89,173
905,647	233,494	164,692	63,115	1,650,308	1,561,135
\$ 927,569	\$ 231,060	\$ 167,518	\$ 61,747	\$ 1,711,962	\$ 1,650,308

 See notes to Consolidated Financial Statements.

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31, 2019 with comparative information for 2018 (in thousands)

EXHIBIT 3

	Cost						Closing Balance	
	Opening Balance	Add		Less				
		Additions	Transfer from asset class	Disposals	Transfer to asset class			
General								
Land	\$ 441,222	\$ 14,634	\$ 16	\$ (28)	\$ -	\$ 455,844		
Land improvements	16,956	30	(1)	-	-	16,985		
Park improvements	62,491	81	22	-	-	62,594		
Buildings	227,766	1,266	(18)	(173)	-	228,841		
Machinery & equipment	35,505	754	217	(506)	-	35,970		
Vehicles	33,843	2,012	440	(1,259)	-	35,036		
Infrastructure								
Airport	37,141	-	-	-	-	37,141		
Waterworks	341,261	3,084	173	(110)	-	344,408		
Sanitary sewer	260,596	2,347	1	(70)	-	262,874		
Transportation	537,738	7,364	10,321	(147)	-	555,276		
Storm drainage	265,563	2,931	1,076	(41)	-	269,529		
Dyking, drainage, & irrigation	51,465	-	-	-	-	51,465		
Assets Under Construction	35,197	20,880	(12,247)	-	-	43,830		
	\$2,346,744	\$ 55,383	\$ -	\$ (2,334)	\$ -	\$ 2,399,793		

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE OF TANGIBLE CAPITAL ASSETS

As at December 31, 2019 with comparative information for 2018 (in thousands)

EXHIBIT 3 - Continued

Opening Balance	Accumulated Amortization			Net Book Value Dec 31, 2019	Net Book Value Dec 31, 2018
	Add		Less		
	Amortization	Accumulated Amortization on Disposals	Closing Balance		
\$ - \$	- \$	- \$	- \$	455,844 \$	441,222
9,994	420	-	(10,414)	6,571	6,962
41,996	1,745	-	(43,741)	18,853	20,495
123,574	3,856	(173)	(127,257)	101,584	104,192
29,442	2,006	(457)	(30,991)	4,979	6,063
21,110	2,270	(1,141)	(22,239)	12,797	12,733
12,223	1,016	-	(13,239)	23,902	24,918
111,013	6,262	(51)	(117,224)	227,184	230,248
106,177	5,083	(69)	(111,191)	151,683	154,419
351,110	11,230	(147)	(362,193)	193,083	186,628
85,388	3,630	(17)	(89,001)	180,528	180,175
32,003	733	-	(32,736)	18,729	19,462
-	-	-	-	43,830	35,197
\$ 924,030 \$	38,251 \$	(2,055) \$	(960,226) \$	1,439,567 \$	1,422,714

 See notes to Consolidated Financial Statements.

APPROPRIATED SURPLUS (RESERVES) CONTINUITY SCHEDULE

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

EXHIBIT 4

	Balance December 31, 2018	(To)/From				Balance December 31, 2019
		Operating Fund	(To)/From Other Funds	Other Contributions	Interest Earned	
STATUTORY CAPITAL RESERVES						
General	\$ 77,436	\$ 32,531	\$ (28,112)	\$ -	\$ 1,897	\$ 83,752
Storm drainage	12,294	133	(1,380)	-	292	11,339
Waterworks	41,557	9,546	(1,841)	-	1,171	50,433
Sanitary sewer	49,830	7,164	(2,909)	-	1,300	55,385
Airport	17,709	5,031	(2,561)	-	474	20,653
Affordable housing	212	500	-	-	5	717
Property acquisition	46	1,889	-	-	18	1,953
	199,084	56,794	(36,803)	-	5,157	224,232
GENERAL OPERATING RESERVE						
Planned Transfers						
New facility operations	2,540	-	-	-	71	2,611
Water system contingency	812	-	-	-	23	835
Insurance	2,459	-	-	-	61	2,520
Tradex operating reserve	34	95	(79)	-	2	52
Election	-	79	-	-	3	82
Community Works Fund	24,426	7,392	-	-	727	32,545
Climate action	1,831	109	-	-	48	1,988
Community projects	460	-	-	-	13	473
Storm sewers	-	25	-	-	1	26
	32,562	7,700	(79)	-	949	41,132
Operating Surplus Transfers						
Police	3,222	904	-	-	85	4,211
Winter operations	2,076	1,000	-	-	58	3,134
Storm drainage	5,411	583	-	-	151	6,145
Sumas Prairie DDI	(162)	54	-	-	(3)	(111)
Matsqui Prairie DDI	46	135	-	-	5	186
Solid waste	(13)	(592)	-	-	(27)	(632)
Infrastructure Maintenance	2,021	1,000	-	-	57	3,078
	12,601	3,084	-	-	326	16,011
Other Transfers						
Airport	2,495	720	-	-	72	3,287
Planning & Development	618	(67)	-	-	17	568
Fire Rescue Services	158	729	-	-	4	891
Engineering	386	134	-	-	11	531
Traffic fine revenue	209	-	-	-	6	215
Transit Provision	2,264	2,000	-	-	63	4,327
	6,130	3,516	-	-	173	9,819
Total	\$ 250,377	\$ 71,094	\$ (36,882)	\$ -	\$ 6,605	\$ 291,194

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

DEBT OUTSTANDING AND DEBT SERVICING BY FUND & FUNCTION

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

EXHIBIT 5

	Bylaw Number	MFA Issue Number	Year of Maturity	Interest Rate (%)	Debt Outstanding December 31 2018	2019 Debt Servicing			Debt Outstanding December 31 2019						
						Principal	Interest	Total							
GENERAL FUND															
Parks, Recreation and Culture															
Abbotsford Centre	1586	102/103	2032	5.00	\$ 38,166	\$ 1,993	\$ 2,047	\$ 4,040	\$ 36,173						
Cultural Centre	1587	102/103	2027	5.00	5,680	512	321	833	5,168						
Community Centre	1588	102/103	2027	5.00	11,358	1,024	643	1,667	10,334						
Total Long-term Debt					\$ 55,204	\$ 3,529	\$ 3,011	\$ 6,540	\$ 51,675						

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE A

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Municipal taxation:			
General	\$ 84,732	\$ 86,743	\$ 81,708
Police	51,775	51,775	49,461
Library	4,916	4,916	4,755
Dyking, drainage & irrigation	1,952	1,959	1,952
Utility tax	1,890	2,143	1,998
Business improvement assessment	274	392	309
Hotel tax	400	786	621
Grants in lieu of taxes:			
Federal government	1,050	988	1,077
Provincial governments and agencies	940	1,267	1,091
Fees and charges:			
Transit	2,721	3,164	3,114
Police	426	1,015	1,395
Solid waste	8,251	8,067	8,224
Storm drainage	3,725	3,752	3,716
Parks, recreation and culture	7,121	7,362	7,074
Abbotsford Centre	4,673	7,326	7,820
Other	2,509	6,879	5,678
Licenses and permits:			
Building permits	2,561	4,431	4,352
Soil removal fees	2,135	3,234	3,363
Business licences	1,175	1,345	1,367
Municipal License Plates	30	36	40
Secondary suite fees	1,254	1,377	1,355
Other licences and permits	586	520	824
Rental:			
Police	41	45	45
Other	1,946	2,096	1,967
Investment income	1,900	3,864	2,419
Municipal Finance Authority refunds	36	28	25
Grants and government transfers:			
Transit	5,754	5,447	5,293
Police	2,037	2,190	2,104
Other	7,547	13,949	8,774
	204,357	227,096	211,921

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE A - Continued

	2019 Plan	2019 Actual	2018 Actual
EXPENSE			
General government services (Schedule E)	21,199	19,204	17,532
Planning & development services (Schedule F)	7,118	6,263	6,905
Protective services			
Police services (Schedule G)	53,638	53,325	51,511
Fire rescue services (Schedule H)	19,526	18,121	17,646
Parks, recreation & culture services (Schedule I)	22,659	22,936	22,038
Abbotsford Centre (Schedule J)	7,748	10,179	10,712
Library services (Schedule K)	4,616	4,535	4,408
Transit services (Schedule L)	13,516	12,577	12,693
Engineering services (Schedule M)	15,596	14,132	13,474
Solid waste services (Schedule N)	7,986	8,672	7,903
Storm drainage services (Schedule O)	3,174	2,472	2,391
Dyking, drainage and irrigation services			
Matsqui Prairie (Schedule P)	1,181	1,102	1,200
Sumas Prairie (Schedule P)	1,807	1,718	1,855
	179,764	175,236	170,268
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	24,593	51,860	41,657
Amortization (Schedules E - P)	-	25,024	26,403
Loss/(gain) on disposal of tangible capital assets (Schedules E - P)	-	(713)	(86)
	24,593	27,549	15,340
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(933)	(323)
Transfer to general capital reserve	(16,188)	(34,133)	(35,211)
Transfer to operating reserve	(6,432)	(20,004)	(12,505)
Transfer from operating reserve	1,542	5,702	9,707
Debt principal repayments	(3,515)	(3,530)	(3,394)
Inventory and pre-paid expenses	-	105	(254)
Eliminate amortization and loss/gain	-	25,244	26,640
CHANGE IN UNAPPROPRIATED SURPLUS	\$ - \$	- \$	-

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION WATERWORKS OPERATING FUND

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE B

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges:			
User rates	\$ 18,000	\$ 18,282	\$ 18,710
Other fees and charges	887	908	1,153
Rent	38	40	39
Investment income	135	15	53
	<u>19,060</u>	<u>19,245</u>	<u>19,955</u>
EXPENSE			
Abbotsford-Mission supply and transmission	4,173	3,419	3,323
Administration	3,167	3,020	2,441
Local supply and distribution	2,004	1,987	2,059
Meters	578	655	581
Hydrants	416	525	373
Maintenance	56	191	324
	<u>10,394</u>	<u>9,797</u>	<u>9,101</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<u>8,666</u>	<u>9,448</u>	<u>10,854</u>
Amortization	-	6,296	6,284
Loss/(gain) on disposal of tangible capital assets	-	59	261
ANNUAL SURPLUS/(DEFICIT)	<u>8,666</u>	<u>3,093</u>	<u>4,309</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to waterworks capital reserve	(8,666)	(9,448)	(10,853)
Eliminate amortization and loss/gain	-	6,355	6,544
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ - \$</u>	<u>- \$</u>	<u>-</u>

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION SANITARY SEWER OPERATING FUND

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE C

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges:			
User rates	\$ 11,800	\$ 12,321	\$ 12,350
Industrial surcharges	1,002	1,367	1,345
Other fees and charges	460	843	666
Investment income	90	169	131
	13,352	14,700	14,492
EXPENSE			
Joint Abbotsford-Mission Environmental Systems (JAMES) treatment plant	4,729	4,059	3,900
Administration	2,199	2,059	2,009
Maintenance	1,534	1,418	1,323
	8,462	7,536	7,232
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	4,890	7,164	7,260
Amortization	-	5,085	5,207
Loss/(gain) on disposal of tangible capital assets	-	1	97
ANNUAL SURPLUS/(DEFICIT)	4,890	2,078	1,956
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to sanitary sewer capital reserve	(4,890)	(7,164)	(7,260)
Eliminate amortization and loss/gain	-	5,086	5,304
CHANGE IN UNAPPROPRIATED SURPLUS	\$ - \$	- \$	-

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION AIRPORT OPERATING FUND

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE D

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges:			
Aeronautical fees	\$ 2,334	\$ 2,301	\$ 1,967
Public parking fees	3,088	3,135	2,445
Concessions	1,472	2,150	1,650
Other fees and charges	314	399	380
Rent	1,636	1,680	1,618
Investment income	85	136	105
	<hr/>	<hr/>	<hr/>
	8,929	9,801	8,165
EXPENSE			
Administration	1,563	1,563	1,556
Marketing	64	63	57
Terminal building	532	828	510
Airside	1,636	1,647	1,536
Mobile equipment	293	187	223
Parking	297	482	437
	<hr/>	<hr/>	<hr/>
	4,385	4,770	4,319
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<hr/>	<hr/>	<hr/>
Amortization	-	1,847	1,912
ANNUAL SURPLUS/(DEFICIT)	<hr/>	<hr/>	<hr/>
	4,544	5,031	3,846
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to airport capital reserve	(4,544)	(5,031)	(3,846)
Eliminate amortization and loss/gain	-	1,847	1,912
CHANGE IN UNAPPROPRIATED SURPLUS	<hr/>	<hr/>	<hr/>
	\$ - \$	- \$	- \$

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – GENERAL GOVERNMENT SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE E

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Municipal taxation	\$ 89,286	\$ 92,318	\$ 86,804
Fees and charges	1,185	5,267	3,361
Rent	1,682	1,787	1,660
Investment income	1,900	3,838	2,401
Grants and government transfers	7,367	13,582	7,511
Municipal Finance Authority refunds	36	28	25
	101,456	116,820	101,762
EXPENSE			
LEGISLATIVE SERVICES	896	790	786
CITY MANAGER'S OFFICE	885	512	779
FINANCE & CORPORATE SERVICES			
City Clerk	1,130	1,187	1,104
Bylaw enforcement	1,533	2,367	1,584
Elections	-	1	266
Finance & procurement	4,481	3,966	3,694
Human resources	2,095	1,675	1,912
Risk management	1,545	1,388	1,557
Restorative justice	149	150	150
Real estate services	320	614	355
INNOVATION, STRATEGY & INTERGOVERNMENTAL RELATIONS			
ISIR Administration	1,143	1,061	922
Corporate communications and marketing	755	759	786
Information technology	4,992	4,404	3,977
Economic development	1,009	1,030	1,032
Housing services	464	510	537
OTHER			
Provincial emergency response	-	210	236
Transfer to other agencies	789	1,301	1,053
Common services	1,827	53	(393)
Less: Cost recoveries	(2,814)	(2,774)	(2,805)
	21,199	19,204	17,532
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION			
Amortization	80,257	97,616	84,230
	-	1,356	1,361
	80,257	96,260	82,869
ANNUAL SURPLUS/(DEFICIT)			
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve	(835)	(18,968)	(17,850)
Transfer to operating reserve	(6,237)	(16,938)	(9,294)
Transfer from operating reserve	598	4,843	7,622
Inventory and pre-paid expenses	-	105	(254)
Eliminate amortization and loss/gain	-	1,356	1,361
	\$ 73,783	\$ 66,658	\$ 64,454

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – PLANNING & DEVELOPMENT SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE F

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Licences and permits:			
Business licences	\$ 1,175	\$ 1,346	\$ 1,367
Development permit application fees	175	209	219
Rezoning application fees	200	159	306
Subdivision application fees	125	73	169
Building permits	2,561	4,430	4,354
Secondary suite fees	1,254	1,378	1,355
Other licences and permits	73	73	115
Fees and charges:			
Development fees on Engineering projects	-	40	615
Other fees and charges	60	85	137
	<u>5,623</u>	<u>7,793</u>	<u>8,637</u>
EXPENSE			
Development approvals	4,082	3,516	4,350
Licence inspection	182	115	175
Building inspections	2,854	2,632	2,380
	<u>7,118</u>	<u>6,263</u>	<u>6,905</u>
ANNUAL SURPLUS/(DEFICIT)	(1,495)	1,530	1,732
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to operating reserve	-	-	(72)
Transfer from operating reserve	362	67	52
CHANGE IN UNAPPROPRIATED SURPLUS	\$ (1,133)	\$ 1,597	\$ 1,712

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – POLICE SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE G

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Municipal taxation	\$ 51,775	\$ 51,775	\$ 49,461
Fees and charges:			
Salary recoveries	-	481	560
Other revenue	426	533	835
Government grants:			
Traffic fine revenue - sharing	1,950	1,950	1,950
Other government grants	87	240	154
Rent	40	44	45
	54,278	55,023	53,005
EXPENSE			
Finance and budgets	626	643	563
Executive administration	1,953	1,968	2,036
Operations support	5,861	5,386	5,671
Support services	6,254	6,201	5,808
Criminal investigations	9,614	9,380	8,843
Patrol	17,166	17,556	16,137
Operations control	4,641	4,793	4,675
Police building	734	570	507
Human resources	2,189	2,546	2,339
Vehicle maintenance	1,161	1,288	1,260
Common services & secondment	3,439	2,994	3,672
	53,638	53,325	51,511
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	640	1,698	1,494
Amortization	-	1,028	1,100
Loss/(gain) on disposal of tangible capital assets	-	(13)	5
ANNUAL SURPLUS/(DEFICIT)	640	683	389
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(32)	(53)
Transfer from operating reserve	155	163	900
Transfer to operating reserve	-	(1,066)	(680)
Transfer to general capital reserve	(795)	(795)	(1,715)
Eliminate amortization and loss/gain	-	1,047	1,159
CHANGE IN UNAPPROPRIATED SURPLUS	\$ - \$	- \$	-

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – FIRE RESCUE SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE H

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges	\$ 210	\$ 181	\$ 283
Licences and permits	10	4	13
Emergency services recovery	52	53	50
	<hr/> <u>272</u>	<hr/> <u>238</u>	<hr/> <u>346</u>
EXPENSE			
ABBOTSFORD FIRE RESCUE SERVICE			
Administration	656	695	664
Fire life and safety education	-	-	159
Fire prevention and inspection	857	765	560
Emergency response	17,235	15,912	15,473
Fire halls and ground maintenance	522	488	573
EMERGENCY SERVICES			
Search and rescue	72	74	77
City emergency response	184	187	140
	<hr/> <u>19,526</u>	<hr/> <u>18,121</u>	<hr/> <u>17,646</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION			
	<hr/> <u>(19,254)</u>	<hr/> <u>(17,883)</u>	<hr/> <u>(17,300)</u>
Amortization			
	-	1,006	985
Loss/(gain) on disposal of tangible capital assets			
	-	(10)	(125)
ANNUAL SURPLUS/(DEFICIT)			
	<hr/> <u>(19,254)</u>	<hr/> <u>(18,879)</u>	<hr/> <u>(18,160)</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(20)	(149)
Transfer to operating reserve	-	(729)	-
Transfer to general capital reserve	(533)	(533)	(503)
Eliminate amortization and loss/gain	-	1,016	1,010
CHANGE IN UNAPPROPRIATED SURPLUS	<hr/> <u>\$ (19,787)</u>	<hr/> <u>\$ (19,145)</u>	<hr/> <u>\$ (17,802)</u>

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – PARKS, RECREATION & CULTURE SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE I

	2019 Plan	2019			2019 Actual	2018 Actual
		General	Parks	Recreation	Culture	
REVENUE						
Fees and charges	\$ 7,121	\$ 174	\$ 1,897	\$ 5,291	\$ -	\$ 7,362
Rent	57	-	-	69	-	69
Grants and government transfers	-	-	-	-	-	1,050
	<u>7,178</u>	<u>174</u>	<u>1,897</u>	<u>5,360</u>	<u>-</u>	<u>7,431</u>
EXPENSE						
Operations	21,673	1,582	8,620	10,799	971	21,972
Long-term debt interest	986	-	-	643	321	964
	<u>22,659</u>	<u>1,582</u>	<u>8,620</u>	<u>11,442</u>	<u>1,292</u>	<u>22,936</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION						
	(15,481)	(1,408)	(6,723)	(6,082)	(1,292)	(15,505)
Amortization	-	-	1,979	844	140	2,963
ANNUAL SURPLUS/(DEFICIT)	(15,481)	(1,408)	(8,702)	(6,926)	(1,432)	(18,468)
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS						
Debt principal repayments	(1,521)	-	-	(1,024)	(512)	(1,536)
Transfer to general capital reserve	(1,519)	(107)	(794)	(545)	(73)	(1,519)
Transfer to cemetery capital reserve	(160)	-	(155)	-	-	(155)
Transfer to operating reserve	-	-	-	-	-	(500)
Transfer from operating reserve	41	-	-	-	-	310
Eliminate amortization and loss/gain	-	-	1,979	844	140	2,963
CHANGE IN UNAPPROPRIATED SURPLUS	\$ (18,640)	\$ (1,515)	\$ (7,672)	\$ (7,651)	\$ (1,877)	\$ (18,715)
						\$ (17,586)

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – ABBOTSFORD CENTRE

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE J

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges	\$ 4,673	\$ 7,326	\$ 7,820
Investment income	-	26	18
	<u>4,673</u>	<u>7,352</u>	<u>7,838</u>
EXPENSE			
Abbotsford Centre			
Operations	5,671	8,132	8,588
Long-term debt interest	2,077	2,047	2,124
	<u>7,748</u>	<u>10,179</u>	<u>10,712</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION			
Amortization	-	1,252	1,636
ANNUAL SURPLUS/(DEFICIT)	(3,075)	(2,827)	(2,874)
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Debt principal repayments	(1,994)	(1,994)	(1,917)
Eliminate amortization and loss/gain	-	1,252	1,636
CHANGE IN UNAPPROPRIATED SURPLUS	\$ (5,069)	\$ (4,821)	\$ (4,791)

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – LIBRARY SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE K

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Municipal tax for regional library	\$ 4,916	\$ 4,916	\$ 4,755
EXPENSE			
Transfer to Fraser Valley Regional Library	4,250	4,250	4,112
Library operating costs	366	285	296
	<u>4,616</u>	<u>4,535</u>	<u>4,408</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION			
Amortization	-	188	190
ANNUAL SURPLUS/(DEFICIT)	<u>300</u>	<u>193</u>	<u>157</u>
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve	(300)	(300)	(300)
Transfer to operating reserve	-	(81)	(47)
Eliminate amortization and loss/gain	-	188	190
CHANGE IN UNAPPROPRIATED SURPLUS	<u>\$ - \$</u>	<u>- \$</u>	<u>-</u>

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – TRANSIT SERVICES

For the year ended December 31, 2019 with comparative information for (2018 in thousands)

SCHEDULE L

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Grants and government transfers	\$ 5,754	\$ 5,447	\$ 5,293
Fares	1,874	2,330	2,274
BC bus pass program	577	626	577
Advertising and other	270	208	263
	<u>8,475</u>	<u>8,611</u>	<u>8,407</u>
EXPENSE			
Transfer to BC Transit	13,352	12,450	12,559
Other	164	127	134
	<u>13,516</u>	<u>12,577</u>	<u>12,693</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION			
Amortization	-	19	25
ANNUAL SURPLUS/(DEFICIT)	(5,041)	(3,966)	(4,286)
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Eliminate amortization and loss/gain	-	19	25
CHANGE IN UNAPPROPRIATED SURPLUS	\$ (5,041)	\$ (3,966)	\$ (4,286)

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – ENGINEERING SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE M

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges:			
Engineering capital recoveries	\$ -	\$ 513	\$ 472
Recoveries	225	252	260
Parking lot tickets	-	70	68
Other	621	250	279
Licenses and permits:			
Soil removal fees	2,135	3,235	3,363
Other	3	2	2
Grants	180	367	213
Rent	207	240	237
	3,371	4,929	4,894
EXPENSE			
ADMINISTRATION	2,146	1,804	2,064
ENGINEERING	3,768	3,209	1,849
TRANSPORTATION			
Services	3,613	2,998	2,774
Operations - roads	5,524	6,044	6,389
EQUIPMENT FLEET			
Operations	4,572	4,520	4,791
Internal recoveries	(6,277)	(6,239)	(6,026)
MUNICIPAL BUILDINGS	2,634	2,179	2,016
COST RECOVERIES	(383)	(383)	(383)
	15,597	14,132	13,474
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	(12,226)	(9,203)	(8,580)
Amortization	-	12,781	13,367
Loss/(gain) on disposal of tangible capital assets	-	(698)	(39)
ANNUAL SURPLUS/(DEFICIT)	(12,226)	(21,286)	(21,908)
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(850)	(121)
Transfer to general capital reserve	(11,612)	(11,706)	(11,996)
Transfer to operating reserve	(170)	(372)	(1,193)
Transfer from operating reserve	325	17	448
Eliminate amortization and loss/gain	-	12,935	13,448
CHANGE IN UNAPPROPRIATED SURPLUS	\$ (23,683)	\$ (21,262)	\$ (21,322)

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION

GENERAL OPERATING FUND – SOLID WASTE SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE N

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges:			
Solid waste user fees	\$ 6,039	\$ 5,899	\$ 5,873
Garbage stickers	35	33	28
Recycling, compost and yard waste fees	984	776	988
Recoveries & other	1,193	1,359	1,335
	<hr/>	<hr/>	<hr/>
	8,251	8,067	8,224
EXPENSE			
Planning, design and management	797	780	635
Collection	2,954	3,150	2,964
Disposal	4,235	4,742	4,304
	<hr/>	<hr/>	<hr/>
	7,986	8,672	7,903
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	<hr/>	<hr/>	<hr/>
Amortization	-	36	43
Loss/(gain) on disposal of tangible capital assets	-	(18)	24
ANNUAL SURPLUS/(DEFICIT)	<hr/>	<hr/>	<hr/>
	265	(605)	321
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to general capital reserve (asset sales)	-	(31)	-
Transfer to general capital reserve	(288)	-	(571)
Transfer to operating reserve	-	-	(23)
Transfer from operating reserve	23	605	272
Eliminate amortization and loss/gain	-	49	68
CHANGE IN UNAPPROPRIATED SURPLUS	<hr/>	<hr/>	<hr/>
	\$ - \$ -	\$ - \$ -	\$ - \$ -

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – STORM DRAINAGE SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE O

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Fees and charges:			
Storm drainage user fees	\$ 3,722	\$ 3,724	\$ 3,688
Other	3	28	29
	<u>3,725</u>	<u>3,752</u>	<u>3,717</u>
EXPENSE			
Storm sewers and detention	2,536	2,028	1,854
Urban watercourses	153	112	156
Rural drainage	485	332	381
	<u>3,174</u>	<u>2,472</u>	<u>2,391</u>
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION	551	1,280	1,326
Amortization	-	3,661	3,630
Loss/(gain) on disposal of tangible capital assets	-	24	48
ANNUAL SURPLUS/(DEFICIT)	551	(2,405)	(2,352)
Matsqui Prairie (Schedule Q)	(464)	(553)	(698)
Sumas Prairie (Schedule Q)	(384)	(837)	(947)
TOTAL ANNUAL SURPLUS / (DEFICIT)	(297)	(3,795)	(3,997)
RECONCILE TO CHANGE IN UNAPPROPRIATED SURPLUS			
Transfer to operating reserve	(887)	(627)	(696)
Transfer from operating reserve	38	8	39
Transfer to general capital reserve	(133)	(133)	(177)
Reconcile to contribution from storm drainage-Matsqui Prairie	464	74	208
Reconcile to contribution from storm drainage-Sumas Prairie	384	446	565
Eliminate amortization and loss/gain	-	3,685	3,678
CHANGE IN UNAPPROPRIATED SURPLUS	\$ (431)	\$ (342)	\$ (381)

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION GENERAL OPERATING FUND – DYKING, DRAINAGE & IRRIGATION SERVICES

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE P

	2019 Plan	2019 Actual	2018 Actual	2019 Plan	2019 Actual	2018 Actual						
	Matsqui Prairie			Sumas Prairie								
REVENUE												
Fees and charges:												
General tax levy	\$ 701	\$ 706	\$ 700	\$ 1,251	\$ 1,253	\$ 1,251						
Other revenue	16	52	11	171	152	181						
	717	758	711	1,422	1,405	1,432						
EXPENSE												
Dyking	58	41	59	72	72	68						
Drainage	680	550	666	776	685	781						
Storm	184	215	186	-	-	-						
Irrigation	131	116	146	129	153	163						
Administration	120	128	140	140	179	183						
Pump stations	-	-	-	682	614	618						
Recoverable work	8	52	3	8	15	42						
	1,181	1,102	1,200	1,807	1,718	1,855						
ANNUAL SURPLUS/(DEFICIT) BEFORE AMORTIZATION												
	(464)	(344)	(489)	(385)	(313)	(423)						
Amortization	-	209	209	-	524	524						
ANNUAL SURPLUS/(DEFICIT)	(464)	(553)	(698)	(385)	(837)	(947)						
RECONCILE TO CONTRIBUTION FROM STORM DRAINAGE												
Transfer to general capital reserve	(5)	-	-	(8)	(24)	(24)						
Transfer to operating reserve	469	(135)	(1)	393	(54)	-						
Transfer from operating reserve	-	-	-	-	-	65						
Eliminate amortization and loss/gain	-	209	209	-	524	524						
CONTRIBUTION FROM STORM DRAINAGE	\$ - \$	(479) \$	(490) \$	- \$	(391) \$	(382)						

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION CAPITAL FUND

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE Q

	2019 Plan	General	Waterworks	Sanitary Sewer	Airport	2019 Actual	2018 Actual
REVENUE							
Fees and charges	\$ 4,856	\$ 216	\$ 42	\$ 9	-	\$ 267	\$ 498
Airport improvement fees	924	-	-	-	-	-	1
Developer charges earned	14,910	3,344	39	484	-	3,867	6,283
Contributed tangible capital assets	-	15,023	2,469	1,880	-	19,372	23,276
Grants and government transfers	37,804	1,302	-	2,940	4	4,246	41,267
Contributions (to)/from other funds	-	1,728	178	180	(2,086)	-	-
	58,494	21,613	2,728	5,493	(2,082)	27,752	71,325
EXPENSE							
Minor capital projects							
General government	1,941	460	-	-	-	460	450
Police services	31	36	-	-	-	36	30
Fire services	85	56	-	-	-	56	198
Park services	720	526	-	-	-	526	549
Recreation services	143	65	-	-	-	65	48
Transportation services	3,812	5,451	-	-	-	5,451	5,513
Transit services	-	-	-	-	-	-	2,510
Equipment fleet services	300	207	-	-	-	207	-
Solid waste services	40	11	-	-	-	11	40
Storm drainage services	1,164	483	-	-	-	483	292
Dyking, drainage & irrigation	810	177	-	-	-	177	157
Waterworks	2,314	-	648	-	-	648	534
Sanitary sewer	2,005	-	-	490	-	490	472
	13,365	7,472	648	490	-	8,610	10,793
ANNUAL SURPLUS/(DEFICIT)	45,129	14,141	2,080	5,003	(2,082)	19,142	60,532
RECONCILE TO CHANGE IN CAPITAL EQUITY							
General capital reserve	49,227	28,114	-	-	-	28,114	25,536
Storm drainage reserve	6,204	1,378	-	-	-	1,378	838
Waterworks capital reserve	21,885	-	1,841	-	-	1,841	3,837
Sanitary sewer capital reserve	11,994	-	-	2,909	-	2,909	2,105
Airport capital reserve	6,695	-	-	-	2,561	2,561	4,091
Tangible capital assets	-	(25,244)	(6,355)	(5,086)	(1,847)	(38,532)	(40,400)
Debt principal repayment	3,515	3,530	-	-	-	3,530	3,394
CHANGE IN CAPITAL EQUITY	\$144,649	\$ 21,919	\$ (2,434)	\$ 2,826	\$ (1,368)	\$ 20,943	\$ 59,933

 See notes to Consolidated Financial Statements.

SEGMENT INFORMATION – REVENUES BY TYPE & EXPENSES BY FUNCTION RESERVE FUND

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

SCHEDULE R

	2019 Plan	2019 Actual	2018 Actual
REVENUE			
Investment income	\$ 5,430	\$ 6,604	\$ 5,087
Other sources	-	7	20
	<u>5,430</u>	<u>6,611</u>	<u>5,107</u>
ANNUAL SURPLUS/(DEFICIT)	5,430	6,611	5,107
RECONCILE TO CHANGE IN APPROPRIATED SURPLUS			
Operating reserve	(23,650)	14,302	2,798
General capital reserve	(33,172)	4,336	9,133
Affordable housing reserve	(188)	500	200
Storm drainage reserve	(6,071)	(1,248)	(579)
Waterworks capital reserve	(13,219)	7,701	7,369
Sanitary sewer capital reserve	(7,104)	4,255	5,162
Airport capital reserve	(2,151)	2,470	(246)
Property acquisition reserve	-	1,889	46
CHANGE IN APPROPRIATED SURPLUS	\$ (80,125)	\$ 40,816	\$ 28,990

 See notes to Consolidated Financial Statements.

2019 CONSOLIDATED FINANCIAL STATEMENTS

CEMETERY
CARE TRUST
FUND



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Abbotsford

Opinion

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

- the statement of financial position as at end of December 31, 2019
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Abbotsford Cemetery Care Trust Fund as at December 31, 2019 is in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

AUDITORS' REPORT PAGE 2

Cemetery Care Trust Fund.
Page 2

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

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

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

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

Auditors' Responsibility

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

Auditors' Responsibilities for the Audit of the Financial Statements'

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

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

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

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

2019 CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT PAGE 3

Cemetery Care Trust Fund.
Page 3

We also:

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



Chartered Professional Accountants

Abbotsford, Canada

April 27, 2020

CEMETERY CARE TRUST FUND – STATEMENT OF FINANCIAL POSITION

For the year ended December 31, 2019 with comparative information for 2018 (in thousands)

	2019 Actual	2018 Actual
FINANCIAL ASSETS		
Portfolio investments	\$ 2,057	\$ 3,221
Accounts receivable	2,037	754
NET FINANCIAL ASSETS	<u>4,094</u>	<u>3,975</u>
 ACCUMULATED SURPLUS		
Balance, beginning of year	4,094	3,837
Contributions	119	138
Investment earnings	106	85
Transfer to general operating fund	<u>(106)</u>	<u>(85)</u>
Balance, end of year	<u>\$ 4,213</u>	<u>\$ 3,975</u>

 See notes to Consolidated Financial Statements

2019 CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CEMETERY CARE TRUST FUND

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

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.

NOTES TO THE CEMETERY CARE TRUST FUND

For the year ended December 31, 2019 (Tabular amounts are in thousands of dollars)

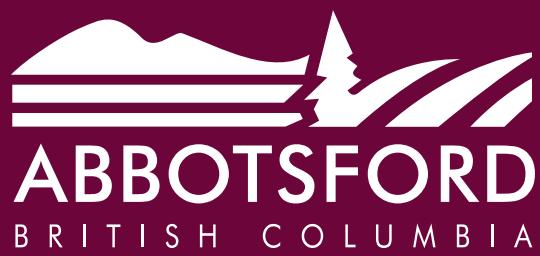
3. INVESTMENTS:

Investments for 2019 are comprised of corporate and government investments.

(in thousands)	2019		2018	
	Cost	Market	Cost	Market
Portfolio investments	\$2,057	\$2,063	\$3,221	\$3,230
<hr/>				
	Long-term		Long-term	
Duration	2 – 15 Years		2 – 15 Years	
Average holdings	\$2,927		\$2,841	
Annual yield	3.12%		2.66%	

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 2019, \$106,000 (2018 - \$85,000) was transferred to the general operating fund for cemetery operations. Contributions and investment earnings for the year ended December 31, 2019, 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.



CITY OF ABBOTSFORD

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25
YEARS
ABBOTSFORD 2020
CELEBRATING 25 YEARS
OF COMMUNITY