
Meeting Access Information

Members and the public are asked to join the meeting using the following access information:

Join the meeting from your computer, tablet or smartphone

<https://mapleridge-ca.zoom.us/j/83752300598?pwd=amhYbk1mdldud2tRSTdCdTczZzA5QT09>

Or join the meeting using your phone

Dial: 1-778-907-2071 Meeting ID: 837 5230 0598 Passcode: 833949

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. ADOPTION OF MINUTES – February 28, 2022**
- 4. DELEGATIONS – NIL**
- 5. NEW AND UNFINISHED BUSINESS**
 - 5.1 Fee for Service Policy Framework and Review
 - 5.2 2021 Consolidated Financial Statements Review
 - 5.3 Audit Findings Report Review

6. QUESTION PERIOD FOR THE PUBLIC

7. NOTICE OF CLOSED MEETING

The meeting will be closed to the public pursuant to Sections 90 (1) and 90 (2) of the Community Charter as the subject matter being considered relates to the following:

Section 90(1)(l) discussion with municipal officers and employees respecting municipal objectives, measures, and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report]

Any other matter that may be brought before the Committee that meets the requirements for a meeting closed to the public pursuant to Sections 90 (1) and 90 (2) of the Community Charter or Freedom of Information and Protection of Privacy Act.

8. ADJOURNMENT

Next Meeting: June 13, 2022
Agenda Submission Deadline: May 31, 2022

QUESTION PERIOD

Question Period provides the public with the opportunity to ask questions or make comments on subjects that are of concern to them. Each person will be given 2 minutes to speak.

Up to ten minutes in total is allotted for Question Period.

The Minutes of the Regular Meeting of the Audit & Finance Committee held virtually and in the Blaney Room, City Hall on February 28, 2022 at 10:00 am

COMMITTEE MEMBERS PRESENT

Mayor Mike Morden, Chair
Councillor Ahmed Yousef*

ABSENT

Councillor Judy Dueck

STAFF MEMBERS PRESENT

Scott Hartman	Chief Administrative Officer
Christina Crabtree	General Manager, Corporate Services
Catherine Nolan	Deputy Director of Finance
Trevor Thompson	Director of Finance
Mike McLean	Committee Clerk

*Participated remotely due to the COVID-19 pandemic.

1. CALL TO ORDER – 10:05 am

2. APPROVAL OF THE AGENDA

R/2022-AFC-001

It was moved and seconded

That the agenda for the February 28, 2022 Audit & Finance Committee Meeting be approved as circulated.

CARRIED UNANIMOUSLY

3. ADOPTION OF MINUTES

R/2022-AFC-002

It was moved and seconded

That the minutes of the July 12, 2021 Audit & Finance Committee Meeting be adopted as circulated.

CARRIED UNANIMOUSLY

4. DELEGATIONS – NIL

5. NEW AND UNFINISHED BUSINESS

5.1. 2022 Meeting Schedule

The Committee reviewed and discussed the proposed schedule, including the possibility of additional meetings.

5.2. 2021 Investment Update

The Director of Finance provided an update on the City's investment portfolio, including the return on investment and a summary of the Municipal Finance Authority Pooled Investment Fund. Councillor Yousef spoke about the impact of inflation on investment returns, the potential diversification of investments and current conditions of the mortgage market. Mayor Morden commented on the financial reporting of dedicated reserve funds and the benefits of communicating the extent of existing restrictions on non-discretionary reserves.

R/2022-AFC-003

It was moved and seconded

That the 2021 Investment Update for 2021 be received for information.

CARRIED UNANIMOUSLY

5.3. Auditor Planning Report for 2021

The Deputy Director of Finance provided a summary of the process that will guide the audit of the City's 2021 Consolidated Financial Statements, including materiality limits and asset retirement obligations.

R/2022-AFC-004

It was moved and seconded

That the Audit Planning Report for 2021 be received for information.

CARRIED UNANIMOUSLY

6. QUESTION PERIOD

Mayor Morden addressed additional items, including the exploration of potential investment vehicles available to municipalities within the framework of provincial legislation and options to maximize the return on investment for taxpayer funds.

7. NOTICE OF CLOSED MEETING – NIL

8. ADJOURNMENT – 10:57 am

Mayor Mike Morden, Chair

TO: His Worship Mayor Michael Morden
and Members of Council
MEETING DATE: April 25, 2022
FILE NO: 05-1880-20
FROM: Chief Administrative Officer
MEETING: Audit & Finance
SUBJECT: Fee for Service Policy Framework

EXECUTIVE SUMMARY:

In June of 2021, the Audit & Finance Committee reviewed a report outlining proposed revisions to existing policies that guide the City's Financial Support Process and Community Grants. Also presented was a policy framework to guide Fee for Service Agreements. This report brings forward revised policies and a draft Fee for Service Policy for discussion and seeks direction to forward the material to an upcoming Committee of the Whole meeting.

RECOMMENDATION:

That the attached revised policy No. 5.49 Financial Support Process; revised policy No. 5.56 Community Grants and the draft policy No. 5.60 Fee for Service Agreements be forwarded to an upcoming Committee of the Whole meeting, and

That the Audit & Finance Committee recommend Policy No. 4.15 Partnership Agreements – Leases and Fee for Service Proposals be rescinded.

DISCUSSION:

a) Background Context:

In June of 2021, staff brought a report to the Audit & Finance Committee recommending changes be made to the policy framework related to the provision of financial support provided by the City to local Not for Profit and other external agencies. The recommended changes were supported by the Committee and staff are now bringing back the revised policies and a draft policy guiding Fee for Service agreements attached to this report as appendices A, B, and C. The following summarizes the original recommendations and the work that was done:

Policy No. 5.49 Financial Support Process

Recommendation	Outcome
Refine the definitions for both Grants and Fee for Service Agreements to better clarify the differences between each funding mechanism.	Further consideration suggested that as Policy No. 5.49 guides the process of deciding which policy a request for financial support should be evaluated against that it made most sense to include those definitions in the specific policies. As a result, the definitions for Grants and Fee for Service Agreement have been deleted from this policy. A definition of financial support was added as that is the subject of Policy No. 5.49.

Update the decision trees attached to the Policy to clarify intent and update references to refer to current organizational structure and policies.	Decision Tree "A" has been updated as recommended. Further review suggested that decision streams related to ongoing operational funding and downloading could be treated as one and consequently they have been combined. Staff also felt that rather than having a decision tree in this policy outlining overarching evaluation criteria, that it made the most sense to embed evaluation criteria in each policy to capture the unique attributes of each financial support process.
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Policy No. 5.56 Community Grants

Recommendation	Outcome
Update the eligibility criteria.	The eligibility criteria has been updated to eliminate the point that organizations denied a permissive tax exemption will be eligible to apply a community grant. Such groups will be able to apply for a Community Grant if they meet the eligibility criteria.
Update the evaluation criteria to refer to Council's strategic priorities.	Updated as recommended.
Include language to require repayment of grant funding if the recipient is unable to use the funding as outlined in the application.	The application form has been updated to include this language.
Update reporting requirements.	The requirement for recipients of community grant funding to report back was removed. Staff are of the opinion that imposing additional reporting requirements is overly onerous.
	The definition of Community Grant was updated to specify that funding under this policy was for a one-time request.
	The definition of Community Grant Review Committee was amended to refer to a Community Grant Review Panel and to remove some of the specificity of the original definition.

Policy No. 5.60 – DRAFT Fee for Service Agreements

Recommendation	Outcome
Incorporate eligibility criteria.	Included in draft policy
Links to Council's strategic priorities.	Included in the eligibility criteria
Evaluation criteria.	Included in draft policy
Duration of agreements.	Agreement terms were defined as more than one year and not exceeding five years.
Termination clause.	The draft policy specifies that Fee for Service agreements will contain a provision that allows either party to the agreement to end the agreement early either under certain conditions or with the provision of a predetermined notice period.

Accountability mechanisms.	Reporting requirements to be incorporated into Fee for Service agreements
Council approval of initial funding and subsequent renewals.	The draft policy stipulates that Council must approve entering into a Fee for Service agreement and any subsequent renewals.

The June 2021 report also recommended that Policy No. 4.15 Partnership Agreements – Leases and Fee for Service Proposals be rescinded. This policy from 1998 is tailored to the Parks, Recreation & Culture operations. Staff are of the opinion that the preferred approach is to have a policy framework that encompasses the organization as a whole. Policy No. 4.15 is included as Attachment D to this report.

b) Desired Outcome:

The hoped-for outcome of this process is an updated policy framework that will guide the provision of financial support in the City in an open and transparent manner.

c) Interdepartmental Implications:

The attached policy framework will guide the development of Fee for Service agreements across the organization. The draft policy was reviewed with departments that currently manage agreements with local community groups in order to ensure the provisions in the draft policy were operationally feasible.

CONCLUSION:

Staff are recommending that the revised policies guiding the City's Financial Support Processes, Community Grants, and the draft policy guiding Fee for Service Agreements be forwarded to an upcoming Committee of the Whole meeting for consideration. Staff are further recommending that Policy No. 4.15 be rescinded.



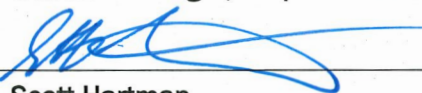
Prepared by: **Catherine Nolan, CPA, CGA**
Deputy Director of Finance



Reviewed by: **Trevor Thompson, BBA, CPA, CGA**
Director of Finance



Approved by: **Christina Crabtree**
General Manager, Corporate Services

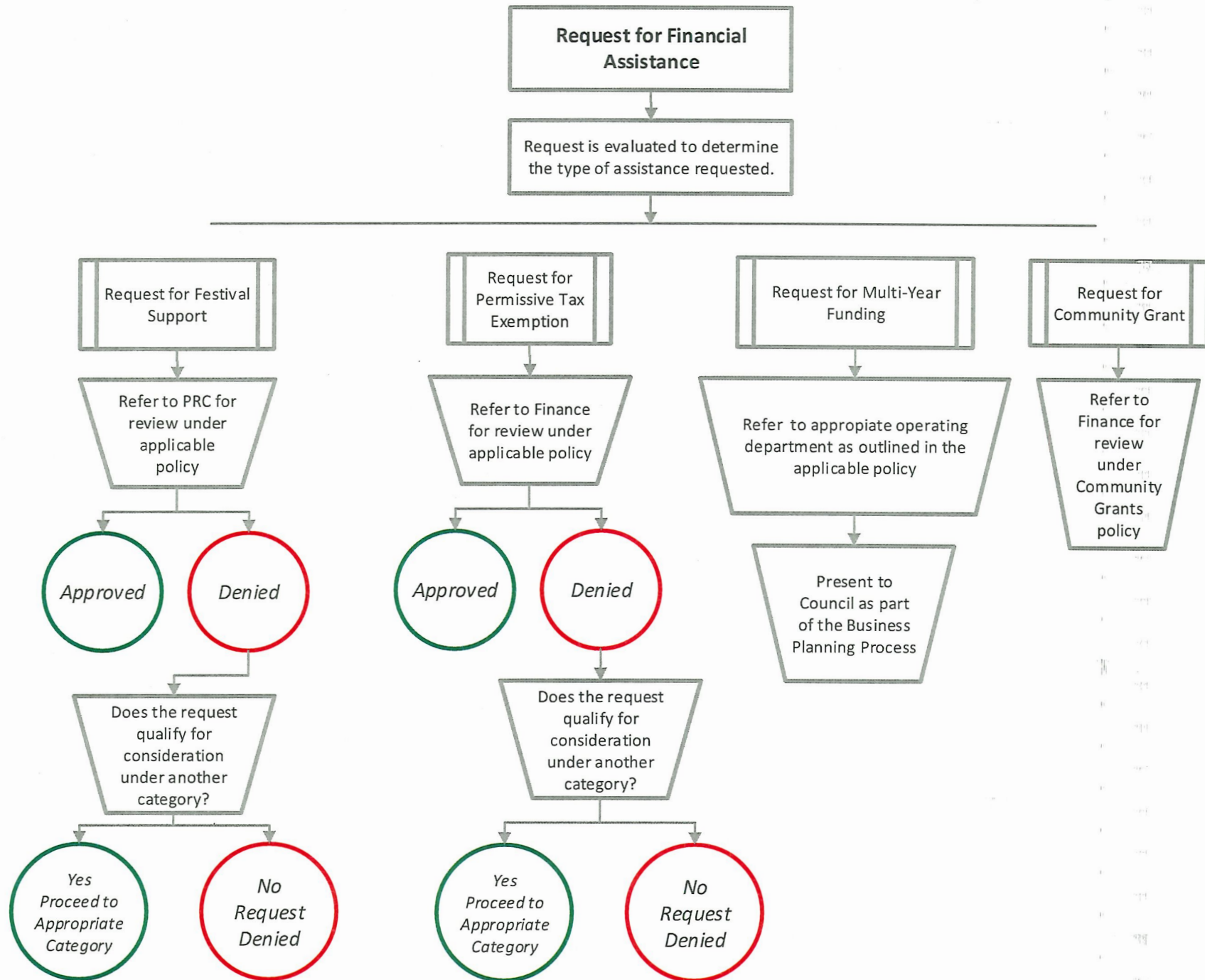


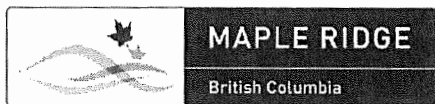
Concurrence: **Scott Hartman**
Chief Administrative Officer

Attachments:

- (A) Policy No. 5.49 Financial Support Process Policy
- (B) Policy No. 5.56 Community Grants Policy
- (C) Policy No. 5.60 DRAFT Fee for Service Agreements
- (D) Policy No. 4.15 Partnership Agreements – Leases and Fee for Service Proposals

Title: Financial Support Process		Policy No.: 5.49 Supersedes: NEW
Authority: Legislative <input checked="" type="checkbox"/> Operational <input type="checkbox"/>		Effective Date: March 26, 2003
Approval: Council <input checked="" type="checkbox"/> CMT <input type="checkbox"/> General Manager <input type="checkbox"/>		Review Date:
Policy Statement: Requests for financial assistance <u>support by local not-for-profit organizations</u> will be directed to the appropriate operating department for evaluation against existing applicable policies, <u>using the attached decisions trees.</u> The results of these evaluations will be presented to Council as part of the <u>regular business planning process</u> outlined in the applicable policies or as part of the <u>regular annual business planning process.</u>		
Purpose: Requests for financial support should be evaluated using <u>the merits of a business case and a standard process</u> to ensure the best use is made of available budget dollars earmarked for such community support.		
Definitions: Grant: <u>Temporary assistance provided to an organization, to be reviewed annually.</u> Fee for Service Agreement: <u>An agreement between the municipality and an organization that specifies what the organization will accomplish in return for the financial support it receives.</u> Local Not-for-Profit Organization: <u>-Means a society incorporated under the BC Society Act or a Registered Charity with the Canada Revenue Agency.</u> Financial Support: <u>Financial assistance provided to an organization either through an exemption from certain fees or property taxes or through the provision of funding for one-time purposes or the delivery of services over time.</u>		
Key Areas of Responsibility		
Action to Take	Responsibility	
<u>Evaluate request for financial support against applicable policy</u>	<u>Appropriate department</u>	
<u>Bring forward to Council as outlined in policy or as part of Business Planning</u>	<u>Appropriate department</u>	





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POLICY MANUAL

Title: Community Grants		Policy No : 5.56
Supersedes: New		
Authority: <input checked="" type="checkbox"/> Legislative	<input type="checkbox"/> Operational	Effective Date: February 27, 2013
Approval: <input checked="" type="checkbox"/> Council	<input type="checkbox"/> CMT	Review Date: February 2014
<input type="checkbox"/> General Manager		
Policy Statement: Council's vision for a safe and livable community is supported by a network of organizations that contribute to the wellness and vitality of the community. Funding will be allocated to the Community Grants program as part of the District's City's business planning process and <u>Community Grants will be awarded to organizations that provide valuable community services in support of Council's objectives-strategic priorities.</u>		
Purpose: It is recognized that community organizations contribute significant value to the community <u>greatly to the quality of life for citizens and the community.</u> The purpose of this policy is to establish open and transparent guidelines for the evaluation and distribution of Community Grants, respecting the limited financial resources available for this purpose.		
Definitions: <u>Community Grant: One time funding provided to a local non-profit organization for a project or event that meets the eligibility criteria outlined under Eligible Requests.</u> <u>Community Grant Review CommitteePanel:</u> refers to a committee-panel of four staff members including representatives from Administration, Finance and Community Development, Parks and Recreation that evaluates <u>The work of the committee is to evaluate grant requests against policy Council's guidelines and provide Council with recommendations for allocating the annual community-Community grant-Grant budgetBudget.</u> Eligible Requests: The following requests, submitted on a completed application with financial statements from the most recently completed fiscal year, would be eligible for funding from the Community Grant Program: <ul style="list-style-type: none">➤ requests to fund one-time items or events, or➤ requests for bridge funding while an organization works to secure long-term stable funding, or➤ requests that will allow a community group to leverage additional funding from other agencies, or➤ organizations denied a permissive tax exemption will be eligible to apply for a community grant or		

- requests for services that are not duplicated in the private sector
- Citizens of Maple Ridge are the primary beneficiaries of services provided by the local non-profit organization.

Strategic Priorities: Priorities as outlined in the current Strategic Plan.

Evaluation Criteria: The following criteria will be used to evaluate grant requests:

- The organization is a registered not-for-profit or charitable community organization based in Maple Ridge that has been in operation for more than one year
- ~~The purpose of the grant request is consistent with the District's Vision Statement Council's Strategic Priorities~~
- The proposed service, project or event supports one or more of the following Council Key Strategies for a safe and livable community Strategic Priorities:
 - ~~Strive for quality of life and independence by citizens.~~
 - ~~Develop and implement preventative as well as reactionary plans to address the impacts of emerging issues on the local community and citizens~~
 - ~~Encourage active and healthy living among citizens~~
 - ~~Encourage a strong sense of community by providing citizens with opportunities to connect~~
 - Community Safety
 - Community Pride & Spirit
 - Natural Environment
- The citizens of Maple Ridge are the primary beneficiaries of the services provided by the organization
- The proposed service, project or event will be sustainable past the support of the grant funding
- The organization has a proven track record of working collaboratively with other community partners

Key Areas of Responsibility**Action to Take**

1. Review grant applications received
2. Prepare report to Council
3. Authorize distribution of Community Grants
4. Distribute grants
5. Report back

Responsibility

Review ~~committee~~panel
Review ~~committee~~panel
Council
Finance
Recipient

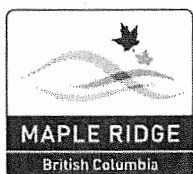
<p>Title: Fee for Service Agreements</p>	<p>Policy No.: 5.60</p> <p>Supersedes: New</p>
<p>Authority: Legislative <input checked="" type="checkbox"/> Operational <input type="checkbox"/></p>	<p>Effective Date:</p>
<p>Approval: Council <input checked="" type="checkbox"/> CMT <input type="checkbox"/> General Manager <input type="checkbox"/></p>	<p>Review Date:</p>
<p>Policy Statement: The City will consider entering into Fee for Service Agreements with local Not-for-Profit organizations for the provision of services that are the responsibility of local government, are aligned with Strategic Priorities and are not duplicated in the private sector.</p>	
<p>Purpose: The purpose of this policy is to establish the criteria that will be used to evaluate the feasibility of entering into Fee for Service Agreements with local Not-for-Profit organizations for the provision of services aligned with Strategic Priorities.</p>	
<p>Definitions:</p> <p>Fee for Service/Operating Agreement: A multi-year agreement between the City and a Local Not-for-Profit organization for the provision of services that specifies what the organization will accomplish in return for the financial support it receives, and outlines annual reporting requirements.</p> <p>Term: A Fee for Service Agreement will have a term of more than one year and not exceeding five years.</p> <p>Renewal Term: A Fee for Service Agreement may include options to renew the agreement, with each renewal option not exceeding the original term.</p> <p>Approval by Council: Council must approve entering into a Fee for Service agreement, and must approve any subsequent renewals of the agreement.</p> <p>Termination Clause: Fee for Service Agreements will include a provision that offers either party to end the agreement early either under certain conditions or with the provision of a predetermined notice period.</p> <p>Local Not-for-Profit Organization: The organization is a registered not-for-profit or charitable community organization based in Maple Ridge that has been in operation for more than one year and is in good standing.</p> <p>Strategic Priorities: The key priorities of the City as outlined in the current Strategic Plan.</p>	

Eligibility Criteria: A qualifying local not-for-profit organization seeking to enter into a fee-for-service agreement with the City will be considered eligible if the service(s) they are seeking funding for supports the advancement of one or more Strategic Priorities, are the responsibility of local government and the proposed services are not in direct competition with those offered in the private sector.

Evaluation Criteria: requests to enter into Fee for Service Agreements will be evaluated using the following criteria:

- Is the organization a local not-for-profit organization as defined in this policy?
- Does the proposed service advance one or more Strategic Priority?
- Is the proposed service the responsibility of local government?
- Are the proposed services in direct competition with those offered in the private sector?
- Are municipal resources required to deliver the service(s)?
- Is the proposed service a higher priority than other unfunded services?
- Does the organization have the required knowledge, skills and abilities and resources to deliver the proposed services?
- Are there efficiencies to be gained by partnering with the organization?
- Does the organization have a proven track record of cooperation with other community partners?

Key Areas of Responsibility	
Action to Take	Responsibility
Review and evaluate request for multi-year funding for service provision.	Most appropriate operating department
If there is a business case to support the request for funding identify an available funding source or prepare an incremental request for consideration during business planning.	Operating department & Finance
Prepare a report to council outlining recommendation(s)	Operating department
Subsequent to Council approval, establish agreement, including reporting requirements and termination clause.	Operating department
Monitor agreement	Operating department



*Deep Roots
Greater Heights*

DISTRICT OF MAPLE RIDGE

TITLE: PARTNERSHIP AGREEMENTS – LEASES AND FEE-FOR-SERVICE PROPOSALS

POLICY NO. 4.15

APPROVAL DATE: February 24, 1998

POLICY STATEMENT:

All proposals for partnership agreements with the municipality involving leasing land or facilities or fee for service contracts will be reviewed in accordance with guidelines established for that purpose.

PURPOSE:

The purpose of this policy is to ensure fair and consistent treatment of proposals made to the municipality by businesses, agencies or community groups.

DEFINITIONS:

The policy should be applied to proposals initiated by the municipality itself as well as to those proposals initiated by others.

REFERENCE:

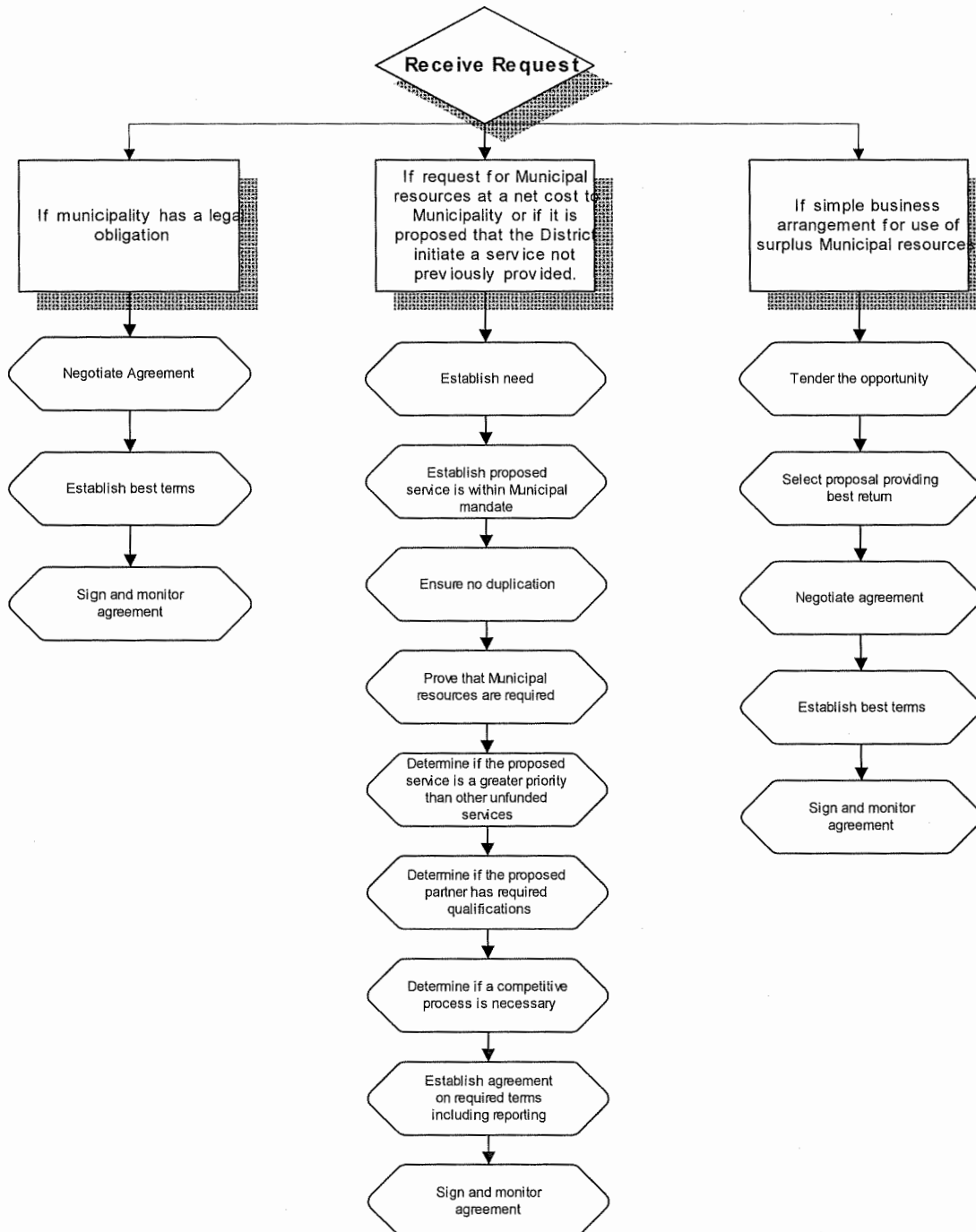
Guidelines for Municipal Partnerships (attached)

Guidelines for Municipal Partnerships

PURPOSES:

The purpose of these guidelines is to ensure the fair and consistent treatment of proposals received by or initiated by the Municipality for partnering with "not for profit" groups, agencies, or businesses. For the purpose of these guidelines, partnerships are identified as those relationships which result in the Municipality entering into a lease or fee for service agreement with a "not for profit" community group, an agency, or a business for the ongoing provision of a community service.

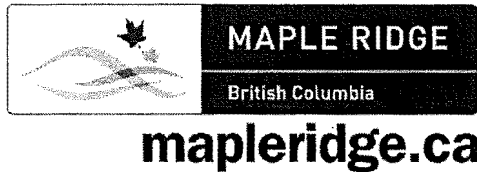
Decision Steps:



1. Receive a written request/proposal from a group to partner with the municipality.
2. If the request is for a renewal or formalization of an existing arrangement, review the history of the relationship with the municipality to determine any legal obligations the municipality may have as a result of previous council decisions. If there are legal obligations, develop the required documentation to define and implement the agreement.
3. If the request is for a new agreement or relationship not previously entered into by the municipality for a simple business relationship for use of surplus municipal resources (i.e. such as the rental of surplus land for a commercial purpose) which does not require a municipal contribution to meet a demonstrated community need, then establish fair market value for the resource and provide others with a competitive opportunity to use the resource. Once the opportunity has been advertised and bids have been received on a competitive basis, complete the analysis, selection and final negotiation. If it is established that a service is viable as an independent business, the municipality should determine the fair market value of the resources the municipality is being asked to commit and ensure that this return is achieved. Anything less than fair market value should not be considered (to ensure other similar businesses not utilizing municipal resources are not undermined by unfair competition.)
4. If the request is for a contribution of municipal resources at a net cost to the municipality such as a lease of land at rates below market value or the delivery of a public service:
 - a) **Establish the degree of need in the community for the service.** Critical questions to establish need include determining the number of residents who will benefit directly and indirectly over the time of the agreement along with any background reports which document the need. If an acceptable level of need is established, proceed to the next test.
 - b) **Establish if the proposed service fits within the municipal government mandate.** Critical questions to be asked to establish the appropriateness for municipal involvement include determining whether there will be an indirect benefit to all residents (regardless of their direct participation) and whether or not the Municipal Act mandates the municipality to participate in or support the provision of the service. Another question related to the appropriateness of municipal involvement and the relative priority of providing the requested support is the degree to which the proposed service meets established municipal goals and objectives. If it is determined that the municipality has a mandate to become involved, proceed to the next test.
 - c) **Establish whether or not other local agencies or businesses are already successfully meeting the needs.** If there are qualified agencies or businesses who are coming close to meeting the need, the proponent should be asked to explore specific service gaps with them to determine if those needs which remain unmet can be addressed by the existing group. If so, acknowledge that municipal resources are not required to meet the need and proceed no further. If no business, agency or group is qualified or able to meet the need, proceed to the next test. With respect to the required qualifications, refer to Paragraph (g) below for the list of qualifications for not for profit groups. The qualifications for commercial businesses include a requirement that the business in question hold a valid business license, has the verifiable capability to follow through with the work to the required standard.

- d) **Establish the degree to which municipal support/subsidy is required for the service to be viable and accessible to the general public.** A long-term operational plan and budget (three to five years) supported by comparisons to other similar services provided in other communities (including an indication of the municipal support provided in those communities) should be obtained to prove the service would not otherwise be viable and to prove the requirement for municipal support. A long-term budget should also identify the resources typically available through user fees and other sources of revenue. The municipality should establish the degree of support required to provide the proposed service by analyzing the operating budget in detail. For example, if a not for profit group has agreed to raise the required funding to build the facility, they require and they agree to cover all the operating costs, the municipality may determine it is appropriate to contribute the land at little or no cost and, possibly, the long-term major mechanical and structural repairs. If it is established the revenue potential of a required service is extremely limited, the municipality may determine that an even greater degree of support should be provided (such as the Maple Ridge Museum.) In these cases it may well be determined that providing the service through a not for profit organization is preferable and more cost-effective than providing the service directly through the municipal work force. Once the required degree of support is defined (in a municipal budget if necessary), proceed to the next test.
- e) **Establish that the proposed service is a greater priority than other unfunded services considered by the municipality.** Despite the justification for supporting a proposed service sufficient funding may not be available to provide the required level of support. The municipality should ensure that such requests are considered at the same time as other requests to ensure that the available funding is used to support the service which is determined to have the highest priority. A ranking exercise should be undertaken to establish the relative priority of all requests. If the proposed service enjoys a sufficiently high ranking and it is established that the required resources are available, then proceed to the next test.
- f) **Establish that the proponent being considered has the required qualifications.** For example, a not for profit group should prove that it is registered and in good standing with the registrar. The group should also prove that its constitution and bylaws are acceptable. The conditions of acceptance should include a requirement that a majority of the group's members are local residents, that membership is open to all residents of the appropriate age, that the group's Board of Directors is elected by the members on a regular cycle, that there is a limit on the number of terms a board member can serve, that the group's assets on dissolution will go either to another similar organization located in the municipality or to the municipality itself, and that the purposes of the organization as described in its constitution match the contract being entered into with the municipality. Commercial businesses should only be considered for partnering if they hold a valid business licence, can demonstrate through references, certification and current or recent performance and/or credit reviews and/or bonding that they have the capability of carrying out the proposed contractual obligations. The qualification should be required in advance of the submission of a bid for a contract. Once a group proves it is qualified, proceed to the next test.

- g) **Establish if a competitive process is necessary to ensure the most deserving proponent is awarded the partnership.** A competitive process may not be appropriate for not for profits such as neighbourhood associations wishing to build facilities on municipal land to serve the needs of their specific neighbourhood populations (since there are no other neighbourhood groups serving their neighbourhood). Other examples of not for profit groups which should not be required to compete for a limited resource might include the Historical Society preserving an important heritage building for a municipal museum, or a new volunteer group established specifically by the municipality to operate a facility or provide a needed service because a suitable organization did not previously exist. Examples of proposals which should be made competitive include those in which the proponents wish to partner with the municipality in order to meet their specific goals which are distinct from the municipality's public service goals. For example, a church group wishing to construct a facility on municipal land with the dual purpose of a church and a public assembly area when it is not in use as a church, should compete with others for the opportunity to use the municipal land. They should do so since it is not within the municipal mandate to support church facilities at anything other than fair market cost. What the municipality will receive in return for use of the municipal land should be assessed against the fair market rent a land lease would generate. Qualified commercial groups should compete for opportunities to partner with the municipality given their profit motive. Sole source negotiations with potential commercial partners should only take place where the partner is the only provider of an essential aspect of the service. When this approach is taken, care must be taken to ensure fair value is achieved by the municipality. A third party evaluation may be required to establish that "fair value" has been achieved. Once an appropriate level of competition has been carried out and a proponent is being considered, proceed to the next test.
- h) **Establish agreement on the required terms of the contract.** All of the standard lease requirements must be included where leasing is involved, such as sufficient insurance coverage naming the municipality as an insured party, re-entry on default, lien protection, inspection, defined uses and services, reporting requirements on activities and the provision of independently prepared or audited annual financial statements to the municipality. The length of term of the agreement and the conditions under which the agreement can be terminated must also be established and will vary depending upon the initial capital investment made by the municipality's partner. A group or company which raises the majority of the funding to build a facility will require a long-term lease or series of options to renew which total the life expectancy of the building to justify their efforts. Conversely, a group which contributes very little capital will not require a lengthy term to make their investment of volunteer time worthwhile. All agreements should include reference to a minimum standard of service which is acceptable to the municipality.
- i) **Once the required terms are agreed upon, adopt the required bylaws, sign and monitor the agreement.**



CITY OF MAPLE RIDGE

TO: His Worship Mayor Morden
and Members of Council
FROM: Chief Administrative Officer
SUBJECT: 2021 Consolidated Financial Statements

MEETING DATE: May 3, 2022
FILE NO: 05-1830-20
MEETING: CoW

EXECUTIVE SUMMARY:

The purpose of this report is to communicate the financial results for the City of Maple Ridge's 2021 fiscal year. Each year staff undertake a number of processes to review and refine the data that feeds into the City's Financial Statements and from time to time restatements are needed to previously reported results. In 2021, we have restated prior years' results to reflect information regarding the retroactive RCMP settlement.

Financial reporting in local government serves to communicate the fiscal health and well-being of a community. In 2021, the City's operations were impacted by the ongoing pandemic but overall results for the year remain positive. Our Net Financial Position increased by \$1.56 million to \$121.35 million and our Accumulated Surplus increased by \$33.66 million to \$1.292 billion.

The 2021 Financial Statements have been prepared using the accounting standards and reporting model mandated by the Public Sector Accounting Board (PSAB). BDO Canada LLP has conducted an audit of the Financial Statements and they will form an integral part of the 2021 Annual Report. In order to satisfy current audit rules, Council must approve the Financial Statements before BDO can issue their final audit opinion. The audit report will be "unqualified". This is the highest form of assurance an auditor can provide and indicates the Statements are free of material misstatements and that readers can rely on them for decision making purposes.

RECOMMENDATION:

That the 2021 Consolidated Financial Statements be approved.

DISCUSSION:

Financial reporting in local government serves to communicate the fiscal health and well-being of a community and there are two main documents that accomplish this: the **Financial Plan** and the **Financial Statements**, each with very different objectives.

The **Financial Plan** is a forward-looking document that sets out the City's planned expenditures and transfers to Reserves for the next five years, and also identifies how those expenditures and transfers will be funded. The *Community Charter* requires that municipalities prepare a "balanced budget". This means that the total of any proposed expenditures or transfers to Reserves must not exceed the total of proposed revenues or transfers from Reserves. In simple terms, the Financial Plan answers the question: "What are we going to do and how are we going to pay for it?"

In contrast, the **Financial Statements** are a retrospective document that looks at the year that has just ended, comparing our actual financial performance in the year to the activities identified in the Financial Plan. The *Community Charter* requires municipalities to prepare the Financial Statements in accordance with generally accepted accounting principles for local governments. In Canada, those principles are set by the Public Sector Accounting Board (PSAB). The objective of a municipality's Financial Statements is to report on its financial condition at a point in time and its financial performance for the year.

The differing objectives of the Financial Plan and the Financial Statements, combined with the different rules guiding their preparation, can easily result in confusion when trying to compare the two documents. For example, the Financial Plan treats transfers to and from Reserves as transactions, while the Financial Statements, at the consolidated level, ignore transfers as they take place within the corporate entity. It is important to keep the different rules and objectives in mind as we look at financial results for 2021.

The 2021 Consolidated Financial Statements present the City's results of operations during the year and the financial position as at December 31, 2021. Financial performance is compared to the Financial Plan adopted in May of 2021 as this was the plan used to set property taxation rates, and to prior year results, as restated. The transactions included in the Financial Statements are those that took place between the City and outside parties. Internal transactions, such as transfers between Reserves, which are important for financial planning purposes, have been eliminated.

The City's auditors, BDO Canada LLP, have conducted an audit of the Statements and, pending Council's acceptance of the statements, will finalize their audit report. The audit report will be "unqualified". This is the highest form of assurance an auditor can provide and indicates the Statements are free of material misstatements and that readers can rely on them for decision making purposes.

There are a number of key terms in the Financial Statements that are important to be familiar with before drawing any conclusions about the 2021 results:

- **Net Financial Position:** provides a snapshot of where the City stood financially in terms of the resources it held and the amounts it owed at December 31, 2021. It is the difference between our financial assets and our liabilities and is considered an indicator of financial flexibility. If Net Financial Position is negative, it is referred to as Net Debt and indicates that revenues that will be collected in the future are needed to pay for liabilities that already exist. If it is positive, it is referred to as Net Financial Assets and may indicate a greater degree of flexibility.
- **Accumulated Surplus:** is the total of all the City's assets, both financial and non-financial, less our liabilities. It represents the net economic resources available for service provision. The largest element of this number is the value of our tangible capital assets, the physical assets used in day-to-day service provision, meaning the Accumulated Surplus balance does not represent a source of cash available to finance our day-to-day operations.
- **Annual Surplus:** is the difference between annual revenues and expenses, as reported on the Statement of Operations. It is important to keep in mind that items included in revenue do not necessarily represent cash received during the year. For example, the value of contributed tangible capital assets is reported as a revenue, but does not represent cash the City received. On the expense side, only the annual cost of using those assets is recognized through amortization. The amounts expended for capital investment or renewal is not included, nor is the value of infrastructure contributed to the City through development. This accounting requirement results in a large reported Annual Surplus, but does not represent a cash surplus.

The City's Financial Statements are comprised of the following:

- Statement of Financial Position
- Statement of Operations
- Statement of Change in Net Financial Assets
- Statement of Cash Flow
- Significant Accounting Policies
- Notes to the Financial Statements
- Segment Report
- Supporting Schedules 1-2

The Notes to the Financial Statements provide additional information for the items found on the Statement of Financial Position and the Statement of Operations and are referenced on each of these statements. Of note, Schedule 6 is a temporary schedule to the Financial Statements and meets the Provincial requirement to provide information regarding the use of the BC Safe Restart funding received by the City. Once that funding is fully utilized, it will no longer form a part of the City's Financial Statements.

A discussion of the Financial Statements follows:

Statement of Financial Position

The Statement of Financial Position provides information about the City's assets, both financial and non-financial, and its liabilities. One of the key indicators on this statement is the Net Financial Position. As noted above, it is calculated by subtracting our liabilities from our financial assets and is one piece of information available to assess the City's financial flexibility. At the end of 2021, the City had Net Financial Assets of \$121.35 million, an increase of \$1.56 million from 2020.

The other key indicator that appears on this Statement is Accumulated Surplus. As noted above, this is the total of all of our assets, both financial and non-financial, less our liabilities. This number represents the net economic resources available for service provision. The bulk of this number comes from the value of our tangible capital assets, meaning it does not represent cash that can be spent to support our operations. At the end of 2021, the City's Accumulated Surplus was \$1.292 billion compared to \$1.259 billion, as restated, for 2020. Of this amount, \$1.154 billion is the book value of the City's tangible capital assets, compared to \$1.122 billion in 2020.

Key items to note on the Statement of Financial Position:

- 2020 results were restated to reflect information regarding the retroactive compensation increases for the RCMP as a result of the ratification of their first collective agreement. This resulted in an increase to accounts payable of \$4.4 million and an equivalent decrease to both Net Financial Position and Accumulated Surplus.
- Combined cash and cash equivalents, and portfolio investments increased by \$46.13 million. This is linked to an increase in liabilities such as accounts payable and accrued liabilities, deferred and restricted revenues, refundable deposits and debt.
- Accounts receivable and recoverable local improvements decreased by \$0.8 million
- Debt increased by \$26.29 million due to accessing previously improved borrowing of \$29 million, net of principal payments.
- Accounts payable and accrued liabilities increased by \$3.99 million.

Statement of Operations

The Statement of Operations reports the City's revenues and expenses for the year. The difference between revenues and expenses is referred to as the Annual Surplus if positive, or the Annual Deficit if negative. It is important to note that accounting rules require us to include, in revenues items, such as the value of infrastructure contributed to the City through development, but on the expense side we include only the cost of using those assets through amortization, not the value of the assets received. As such, this results in a reported Annual Surplus that does not represent a cash surplus. In 2021, the City recorded contributed infrastructure with a value of \$16.4 million. This amount was recognized as revenue. On the expense side, the amortization recorded for these assets was approximately \$94 thousand. The City's Annual Surplus was \$33.66 million and almost 50% of that amount comes from the transactions associated with contributed assets received during the year, and as noted previously, there is no cash received by the City related to these assets.

As noted earlier in this Report, when the Financial Plan is prepared, we ensure that all planned sources of funding are equal to all planned uses of funding. This is referred to as a "Balanced Budget". Not all of the elements that result in a Balanced Budget are included in the Statement of Operations. Some Financial Plan transactions, such as transfers to and from Reserves, are eliminated from the summary Financial Statements as they are internal transactions; other items are not included as they do not meet the definition of an expense. For example, our planned investment in tangible capital assets will result in an expenditure of resources, but not an expense. The annual cost of using our tangible capital assets, recorded as amortization, is an expense and is included on this Statement. A reconciliation between the Financial Plan and the Financial Statements is shown in Note 19 to the Financial Statements.

The restatement of previously reported results for 2020 led to an increase in Protective Services expenses of \$1.95 million and an equivalent decrease in the annual surplus. As noted in the section on the Statement of Financial Position, Accumulated Surplus was reduced by \$4.4 million.

The following discusses the Statement of Operations:

Consolidated Revenues: Actual \$180.2 million; Budget \$219.0 million

Not all monies the City receives are recorded as revenues at the time of receipt. Monies, such as Development Cost Charges, that are collected for specific capital works are recorded as a liability when received. When we budget for the capital expenditures that are funded from these sources we also budget to record the revenue, which results in a draw down of the liability. If capital expenditures do not occur, no revenue is recognized and the funds remain on hand, recorded as a liability.

In 2021, consolidated revenues were below budget by \$38.9 million. This is comprised of variances in a number of categories, particularly those related to capital. The following highlights some of the key variances:

- Government Transfers (grants) revenues were below budget estimates by \$7.07 million due to timing delays in grant funded capital projects.
- Development revenues below budget estimates by \$28.67 million, due in large part to factors such as DCC liabilities not being drawn down to fund the related work.
- Asset disposals before the end of their estimated useful life resulted in a reported loss of \$1 million. This is an accounting entry associated with the disposal or replacement of the City's tangible capital assets before the end of their estimated useful service life and does not represent a cash loss.

As noted above, revenues below budget estimates for development revenues do not represent a cash shortfall as the related expenditures did not occur. Similarly, revenues recorded for contributed assets

does not represent a cash windfall as this number represents the value of assets received, not a payment received by the City.

Consolidated Expenses – Actual \$146.5 million; Budget \$163.9 million

Expenses are comprised of general operating expenses for goods and services, labour, interest on debt and amortization of our tangible capital assets. The actual cash expended to invest in the replacement or acquisition of assets is not reflected on this Statement.

In 2021, consolidated expenses were below budget by \$17.5 million. Some key items contributing to this result include:

- Approximately \$0.7 million in interest costs related to authorized borrowing that had not been entered into as at December 31.
- \$1.4 million from Financial Plan estimates for the RCMP contract.
- Approximately \$8.0 million in projects scheduled for 2021 that will proceed in 2022.
- Savings of approximately \$4.2 million on labour costs, due in part to facility closures related to the pandemic, a higher than normal number of vacancies throughout the organization and ongoing recruitment challenges.
- Approximately \$3 million in additional savings from Parks Recreation & Culture.

Statement of Change in Net Financial Assets

The change in Net Financial Position in a year is explained by the difference between revenues and expenditures. If we recognize more revenue that we expend, then the net financial position will increase; if less, then it will decrease. In 2021, the City's financial position increased by \$1.56 million to \$121.35 million. It is important to keep in mind that as part of the City's long-term financial planning processes, we may collect revenues over time to build capacity for future expenditures. This practice will increase the City's financial assets, and the net financial position, until the related expenditures occur.

Statement of Cash Flow

The Statement of Cash Flow explains the change in the balance of cash and cash equivalents for the year, showing the impact of various types of transactions on the balance. For example, the statement shows that \$47.87 million was generated from operating activities and that \$40.87 million was used for capital activities.

Segment Report

The Segment Report enhances the information found on the Consolidated Statement of Operations. The information is laid out in the same manner, but provides a greater level of detail. City services have been segmented by grouping activities by function, as directed by PSAB. For example, protection of the public is achieved by activities such as bylaw enforcement and inspection services, in addition to police and fire fighting services, so all of these activities are reported as part of the Protective Services segment. Revenues that are directly related to the costs of a function have been reported in each segment, including revenues related to capital investment. Expenses are broken down into the categories of goods and services, labour, debt servicing, and amortization. The Segment Report allows us to see how much each segment contributes to the Annual Surplus before considering allocations of taxes and other municipal resources. As described earlier, Annual Surplus is the difference between annual revenues and expenses.

The following table shows the departments included in each segment:

Reporting Segments						
General Gov't	Protective Svc	Parks Recreation & Cultural	Planning; Public Health & Other	Transportation	Water	Sewer
Administration Legal & Legislative Economic Dev Communications Finance Human Resources Information Svc	Police Fire Bylaws Inspection Svc Emergency Svc	Parks Leisure Svc Youth Svc Arts Library	Planning Recycling Cemetery Social Planning	Engineering Operations Drainage Roads	Water	Sewer

The above discussion focuses on the Consolidated Financial Statements, and, as noted, consists of transactions only with outside parties; internal transactions, such as transfers, are not included.

The following section of the report looks at some areas of our organization in isolation, particularly the General Revenue Fund and the Sewer and Water Utilities. While the Financial Statements do not show each of these elements in isolation, they are incorporated into the Statement of Operations.

Throughout 2021 Council received quarterly financial updates for the City's operating funds. Preliminary results for 2021 were presented on March 8, 2022. As indicated at the time of the presentation, final results for the year differed from those presented. The following provides a summary update of the information provided in March, further separated into our General Revenue Fund and the Sewer and Water Utilities.

General Revenue

The majority of the City's diverse day-to-day operations fall within the General Revenue fund and includes activities ranging from the development of plans to guide the community's future, to maintaining infrastructure such as roads to all the activities integral to the delivery of the City's Strategic Plan. In late 2020, the City received funding through the BC Safe Restart Fund to help offset the impact of COVID-19 on City operations. After offsetting the 2020 impact, we had \$2.3 million held in reserve to assist with ongoing costs in 2021. The majority of this funding was exhausted during 2021 to offset revenue shortfalls and increased costs leaving us with a small residual balance of \$165,000 to address any remaining 2022 impacts associated with the pandemic.

At the end of 2021 the General Revenue Accumulated Surplus is \$8.56 million, reduced from previously reported results due to the use of this one-time funding source to support the acquisition of strategic properties. Restated results are impacted by the prior years flow through of the RCMP settlement.

Sewer and Water Utilities

The Sewer and Water Utilities are self-funded business units that manage the collection and distribution of water and liquid waste and the related infrastructure. A large portion of the costs in the utilities are driven by the Regional District and Council has employed a rate stabilization practice for a number of years to manage fluctuations in these costs. Under this practice, we will see cycles where Accumulated Surplus amounts are deliberately built up over a period of time, then subsequently drawn down in order to provide for our commitment towards larger regional projects as well as variations in our own annual infrastructure investment. This practice allows Council to smooth the impact of variations in annual spending levels on our rate payers.

As set out in the financial plan, the Accumulated Surplus balances in both the Sewer and Water Utilities were drawn down in 2021.

The following shows the Accumulated Surplus amounts in each of the General Revenue fund and the Sewer and Water Utilities, and can also be found in Note 14 to the Financial Statements:

	2021	2020
General Revenue	\$ 8,563,194	\$ 6,662,021
Sewer Utility	5,966,930	6,270,330
Water Utility	<u>13,707,170</u>	<u>16,656,631</u>
	<u>\$ 28,237,294</u>	<u>\$ 29,588,982</u>

Reserves

The City's Reserves are an important financial planning tool, providing a mechanism to build capacity over time to undertake strategic projects or address long-term infrastructure sustainability requirements. They are reviewed on a regular basis to assess their adequacy, with adjustments made when capacity permits.

The City's Reserves consist of two distinct categories, Reserve Funds and Reserve Accounts. Reserve funds are statutory, meaning they are established by bylaw for specific purposes. Once monies are transferred to a reserve fund, they can only be used for the purpose outlined in the establishing bylaw. Reserve accounts are appropriations of surplus, established to meet specific business needs. They can be established or dissolved as directed by Council, as long as identified business needs are met and risks are managed appropriately.

Note 15 to the Financial Statements provides a listing of all the City's Reserves showing an opening balance of \$129.4 million and a closing balance of \$139.7 million. Contributors to the increase of \$10.3 million include the following:

Rate stabilization provision	\$1.5 million
One-time costs – Corporate Priorities	\$0.7 million
Capital Projects in progress	\$4.5 million
Net draw from Police Svc Reserve for retro	-\$3.1 million
Repay Capital Works for internal borrowing	\$4.6 million
Drainage Improvements	\$1.5 million

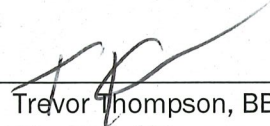
CONCLUSION:

The 2021 Consolidated Financial Statements have been prepared using the accounting standards and reporting model mandated by the Public Sector Accounting Board (PSAB). BDO Canada LLP has conducted an audit of the Financial Statements. In order to satisfy current audit rules, Council must formally approve the Financial Statements before BDO can issue their final audit opinion. The audit report will be "unqualified". This is the highest form of assurance an auditor can provide and indicates the Statements are free of material misstatements and that readers can rely on them for decision making purposes.

Overall results for 2021 are positive. We ended the year with an Annual Surplus amount of \$33.6 million, and an Accumulated Surplus balance of \$1.29 billion. The City's Reserves and long-term financial plans reflect the ability of the City to meet its future obligations.



Prepared by: Catherine Nolan, CPA, CGA
Deputy Director of Finance



Reviewed by: Trevor Thompson, BBA, CPA, CGA
Director of Finance



Approved by: Christina Crabtree
GM, Corporate Services



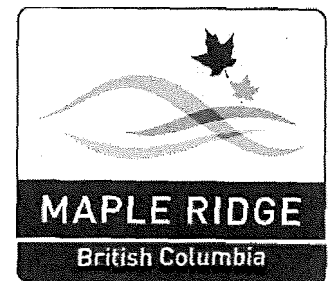
Concurrence: Scott Hartman
Chief Administrative Officer

Attachments: 2021 Consolidated Financial Statements
BDO Audit Results Letter

City of Maple Ridge

Financial Statements and Auditor's Report

For the Year Ended December 31, 2021



Management's Responsibility for Financial Reporting

The information in this report is the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian Public Sector accounting guidelines as outlined under "Significant Accounting Policies". These include some amounts based on management's best estimates and careful judgment.

Management maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded, and reported properly. Management also administers a program of proper business compliance.

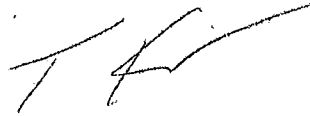
BDO Canada LLP, the Municipality's independent auditors have audited the accompanying financial statements. Their report accompanies this statement.

Council carries out its responsibility for the consolidated financial statements jointly with its Audit and Finance Committee. The Committee meets with management on a scheduled basis and at least semi-annually with BDO Canada LLP to review their activities and to discuss auditing, internal control, accounting policy, and financial reporting matters.

BDO Canada LLP has unrestricted access to the Municipality, the Audit and Finance Committee, and Council. Council approves the consolidated financial statements, the Audit and Finance Committee reviews the recommendations of the independent auditors for improvements to controls as well as the actions of management to implement such recommendations.



Scott Hartman
Chief Administrative Officer



Trevor Thompson, BBA, CPA, CGA
Director of Finance

Independent Auditor's Report

To the Mayor and Council of the City of Maple Ridge

Opinion

We have audited the consolidated financial statements of the City of Maple Ridge (the "City"), which comprise the Consolidated Statement of Financial Position as at December 31, 2021, the Consolidated Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and notes and schedules, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2020 and its results of operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 24 of the consolidated financial statements, which explains that certain comparative information presented for the year December 31, 2021 has been restated. Our opinion is not modified in respect of the matter.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of 'Schedule 2 - Schedule for BC Safe Restart Grant' that is included in these consolidated financial statements.

Chartered Professional Accountants

Vancouver, British Columbia
[REPORT DATE]

Consolidated Statement of Financial Position

as at December 31, 2021

	2021	2020 Restated - Note 24
Financial Assets		
Cash and cash equivalents (Note 1)	\$ 116,531,792	\$ 130,961,876
Portfolio investments (Note 2)	150,882,727	90,320,234
Accounts receivable (Note 3)	16,238,012	15,032,584
Recoverable local improvements (Note 4)	772,641	1,175,712
Other assets (Note 5)	1,121,812	814,397
Inventory available for resale	<u>56,169</u>	<u>56,169</u>
	285,603,153	238,360,972
Liabilities		
Accounts payable and accrued liabilities (Note 6)	32,035,516	28,047,896
Deferred revenue (Note 8)	18,065,700	15,286,398
Restricted revenue (Note 9)	38,083,113	30,738,864
Refundable performance deposits and other	25,945,403	20,473,999
Employee future benefits (Note 10)	3,145,300	3,348,200
Debt (Note 11)	<u>46,975,903</u>	<u>20,676,495</u>
	164,250,935	118,571,852
Net Financial Assets	<u>121,352,218</u>	<u>119,789,120</u>
Non Financial Assets		
Tangible capital assets (Note 12, Schedule 1)	1,154,325,050	1,122,447,588
Undeveloped land bank properties (Note 13)	15,526,529	15,526,529
Supplies inventory	533,617	461,953
Prepaid expenses	<u>1,003,351</u>	<u>853,216</u>
	<u>1,171,388,547</u>	<u>1,139,289,286</u>
Accumulated Surplus (Note 14)	<u>\$ 1,292,740,765</u>	<u>\$ 1,259,078,406</u>

Scott Hartman
Chief Administrative Officer

Trevor Thompson, BBA, CPA, CGA
Director of Finance

The accompanying summary of significant accounting policies and notes to the Consolidated Financial Statements are an integral part of this statement.

Consolidated Statement of Operations

For the year ended December 31, 2021

	Budget 2021 Note 19	Actual 2021	Actual 2020 Restated - Note 24
Revenue (Segment Report, Note 23)			
Taxes for municipal purposes (Note 16)	\$ 99,130,772	\$ 99,296,699	\$ 94,914,905
User fees and other revenue	49,956,147	50,497,200	45,433,301
Government transfers (Note 17)	13,873,679	6,803,129	11,004,973
Development revenue	33,683,054	5,016,024	13,801,911
Interest and investment income	2,428,004	2,411,236	5,286,485
Gaming revenues	-	780,946	323,738
Refinancing and asset disposal losses	-	(1,065,038)	(3,099,311)
Contributed tangible capital assets (Note 12)	20,000,000	16,435,062	21,023,012
	<u>219,071,656</u>	<u>180,175,258</u>	<u>188,689,014</u>
Expenses (Segment Report, Note 23)			
Protective services	47,815,543	45,049,842	42,305,469
Transportation services	26,742,409	22,798,719	22,354,372
Recreation and cultural	26,535,488	21,263,223	19,197,925
Water utility	18,004,850	16,757,542	15,351,570
Sewer utility	14,930,985	13,395,349	12,899,985
General government	22,083,435	20,074,697	17,633,091
Planning, public health and other	7,867,485	7,173,527	6,744,713
	<u>163,980,195</u>	<u>146,512,899</u>	<u>136,487,125</u>
Annual Surplus	<u>55,091,461</u>	<u>33,662,359</u>	<u>52,201,889</u>
Accumulated Surplus - beginning of year	<u>1,259,078,406</u>	<u>1,259,078,406</u>	<u>1,206,876,517</u>
Accumulated Surplus - end of year (Note 14)	<u>\$ 1,314,169,867</u>	<u>\$ 1,292,740,765</u>	<u>\$ 1,259,078,406</u>

The accompanying summary of significant accounting policies and notes to the Consolidated Financial Statements are an integral part of this statement.

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2021

	Budget 2021 Note 19	Actual 2021	Actual 2020 Restated - Note 24
Annual Surplus	\$ 55,091,461	\$ 33,662,359	\$ 52,201,889
Add (Less):			
Change in Tangible Capital Assets			
Acquisition of tangible capital assets	(204,796,530)	(57,444,676)	(69,544,005)
Amortization	24,037,321	23,863,066	23,641,391
Proceeds from disposal of tangible capital assets	-	139,110	96,614
Loss on disposal of tangible capital assets	-	1,565,038	3,099,312
	<u>(180,759,209)</u>	<u>(31,877,462)</u>	<u>(42,706,688)</u>
Change in Other Non Financial Assets			
Increase in supplies inventory	-	(71,664)	(144,450)
Increase in prepaid expenses	-	(150,135)	(187,666)
	<u>-</u>	<u>(221,799)</u>	<u>(332,116)</u>
Increase (decrease) in Net Financial Assets	(125,667,748)	1,563,098	9,163,085
Net Financial Assets beginning of the year	<u>119,789,120</u>	<u>119,789,120</u>	<u>110,626,034</u>
Net Financial Assets end of the year	<u>\$ (5,878,628)</u>	<u>\$ 121,352,218</u>	<u>\$ 119,789,120</u>

The accompanying summary of significant accounting policies and notes to the Consolidated Financial Statements are an integral part of this statement.

Consolidated Statement of Cash Flow

For the year ended December 31, 2021

	Actual 2021	Actual 2020 Restated - Note 24
Operating transactions		
Annual surplus	\$ 33,662,359	\$ 52,201,889
Items not utilizing cash		
Amortization	23,863,066	23,641,391
Loss on disposal of assets	1,065,038	3,099,311
Contributed tangible capital assets	(16,435,062)	(21,023,012)
Actuarial adjustment on debt	(440,357)	(399,333)
Restricted revenues recognized	(4,550,168)	(13,155,174)
	<u>3,502,517</u>	<u>(7,836,817)</u>
Change in non-cash operating items		
Increase in prepaid expenses	(150,135)	(187,666)
Increase in supplies inventory	(71,664)	(144,451)
Decrease (increase) in accounts receivable	(1,205,428)	2,624,954
Decrease in recoverable local improvements	403,071	518,259
Increase in other assets	(307,415)	(16,420)
Increase (decrease) in accounts payable and accrued liabilities	3,987,620	(5,560,873)
Increase (decrease) in deferred revenue	2,779,302	(1,515,409)
Increase (decrease) in refundable performance deposits	5,471,404	(3,151,736)
(Decrease) in employee future benefits	(202,900)	(650,799)
	<u>10,703,855</u>	<u>(8,084,141)</u>
Cash provided by operating transactions	47,868,731	36,280,931
Capital transactions		
Proceeds on disposal of tangible capital assets	139,110	96,614
Cash used to acquire tangible capital assets	(41,009,614)	(48,520,994)
	<u>(40,870,504)</u>	<u>(48,424,380)</u>
Investing transactions		
Proceeds on disposal of land available for sale	500,000	-
(Increase) decrease in portfolio investments	(60,562,493)	74,217,909
	<u>(60,062,493)</u>	<u>74,217,909</u>
Financing transactions		
Proceeds from debt issues	29,000,000	-
Debt repayment	(2,260,235)	(2,215,522)
Collection of restricted revenues	11,894,417	7,312,362
	<u>38,634,182</u>	<u>5,096,840</u>
(Decrease) increase in cash and cash equivalents	(14,430,084)	67,171,300
Cash and cash equivalents - beginning of year	130,961,876	63,790,576
Cash and cash equivalents - end of year	<u>\$ 116,531,792</u>	<u>\$ 130,961,876</u>

The accompanying summary of significant accounting policies and notes to the Consolidated Financial Statements are an integral part of this statement.

Summary of Significant Accounting Policies

For the year ended December 31, 2021

The City of Maple Ridge (the "City") is a municipality in the province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

(a) Reporting Entity and Basis of Consolidation

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) using guidelines developed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

They consolidate the activities of all of the funds of the City and the City's wholly owned subsidiaries C.D.M.R. Developments Ltd. and Maple Ridge Municipal Holdings Ltd. Transactions between the City's funds and wholly owned subsidiaries have been eliminated and only transactions with outside entities are reported.

(b) Basis of Accounting

The basis of accounting followed in these financial statements is the accrual method and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services were acquired and a liability was incurred.

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business.

(d) Tangible Capital Assets

Tangible capital assets are a special class of non-financial assets and are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation and installation costs, design and engineering fees, legal fees and site preparation costs. Interest costs are not capitalized during construction. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset commencing once the asset is put into use. Assets under construction are not amortized. Contributed tangible capital assets are recorded at estimated fair value at the time of the contribution and are also recorded as revenue.

Estimated useful lives of tangible capital assets are as follows:

Buildings (including building components)	7 to 50 years
Transportation network	10 to 75 years
Storm sewer system	10 to 75 years
Fleet and equipment	8 to 20 years
Technology	3 to 25 years
Water system	10 to 85 years
Sanitary sewer system	30 to 75 years
Furniture and fixtures	3 to 20 years
Structures	15 to 75 years

Natural resources, works of art and historic assets are not recorded as assets in these consolidated financial statements.

(e) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into 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 a contaminated site is recognized when a site is not in productive use or an unexpected event occurs and the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standards;
- iii. the City is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is recognized as management's best estimate of the cost of remediation and post-remediation, including operation, maintenance and monitoring, that are an integral part of the remediation strategy for a contaminated site. Management has assessed its potential liabilities for contamination, including sites that are no longer in productive use and sites for which the City accepts responsibility. There were no such sites that had contamination in excess of an environmental standard requiring remediation at this time, therefore no liability was recognized at December 31, 2021 or December 31, 2020.

(f) Landfill Closure and Post Closure Costs

The Ministry of Environment establishes certain requirements for the closure and post closure monitoring of landfill sites. The obligation for closure and post closure costs associated with the City's former landfill is based on the present value of estimated future expenses.

(g) Expense Recognition

Expenses are recorded using the accrual basis of accounting whereby expenses are recognized as they are incurred and measurable based upon receipt of goods and services and/or the legal obligation to pay.

(h) Revenue Recognition

Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as taxation for municipal purposes in the year they are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. Levies imposed by other taxing authorities are not included in the City's revenues.

Through the British Columbia Assessments' appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded.

User fees and other revenue

Charges for sewer and water usage are recorded as user fees and other revenue when the services are provided.

Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Government transfers are recorded as deferred revenue when transfer stipulations give rise to a liability and are recognized in the statement of operations as the stipulated liabilities are settled.

Development revenues

Receipts that are restricted by the legislation of senior governments or by agreement with external parties are a liability of the municipality and are reported as Restricted Revenues at the time they are received. When qualifying expenditures are incurred Restricted Revenues are brought into revenue as development revenue.

Investment income

Investment income is recorded on the accrual basis and recognized when earned. Investment income is allocated to various reserves and operating funds on a proportionate basis.

To the extent that financial instruments have no stated rate of return, investment income is recognized as it is received.

Contributed tangible capital assets

Subdivision developers are required to provide subdivision infrastructure such as streets, lighting, sidewalks, and drainage etc. Upon completion, these assets are turned over to the City. Contributed tangible capital assets are recorded at their estimated fair value at the time of contribution and are also recorded as revenue.

(i) Use of estimates/measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring use of management estimates relate to the useful lives of tangible capital assets, determination of employee future benefits, landfill closure and post closure obligations, the outcome of litigation and claims, and the percentage of completion of buildings and subdivision inspections. Actual results could differ from these estimates.

(j) Budget figures

The budget figures reported in the Consolidated Financial Statements represent the 2021 component of the Financial Plan Bylaw, No. 7727-2021, adopted by Council on May 11, 2021.

(k) Financial instruments

The City's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, recoverable local improvements, other assets, accounts payable and accrued liabilities, refundable performance deposits and 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.

(l) Cash and cash equivalents

Cash and cash equivalents are comprised of the amounts held in the City's bank accounts and investments with an original term to maturity of three months or less.

(m) Portfolio Investments

Investments with an original term to maturity of more than three months from the date of acquisition are reported as portfolio investments. Investments and pooled investments are reported using the cost method. Provisions for declines in the market value of investments are recorded when they are considered to be other than temporary. Declines in the market values of investments are considered to be other than temporary when the carrying value exceeds market value for more than three years.

(n) Basis of segmentation

Municipal services have been segmented by grouping services that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Interest expense is allocated to functions based on the purpose of specific borrowings.

(o) Employee future benefits

The City and its employees make contributions to the Municipal Pension Plan, and the employees accrue benefits under this plan based on service. The City's contributions are expensed as incurred. As this is a multi-employer plan, no liability is attributed to the City and no liability is recorded in the financial statements.

Sick leave benefits and retirement severance benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefit plans are accrued based on projected benefits prorated as the employees render services necessary to earn the future benefits.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1. Cash and cash equivalents

Cash and cash equivalents as at December 31, 2021 were comprised as follows:

	<u>Dec 31, 2021</u>	<u>Dec 31, 2020</u>
Cash	\$ 108,452,634	\$ 120,961,876
Cash equivalents	<u>8,079,158</u>	<u>10,000,000</u>
	<u>\$ 116,531,792</u>	<u>\$ 130,961,876</u>

Cash equivalents were comprised of a pooled mortgage fund or term deposits held at Canadian banking institutions with an effective interest rates of **4.82%** (1.90% for 2020).

2. Portfolio Investments

Portfolio investments include Canadian bank notes, Guaranteed Investment Certificates and BC Credit Union term deposits with effective interest rates of 0.85% - 2.69%. A portion of the bank notes held have interest payments linked to the performance of a set of equities or a financial index without stated or certain interest rates. In 2021 gains were \$Nil (\$319,170 for 2020).

The carrying value of Portfolio Investments at December 31, 2021 was **\$150,882,727** (\$90,320,234 for 2020). The market value at December 31, 2021 was **\$151,802,777** (\$90,540,977 for 2020).

3. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Property Taxes	\$ 5,594,269	\$ 6,824,750
Other Governments	3,178,097	1,394,155
General and Accrued Interest	4,257,060	4,320,952
Development Cost Charges	<u>3,395,482</u>	<u>2,660,826</u>
	16,424,908	15,200,683
Less: Allowance for Doubtful Accounts	<u>(186,896)</u>	<u>(168,099)</u>
	<u>\$ 16,238,012</u>	<u>\$ 15,032,584</u>

4. Recoverable Local Improvements

The City provides interim financing for certain geographically localized capital projects. It recovers these amounts from benefiting property owners. Interest rates are established at the outset of the process and are a function of borrowing rates at the time. Repayment is typically made over fifteen years.

5. Other Assets

Debt Reserve Fund:

The Municipal Finance Authority of British Columbia (MFA) provides capital financing for regional districts and their member municipalities. As part of each loan issuance, 1% of the gross debt proceeds are held back by the MFA to form the MFA's Debt Reserve Fund (DRF). The amounts in the DRF are held in trust for each borrower by the MFA, as protection against borrower default. Upon maturity of each debt issue, the DRF and any interest earned is discharged to the borrower. The City has estimated that there is only a remote possibility that these funds will not be recovered and therefore these funds have been included in Other Assets of **\$1,121,812** (\$814,397 for 2020).

6. Accounts Payable and Accrued Liabilities

	<u>2021</u>	<u>2020</u> (Restated-Note 24)
Accounts Payable:		
General	\$ 9,779,172	\$ 8,237,574
Other Governments	14,853,709	12,951,353
Salaries and Wages	<u>1,639,827</u>	<u>960,069</u>
	26,272,708	22,148,996
Accrued Liabilities:		
Landfill Liability	3,750,986	4,078,820
Vacation Pay	887,756	686,557
Other Employment Benefits	<u>1,124,066</u>	<u>1,133,523</u>
	<u>5,762,808</u>	<u>5,898,900</u>
	<u>\$ 32,035,516</u>	<u>\$ 28,047,896</u>

The City's Landfill closed in 1989 and legislation requires closure and post closure care of solid waste landfill sites. Closure is estimated to be completed in 2030 and includes final covering, landscaping, erosion control, leachate and gas management. Post closure requirements extend for 30 years beyond completion of the closure plan and includes inspection and maintenance of the final covering, ground water monitoring, gas management systems operations, inspections and annual reports.

The liability recognized in the consolidated financial statements is the present value of the expected future cash flows for the closure and post closure care activities and is subject to measurement uncertainty. The inflation rate used was 2.16% (2% for 2020) and the discount rate was 2.59% (2.43% for 2020). As at the Consolidated Financial Statement date the feasibility of a revised closure plan is being considered. Should a revised plan be approved by the provincial regulator, it is expected the liability will increase.

7. Contingencies and Commitments:

- (a) Where losses related to litigation are likely and can be reasonably estimated management accrues its best estimate of loss. These amounts are included in accounts payable and accrued liabilities.

There are various other claims by and against the City, the outcome of which cannot reasonably be estimated. Any ultimate settlements will be recorded in the year the settlements occur and are not expected to be material.

- (b) In 1998 the City entered into an agreement to purchase ice sheet time for five years commencing in 1999, with five five-year renewal options. In 2018, the agreement was renewed for an additional five-year period. The minimum annual payment due for the provision of ice time is \$706,000. Additional ice time is purchased separately. These payments are recorded as expenses when the ice time is provided.
- (c) The City is a shareholder and member of E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm") whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The city has 1 Class A share and 2 Class B shares (of a total of 36 Class A shares and 19 Class B shares issued and outstanding as of December 31, 2021).

As a class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date.

8. Deferred Revenues

Deferred revenues held by the City were comprised as follows:

	December 31, 2020	Additions	Revenue earned	December 31, 2021
Property taxes	\$ 7,631,955	\$ 16,481,461	\$ 15,524,180	\$ 8,589,236
Connection Revenues	1,481,290	1,119,944	759,740	1,841,494
Other	<u>6,173,153</u>	<u>5,441,923</u>	<u>3,980,106</u>	<u>7,634,970</u>
	<u>\$ 15,286,398</u>	<u>\$ 23,043,328</u>	<u>\$ 20,264,026</u>	<u>\$ 18,065,700</u>

9. Restricted Revenues

Restricted revenues held by the City were comprised as follows:

	December 31, 2020	Collections/Interest	Disbursements	December 31, 2021
Development cost charges	\$ 15,030,851	\$ 8,825,955	\$ (2,779,710)	\$ 21,077,096
Parkland acquisition charges	2,071,971	124,020	-	2,195,991
Other	<u>13,636,042</u>	<u>2,944,442</u>	<u>(1,770,458)</u>	<u>14,810,026</u>
	<u>\$ 30,738,864</u>	<u>\$ 11,894,417</u>	<u>\$ (4,550,168)</u>	<u>\$ 38,083,113</u>

10. Employee Future Benefits

The City provides employee future benefits in the form of severance benefits and vested and non-vested sick leave to qualifying employees. These benefits are not separately funded.

Severance benefits are cash settlements paid to employees who cease their employment with the City after a specified period of time. Employees hired before February 11, 1999 qualify for five days pay per year of employment, provided they either work a minimum of 20 years with the City or retire as defined by the Public Sector Pension Plan Act. Full time employees hired after February 11, 1999 qualify for 20 days pay provided they work a minimum of 10 years with the City and retire as defined by the Public Sector Pension Plan Act.

The City permits regular employees to accumulate up to 18 days per year of service for future illnesses up to a maximum of 250 days. For certain qualifying employees a portion of this benefit vests; for the balance, this benefit does not vest and cannot be converted to any other type of benefit.

An actuarial valuation of these benefits was performed to determine the City's liability and accrued benefit obligation as at December 31, 2021. The valuation resulted in a cumulative unamortized actuarial loss of **\$64,200** at December 31, 2021, (cumulative unamortized gain of \$30,300 for 2020). Actuarial gains or losses are amortized over the expected average remaining service life of employees. The benefit liability at December 31, 2021 was **\$3,145,300**, (\$3,348,200 for 2020) comprised as follows:

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation, beginning of year	\$ 3,317,900	\$ 3,329,400
Add: Current service costs	200,400	172,200
Interest on accrued benefit obligation	49,100	96,800
Actuarial loss	82,300	574,800
Less: Benefits paid during the year	<u>(440,200)</u>	<u>(855,300)</u>
Accrued benefit obligation, end of year	3,209,500	3,317,900
 Add: Unamortized actuarial (loss)/gain	 <u>(64,200)</u>	 <u>30,300</u>
Accrued Benefit liability	<u>3,145,300</u>	<u>3,348,200</u>

10. Employee Future Benefits (cont'd)

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	<u>2021</u>	<u>2020</u>
Discount rate (long-term borrowing rate)	2.25 %	1.50 %
Expected future inflation rate	2.00 %	2.00 %
Merit and inflationary wage and salary increases averaging	2.73 %	2.59 %
Estimated average remaining service life of employees (years)	12.0	11.0

11. Debt

The City obtains debt instruments through the Municipal Finance Authority (MFA), pursuant to security issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. Debt is reported net of Sinking Fund balances and interest expense is reported net of Sinking Fund earnings. During the year, the City's outstanding debt balance was reduced by a combination of direct principal payments and sinking fund earnings totaling **\$2,700,592** (\$2,614,854 for 2020). Interest payments for the year totalled **\$1,581,216** (\$1,220,765 for 2020).

The gross amount of debt less sinking fund installments and actuarial adjustments to date are as follows:

MFA Issue	Bylaw No.	Purpose	Rate	Due	Gross Debt	Cumulative Payments	2021 Debt Outstanding	2020 Debt Outstanding
93	6246	Downtown Civic Facilities	5.70%	2027	32,100,000	21,317,769	10,782,231	12,410,564
99	6246	Downtown Office Complex	5.00%	2026	16,300,000	11,048,247	5,251,753	6,207,226
121	6560	Animal Shelter	2.90%	2027	625,000	333,508	291,492	334,621
121	6559	Cemetery Expansion	2.90%	2037	1,520,000	389,978	1,130,022	1,180,454
121	6679	Cemetery Expansion	2.90%	2037	700,000	179,595	520,405	543,630
153	6558	Fire Hall #4	2.41%	2031	6,000,000	-	6,000,000	-
153	7370	Leisure Ctr. Reno	2.41%	2046	3,500,000	-	3,500,000	-
153	7371	Synthetic Field	2.41%	2046	7,000,000	-	7,000,000	-
153	7372	Albion Community Ctr.	2.41%	2046	8,500,000	-	8,500,000	-
153	7374	Hammond Community Ctr.	2.41%	2046	2,000,000	-	2,000,000	-
153	7376	MRSS Track Facility	2.41%	2046	2,000,000	-	2,000,000	-
					<u>80,245,000</u>	<u>33,269,097</u>	<u>46,975,903</u>	<u>20,676,495</u>

The following debenture debt amounts plus projected Sinking Fund earnings are payable over the next five years and thereafter are as follows:

	<u>Debt Payments</u>
2022	\$ 3,543,365
2023	3,590,639
2024	3,639,248
2025	3,689,229
2026	3,740,622
Thereafter	19,159,180
Sinking Fund earnings	<u>9,613,620</u>
	<u>\$ 46,975,903</u>

The City has the following authorized but unissued financing available as at December 31, 2021:

<u>L/A Bylaw</u>	<u>L/A Amount</u>	<u>L/A Bylaw</u>	<u>L/A Amount</u>
#6560	\$ 275,000	#6679	\$ 1,100,000
#7373	1,000,000	#7374	500,000
#7375	1,000,000	#7376	<u>500,000</u>
#7377	23,500,000		
	Total		<u>\$ 27,875,000</u>

12. Tangible Capital Assets

		Net book value	
		2021	2020
Land	\$	287,303,392	\$ 271,742,707
Buildings		85,896,611	77,357,035
Transportation network		216,622,442	216,737,333
Storm sewer system		222,817,744	222,065,866
Fleet and equipment		20,263,737	17,771,496
Technology		6,217,561	6,516,919
Water system		136,157,705	134,784,335
Sanitary sewer system		141,032,148	138,719,265
Other		38,013,710	36,752,632
	\$	<u>1,154,325,050</u>	\$ <u>1,122,447,588</u>

For additional information, see the Schedule of Tangible Capital Assets (Schedule 1)

During the year there were no write-downs of assets (2020 - \$Nil). In addition, the fair value of roads and related infrastructure, underground networks and land contributed to the City totaled **\$16,435,062** (\$21,023,012 for 2020) and was capitalized and recorded as revenue at the time of recognition.

Natural assets, works of art, artifacts, cultural and historic assets are not recorded as assets in these financial statements. The City controls various works of art and historical treasures including artifacts, paintings, sculptures and mosaics located at City sites and public display areas.

13. Undeveloped Land Bank

The City owns property in various areas identified for future growth in the Official Community Plan. These properties are not currently used in the provision of service to the citizens of Maple Ridge. The properties represent a strategic, non-renewable resource available for the advancement of Council's strategic plan.

14. Accumulated Surplus

Accumulated Surplus is comprised of operating surpluses and equity in tangible capital assets held in the general, sewer and water funds as well as reserves. Accumulated surplus for 2021 is **\$1,292,740,765** (\$1,259,078,406 for 2020) and is distributed as follows:

		2021	2020
Operating surplus	General	\$ 8,563,194	Restated - Note 24 \$ 6,662,021
	Sewer	5,966,930	6,270,330
	Water	<u>13,707,170</u>	<u>16,656,631</u>
		28,237,294	29,588,982
Equity in the capital funds	General	842,930,177	822,245,719
	Sewer	142,398,327	139,718,499
	Water	<u>139,437,695</u>	<u>138,119,026</u>
		1,124,766,199	1,100,083,244
Reserves	Funds	44,524,272	37,237,663
	Accounts	<u>95,213,000</u>	<u>92,168,517</u>
		139,737,272	129,406,180
Accumulated Surplus		<u>\$ 1,292,740,765</u>	<u>\$ 1,259,078,406</u>

15. Reserves

	December 31, 2020	Interest Allocated	Contributions/ Transfers	Use of Reserves	December 31, 2021
Reserve Funds					
Local Improvement	\$ 2,661,126	\$ 8,621	\$ -	\$ -	\$ 2,669,747
Equipment Replacement	18,496,667	101,465	3,445,707	(2,460,568)	19,583,271
Capital Works	10,565,706	57,966	5,552,549	-	16,176,221
Fire Department Capital Acquisition	3,546,671	17,449	1,927,755	(1,397,173)	4,094,702
Sanitary Sewer	1,198,573	7,169	21,462	-	1,227,204
Land	<u>768,920</u>	<u>4,207</u>	<u>-</u>	<u>-</u>	<u>773,127</u>
Total Reserve Funds	<u>37,237,663</u>	<u>196,877</u>	<u>10,947,473</u>	<u>(3,857,741)</u>	<u>44,524,272</u>
Reserve Accounts					
Specific Projects - Capital	15,969,700	-	927,402	(3,097,341)	13,799,761
Specific Projects - Operating	11,258,271	-	5,781,447	(7,192,834)	9,846,884
Self Insurance	734,261	3,287	45,000	(128,739)	653,809
Police Services	12,830,122	70,089	1,527,275	(4,680,522)	9,746,964
Fire Services	-	-	485,230	-	485,230
Core Development	2,812,203	13,139	5,749,667	(6,850,837)	1,724,172
Recycling	3,926,764	21,705	269,848	(111,423)	4,106,894
Community Safety Initiatives	906,857	-	-	(134,111)	772,746
Building Inspections	3,549,607	19,423	-	-	3,569,030
Gravel Extraction	891,383	4,982	19,992	(3,500)	912,857
Community Works (Gas Tax)	717,813	4,313	616,463	(372,013)	966,576
Facility Maintenance	120,587	4,039	2,125,000	(1,801,482)	448,144
Snow Removal	850,061	-	-	-	850,061
Park & Recreation Improvements	4,738,602	-	2,394,214	(1,822,795)	5,310,021
Cemetery Maintenance	164,517	-	92,323	-	256,840
Infrastructure Sustainability (Town Centre Bldgs)	6,280	-	762,211	(768,491)	-
Infrastructure Sustainability (Roads)	5,433,724	31,552	3,792,315	(3,842,173)	5,415,418
Infrastructure Sustainability (Drainage)	2,721,578	16,963	942,692	(339,640)	3,341,593
Drainage Improvements	4,214,589	27,578	2,000,239	(444,534)	5,797,872
Gaming Revenues	2,030,682	-	780,946	(558,132)	2,253,496
Self Insurance (Sewer)	165,436	-	6,504	-	171,940
Self Insurance (Water)	145,748	-	6,504	-	152,252
Specific Projects (Sewer)	10,116,388	-	5,310,469	(3,664,754)	11,762,103
Specific Projects (Water)	<u>7,863,344</u>	<u>-</u>	<u>8,560,325</u>	<u>(3,555,332)</u>	<u>12,868,337</u>
Total Reserve Accounts	<u>92,168,517</u>	<u>217,070</u>	<u>42,196,066</u>	<u>(39,368,653)</u>	<u>95,213,000</u>
Total Reserves	<u>\$ 129,406,180</u>	<u>413,947</u>	<u>53,143,539</u>	<u>(43,226,394)</u>	<u>139,737,272</u>

16. Property Tax Levies

In addition to its own tax levies, the City is required to collect taxes on behalf of various other taxing authorities. These include the provincial government for local school taxes, incorporated dyking districts located within the City and organizations providing regional services in which the City has become a member. Taxes levied for other agencies are not included in City revenues. Total tax levies were comprised as follows:

	2021	2021 Budget	2020
Municipal Tax Levies	\$ 99,296,699	\$ 99,130,772	\$ 94,914,905
Levies for other authorities			
School taxes	42,974,954	42,992,343	35,174,508
TransLink	8,277,785	8,280,503	7,617,871
British Columbia Assessment	1,259,526	1,259,644	1,210,627
Metro Vancouver Regional District	1,693,254	1,693,750	1,476,913
Dyking Districts	744,042	744,042	730,556
Municipal Finance Authority	<u>6,003</u>	<u>6,005</u>	<u>5,644</u>
Total Collections for Others	<u>54,955,564</u>	<u>54,976,287</u>	<u>46,216,119</u>
Total Tax Levies	<u>\$ 154,252,263</u>	<u>\$ 154,107,059</u>	<u>\$ 141,131,024</u>

17. Government Transfers

Government transfers recognized as revenues during the year were comprised of the following:

	2021			2020
	Capital	Operating	Total	Total
Federal Gov't	\$ 1,069,155	\$ 628,463	\$ 1,697,618	\$ 918,996
Provincial Gov't	355,064	2,163,197	2,518,261	8,204,151
TransLink	882,409	1,677,278	2,559,687	1,838,502
Other	25,564	2,000	27,564	43,324
Total	<u>\$ 2,332,192</u>	<u>\$ 4,470,938</u>	<u>\$ 6,803,130</u>	<u>\$ 11,004,973</u>

18. Trust Funds

Certain assets have been conveyed or assigned to the City to be administered as directed by an agreement or statute. The City holds the assets for the benefit of, and stands in a fiduciary relationship, to the beneficiary. The following trusts are excluded from the City's consolidated financial statements:

	Balance Dec 31, 2020	Interest Earned	Receipts	Disbursements	Balance Dec 31, 2021
Latecomer Fees	\$ 15,234	\$ -	\$ 161,803	\$ 177,037	\$ -
Cemetery Perpetual Care	1,335,821	13,433	74,961	13,433	1,410,782
Election Surplus	8,642	48	-	-	8,690
Metro Vancouver Sewer & Drainage District	733,732	-	2,441,899	953,565	2,222,066
TransLink	220,075	-	1,311,665	612,292	919,448
Road 13 Dyking District	1,443,905	-	173,639	196,564	1,420,980
Albion Dyking District	2,109,753	-	300,468	8,736	2,401,485
	<u>\$ 5,867,162</u>	<u>\$ 13,481</u>	<u>\$ 4,464,435</u>	<u>\$ 1,961,627</u>	<u>\$ 8,383,451</u>

19. Expenses and Expenditures by Object

	Operations	Capital Acquisitions	2021 Total	2021 Budget	2020 Total
Goods and services	\$ 70,531,201	\$ 40,189,670	\$ 110,720,871	\$ 267,807,617	\$ 114,417,344
Wages and salaries	50,488,315	819,944	51,308,259	54,630,845	45,198,372
Interest	1,630,317	-	1,630,317	2,300,942	1,317,565
Total	122,649,833	41,009,614	163,659,447	324,739,404	160,933,281
Amortization expenses	23,863,066	-	23,863,066	24,037,321	23,641,391
Contributed tangible capital assets	-	16,435,062	16,435,062	20,000,000	21,023,012
Total Expenses and Expenditures	<u>\$ 146,512,899</u>	<u>\$ 57,444,676</u>	<u>\$ 203,957,575</u>	<u>\$ 368,776,725</u>	<u>\$ 205,597,684</u>

20. Budget

Budget amounts represent the Financial Plan Bylaw adopted by Council on May 11, 2021. The Financial Plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues.

The following shows the reconciliation of the amounts presented on the financial statements to the approved budget:

Revenue

Taxation	\$ 99,130,772
User fees and other revenue	49,956,147
Other	49,984,737
Contributed subdivision infrastructure	<u>20,000,000</u>
Total Revenue	<u>219,071,656</u>

Expenses

Protective services	47,815,543
Transportation services	26,742,409
Recreation and cultural	26,535,488
Water utility	18,004,850
Sewer utility	14,930,985
General Government	22,083,435
Planning, public health and other	<u>7,867,485</u>
Total expenses	<u>163,980,195</u>

Annual Surplus **\$ 55,091,461**

Less:

Capital expenditures	204,796,530
Debt repayment	3,304,398

Add:

Interfund transfers	77,580,142
Amortization	24,037,321
Borrowing proceeds	<u>51,392,004</u>

Financial Plan Bylaw **\$ -**

21. Contractual Rights

There are a number of development projects in progress throughout the City where there is a requirement for the developer to provide infrastructure to the City, such as roads, sewers, sidewalks and street lighting. The estimated fair value of the infrastructure is recognized as "contributed tangible capital assets" revenue in these consolidated financial statements when the City accepts responsibility for the infrastructure. Estimated fair value is determined at the time the assets are recognized.

22. Municipal Pension Plan

The City of Maple Ridge and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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.

The most recent valuation for the Municipal Pension Plan as of December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City of Maple Ridge paid **\$3,848,908** (2020 \$3,672,047) for employer contributions while employees contributed **\$3,218,889** (2020 \$3,087,136) to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

23. Segmented Information

The City is a diversified municipal government entity in the province of British Columbia that provides a wide range of services to its citizens. Municipal services have been segmented by grouping activities that have similar service objectives (by function) and separately disclosed in the segment report. Where certain activities cannot be attributed to a specific segment they have been reported as unallocated. The segments and the services they provide are as follows:

Protective Services

Protective Services is comprised of the Ridge Meadows RCMP detachment, the Maple Ridge Fire Department, bylaw enforcement, inspection services and emergency services. Services provided by the segment are focused on protecting the citizens of Maple Ridge.

Transportation Services

Transportation Services is comprised of Engineering, Operations, Drainage and Roads. Services provided by the segment include the construction and maintenance of transportation related infrastructure.

Recreation and Cultural

Recreation and cultural services provides library services, access to recreation facilities and maintains and operates City parks.

Water Utility

The Water Utility, in conjunction with Metro Vancouver, provides safe, clean, reliable water to the residents and businesses of the City of Maple Ridge.

Sewer Utility

The Sewer Utility collects waste water and transports it to treatment plants operated by Metro Vancouver in addition to maintaining the sanitary sewer infrastructure.

23. Segmented Information (cont'd)

General Government

General Government provides administrative, legislative and support services for the City. Functions include financial planning and reporting, information technology, economic development and communications. Commercial operations are also included in this segment.

Planning, Public Health and Other

This segment is comprised of Planning, Recycling, Cemetery and Social Planning. Activities include land use guidelines, development of the City's official community plan, management of the recycling contract and improving the social well-being of the community.

Unallocated

Unallocated includes revenues that cannot be directly attributed to the activities of an identified functional segment.

24. Prior Period Adjustment

The City contracts its policing services to the Royal Canadian Mounted Police (RCMP). Over the past several years, the RCMP has been engaged with its members in the formation of their first collective agreement, which was ratified in August 2021. The newly formed collective agreement provides for retroactive pay to members for services starting in 2017. The City has not previously accrued for retroactive pay during the negotiations.

As the liability for retroactive pay is linked to the timing of service provision, the City has retroactively adjusted the Consolidated Financial Statements to reflect estimated prior year costs related to the new collective agreement.

The prior year comparative figures have been adjusted as follows:

	<u>Previously Reported</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Accumulated surplus - beginning of year	\$1,209,359,166	\$(2,482,649)	\$1,206,876,517
Accounts payable	23,613,524	4,434,372	28,047,896
Net financial assets	124,223,492	(4,434,372)	119,789,120
Expenses	134,535,402	1,951,723	136,487,125
Accumulated surplus - end of year	1,263,512,778	(4,434,372)	1,259,078,406

Segment Report

Consolidated Report of Segmented Revenue and Expenses

For the year ended December 31, 2021

	Protective Services	Transportation Services	Recreation and Cultural	Water Utility	Sewer Utility
Revenue					
Tax revenue	\$ -	\$ -	\$ -	\$ 143,675	\$ 988,855
Other revenues	5,973,439	509,180	2,035,266	20,448,105	14,109,201
Government transfers	1,634,867	3,189,959	1,031,558	-	499,593
Development revenue	2,998	1,676,683	1,949,106	139,031	940,634
Interest and investment income	-	-	-	-	-
Gaming Revenues					
Asset disposal gain(loss)	(4,723)	(877,632)	38,847	(184,408)	(535,309)
Contributed infrastructure	-	8,361,722	6,218,900	677,688	1,176,752
Total Revenue	7,606,581	12,859,912	11,273,677	21,224,091	17,179,726
Expenses					
Operating:					
Goods and services	23,292,538	4,551,798	9,578,753	12,276,298	10,018,700
Labour	19,432,264	6,349,505	8,155,771	1,734,338	610,128
Debt Servicing	108,964	-	948,472	-	-
Sub total	42,833,766	10,901,303	18,682,996	14,010,636	10,628,828
Amortization	2,216,076	11,897,416	2,580,227	2,746,906	2,766,521
Total Expenses	45,049,842	22,798,719	21,263,223	16,757,542	13,395,349
Excess (deficiency) of revenue over expenses	\$ (37,443,261)	\$ (9,938,807)	\$ (9,989,546)	\$ 4,466,549	\$ 3,784,377

General Government	Commercial Tower	Planning Public Health & Other	Unallocated	Total 2021 Actual	Total Budget	Total 2020 Actual Restated - Note 24
\$ -	\$ -	\$ 2,388,360	\$ 95,775,809	\$ 99,296,699	\$ 99,130,772	\$ 94,914,905
2,225,402	1,935,457	3,261,150	-	50,497,200	49,956,147	45,433,301
423,753	-	23,400	-	6,803,130	13,873,679	11,004,973
296,294	-	11,277	-	5,016,023	33,683,054	13,801,911
-	-	-	2,411,236	2,411,236	2,428,004	5,286,485
-	-	-	780,946	780,946	-	323,738
(1,553)	-	(260)	500,000	(1,065,038)	-	(3,099,311)
-	-	-	-	16,435,062	20,000,000	21,023,012
2,943,896	1,935,457	5,683,927	99,467,991	180,175,258	219,071,656	188,689,014
6,156,531	754,626	3,901,957	-	70,531,201	83,011,087	67,122,046
11,209,220	-	2,997,089	-	50,488,315	54,630,845	44,406,123
125,976	403,052	43,853	-	1,630,317	2,300,942	1,317,565
17,491,727	1,157,678	6,942,899	-	122,649,833	139,942,874	112,845,734
1,425,292	-	230,628	-	23,863,066	24,037,321	23,641,391
18,917,019	1,157,678	7,173,527	-	146,512,899	163,980,195	136,487,125
\$ (15,973,123)	\$ 777,779	\$ (1,489,600)	\$ 99,467,991	\$ 33,662,359	\$ 55,091,461	\$ 52,201,889

Schedule 1

Schedule of Tangible Capital Assets

For the year ended December 31, 2021

	Land ²	Building	Transportation Network	Storm System
Historical Cost ¹				
Opening cost	\$ 271,742,707	\$ 133,225,678	\$ 351,884,173	\$ 295,595,030
Additions	15,560,685	11,428,597	7,377,235	5,340,913
Disposals	-	(187,754)	(2,362,402)	(704,494)
	287,303,392	144,466,521	356,899,006	300,231,449
Accumulated Amortization				
Opening balance	-	55,868,643	135,146,840	73,529,164
Amortization expense	-	2,881,585	7,113,536	4,068,653
Effect of disposals	-	(180,318)	(1,983,812)	(184,112)
	-	58,569,910	140,276,564	77,413,705
Net Book Value as at December 31, 2021	<u>\$ 287,303,392</u>	<u>\$ 85,896,611</u>	<u>\$ 216,622,442</u>	<u>\$ 222,817,744</u>
Net Book Value as at December 31, 2020	\$ 271,742,707	\$ 77,357,035	\$ 216,737,333	\$ 222,065,866

¹ Historical cost includes work in progress at December 31, 2021 of **\$31,977,067** (\$20,064,975 for 2020) comprised of: Land \$614,988 (\$631,732 for 2020); Buildings \$20,275,525 (\$10,259,878 for 2020); Transportation network \$876,825 (\$806,550 for 2020); Storm system \$24,641 (\$180,344 for 2020); Fleet and equipment \$430,962 (\$169,640 for 2020); Technology \$177,218 (\$416,509 for 2020); Water system \$1,960,180 (\$2,383,718 for 2020); Sanitary system \$6,697,799 (\$5,039,278 for 2020); and Other \$918,930 (\$177,325 for 2020). Work in progress is not amortized.

² Additions to land are net of \$-Nil (\$-Nil for 2020) of land reclassified to inventory available for sale.

³ "Other" at net book value includes Furniture and Fixtures at \$967,734 (\$1,091,973 for 2020) and Structures at \$37,045,974 (\$35,660,657 for 2020)

Fleet and Equipment	Technology	Water System	Sanitary System	Other³	Total
\$ 33,722,110	\$ 15,227,025	\$ 176,010,509	\$ 192,366,192	\$ 54,919,553	\$ 1,524,692,977
4,454,888	879,355	4,135,138	5,629,791	2,638,074	57,444,676
<u>(473,485)</u>	<u>(125,666)</u>	<u>(325,140)</u>	<u>(1,138,525)</u>	<u>(272,469)</u>	<u>(5,589,935)</u>
37,703,513	15,980,714	179,820,507	196,857,458	57,285,158	1,576,547,718
15,950,614	8,710,106	41,226,174	53,646,927	18,166,921	402,245,389
1,922,056	1,176,648	2,577,358	2,756,068	1,367,162	23,863,066
<u>(432,894)</u>	<u>(123,601)</u>	<u>(140,730)</u>	<u>(577,685)</u>	<u>(262,635)</u>	<u>(3,885,787)</u>
<u>17,439,776</u>	<u>9,763,153</u>	<u>43,662,802</u>	<u>55,825,310</u>	<u>19,271,448</u>	<u>422,222,668</u>
<u>\$ 20,263,737</u>	<u>\$ 6,217,561</u>	<u>\$ 136,157,705</u>	<u>\$ 141,032,148</u>	<u>\$ 38,013,710</u>	<u>\$ 1,154,325,050</u>
\$ 17,771,496	\$ 6,516,919	\$ 134,784,335	\$ 138,719,265	\$ 36,752,632	\$ 1,122,447,588

Schedule 2

Schedule for BC Safe Restart Grant
For the year ended December 31, 2021
(unaudited)

Grant Received	
Balance of BC Safe Restart Grant	\$ 2,286,400
Application of Grant	
Lost revenue*	1,151,287
Operational adaptations**	<u>969,500</u>
Total Application	\$ <u>2,120,787</u>
Balance Remaining	\$ <u>165,613</u>

* Lost revenues are comprised of revenue shortfalls associated with the closure of City Recreation facilities

**Operational adaptations are comprised of expenditures incurred to facilitate remote work and meeting attendance for staff and Council, the installation of physical barriers in the workplace, increased cleaning and various other incremental costs.

City of Maple Ridge

Audit findings report to the Mayor and Council
for the year ended December 31, 2021

START

BDO

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To the Mayor and Council of City of Maple Ridge

We are pleased to provide you with the results of our audit of City of Maple Ridge's (the "City") consolidated financial statements for the year ended December 31, 2021.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

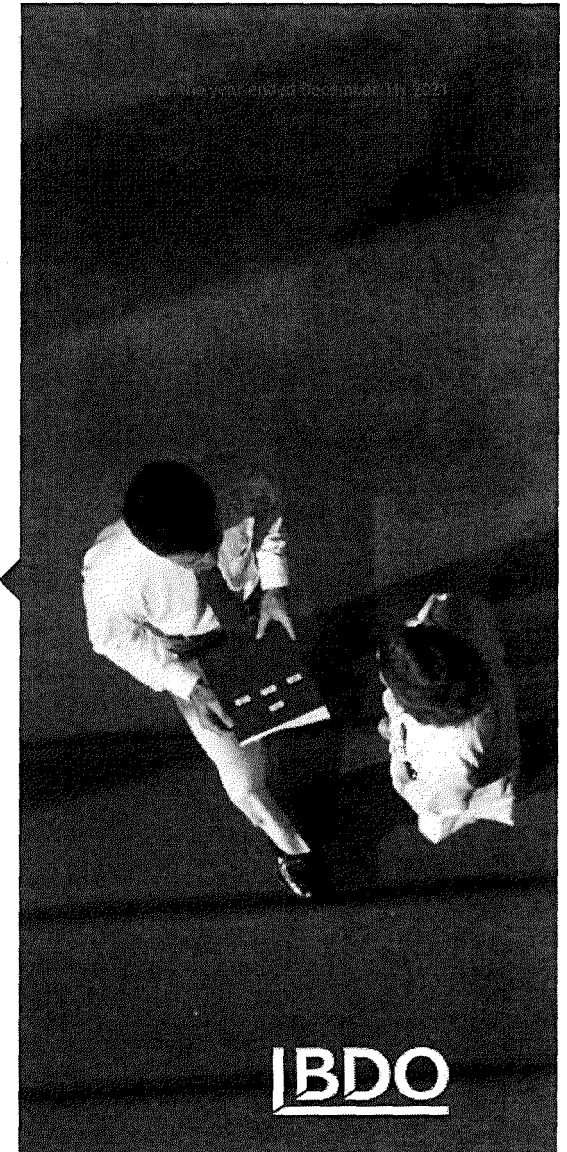
This report has been prepared solely for the use of the City's Mayor and Council and others within the organization, and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

BDO Canada LLP



For the year ended December 31, 2021

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Audit at a glance

Status of the Audit

We have substantially completed our audit of the consolidated financial statements for the year ended December 31, 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the consolidated financial statements are free from material misstatement.

Please refer to the draft consolidated financial statement package for a copy of our draft independent auditor's report.

Independence & Professional Ethics

Our Independence Letter is included in [Appendix B](#).

We have complied with relevant ethical requirements and confirm that we are independent with respect to the City within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Scope of our Work

The scope of the work performed was substantially the same as that described in our Planning Report to the Mayor and Council.

As communicated to you in our Planning Report, preliminary materiality for all items other than infrastructure was set at \$3.2m and materiality for infrastructure was set at \$22.5m. These levels are based on expenses and tangible capital assets, respectively, and were based on the prior year results with consideration for the current year's planned results.

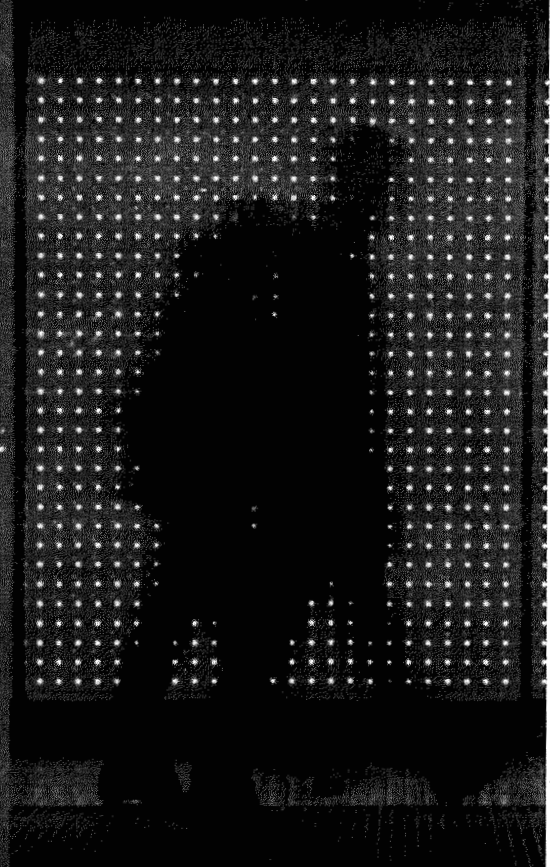
Final materiality for all items other than infrastructure has been revised to \$3m, and materiality for infrastructure has been revised to \$23m.

Auditor's Responsibility With Respect To Fraud

Our responsibilities with respect to fraud were communicated in our Planning Report to the Mayor and Council.

We are not aware of any fraud affecting the City. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

For the year ended December 31, 2021





Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the City's accounting practices, including accounting policies, accounting estimates and consolidated financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Risk of Fraudulent Revenue Recognition <i>[Rebuttable presumption]</i>	Auditing standards require us to consider the risk of fraudulent revenue recognition, due to the nature of the City's revenue, we have rebutted this presumption.	Grant funding received was confirmed through a review of agreements. We also ensured the revenue is recorded accurately in accordance with the settlement of any stipulations.
Recognition of Grant & Government Transfer Revenue	Nevertheless, accounting standards relating to grant and government transfer revenue recognition are complex and open to variation in application. There is a risk that grants or revenue derived from other government transfers may be incorrectly deferred into future periods or recognized prior to stipulations being met.	We reviewed the deferred revenue balances by examining supporting documentation and validate the accounting treatment. Other revenues streams also contain revenue recognition issues which we reviewed in with the context of the relevant revenue recognition standards. All audit testing was performed in this area as planned with no issues to report.
Management Override of Internal Controls <i>[Mandatory audit consideration]</i>	Management is generally in a unique position to perpetrate fraud because of its ability to directly or indirectly manipulate accounting records, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. This risk is not unique to the City.	We reviewed transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures. We reviewed the controls relating to processing of journal entries and examined a sample of journal entries subject to risk. All audit testing was performed in this area as planned with no issues to report where controls were overridden.



Internal control matters



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the City's consolidated financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the consolidated financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.

During the audit, we performed the following procedures regarding the City's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

We considered the results of these procedures in determining the extent and nature of audit testing required.

Management Letter

Please refer to [Appendix A](#) for observations we have made during the course of our audit, as well as best practice recommendations relating to these matters.

Audit differences

Unadjusted difference

	Increase (Decrease) - in \$			
	Assets	Liabilities	Opening Accumulated Surplus	Annual Surplus
To reflect developer contributed tangible capital assets that the City obtained control over during November-December 2020 as additions to the prior year (2020) accumulated surplus, instead of the current year (2021) annual surplus.				
<i>Dr. Developer contributed asset revenue</i>				(2,800,000)
<i>Cr. Opening accumulated surplus</i>			2,800,000	
Effect of prior year's reversing errors	-	-	-	-
Total unadjusted differences	-	-	\$2,800,000	(\$2,800,000)

Adjusted difference

During the year, a new collective bargaining agreement was finalized between The National Police Federation and The Royal Canadian Mounted Police. This agreement included provisions to retroactively increase pay rates for members of the RCMP between 2017 and 2021, and as a result, costs to the City for policing services provided in this time period increased. The RCMP had issued guidance in previous years that would have enabled a reasonable estimate (for accounting purposes) of these costs to have been made. Given that the services had been provided in each of these previous years, accounting standards require an estimate to have been made for the cost increases, and an accrued liability then be recognized in each prior accounting period.

Management has recorded an adjustment to reflect the amount of the cost increase pertaining to years prior to 2021 (approximately \$4.4m) as an adjustment to the opening accumulated surplus for each of the years ended December 31, 2021 and 2020. Please refer to Note 24 in the draft consolidated financial statements for a full summary of the impact of this adjustment on the consolidated financial statements.



How we audit financial statements

IDENTIFY AND ASSESS RISK

Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

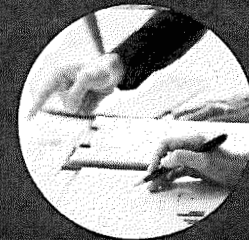
OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

REPORT

Communicate our opinion and details of matters on which we are required to report

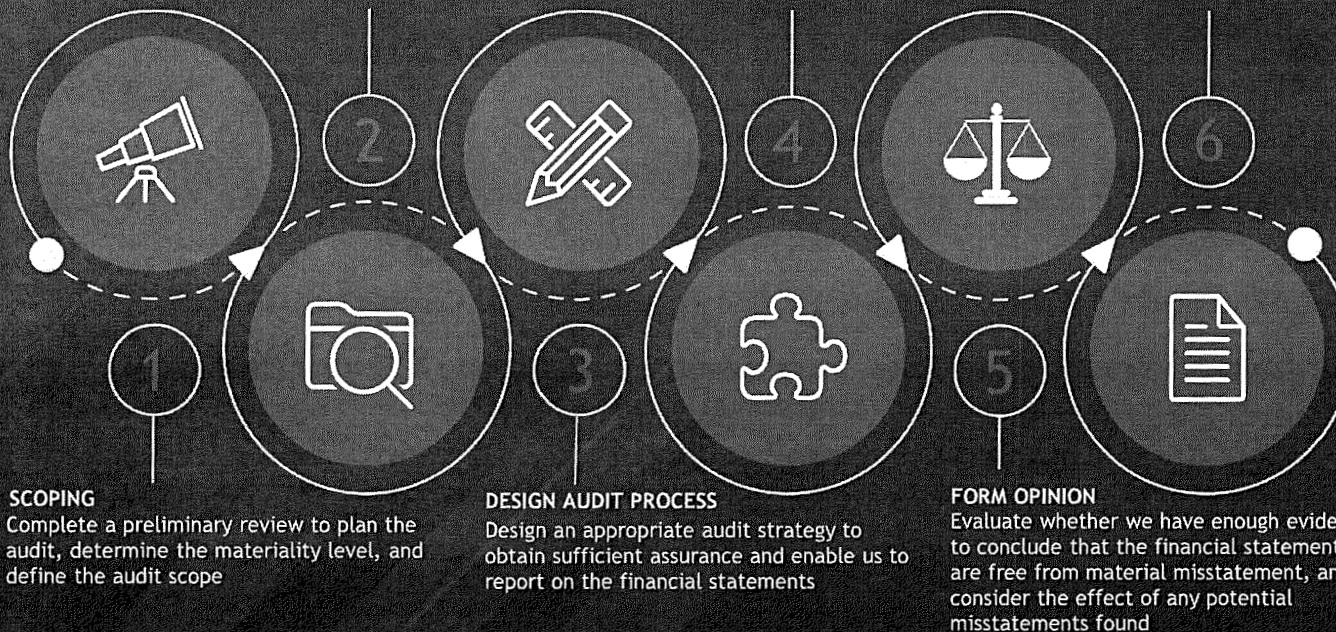
New Standard for Audit Quality



ISQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)





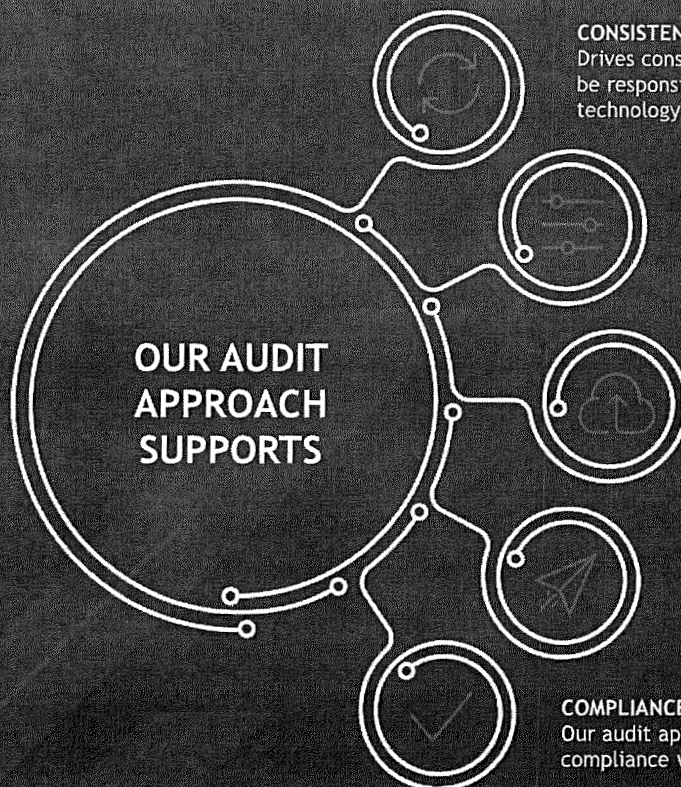
Your audit: Client-centricity in action

The cornerstone of each audit engagement is how we deliver our services.

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit, as well as a quick turnaround on any questions. It also helps our team gain a better understanding of your organization.

Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly.

We offer clients the full-service expertise of a national firm. Even more: As part of the global BDO network, we provide seamless and consistent cross-border services to clients with global needs. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from nearly 100 years of working within local communities.



CONSISTENCY

Drives consistency and quality in audit execution throughout BDO, enabling us to be responsive to your size and location needs, providing access to the latest technology solutions

CUSTOMIZATION

Providing sufficient flexibility to allow us to customize the scope of our work to meet your organizational needs, risk profile and changes

A DIGITAL APPROACH

We promote a paperless audit where we perform and document our audit and exchange information with you and your team using technology

EXCEPTIONAL DELIVERY

Using our highly trained teams, supported by state-of-the-art technologies and underpinned by an exceptionally intuitive audit methodology, to enable timely and efficient delivery of your audit

COMPLIANCE

Our audit approach and related technologies ensure compliance with Canadian Auditing Standards (CASs)

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For the year ended December 31, 2021



Appendices

- ▶ [Appendix A: Management Letter Point](#)
- ▶ [Appendix B: Independence Letter](#)
- ▶ [Appendix C: Representation letter](#)



Appendix A: Management Letter Point

Current Year Recommendations

We have not raised any new recommendations in the current year.

Update on Prior Year Recommendations

Records and Financial Management Software

We previously commented on two elements of City's information systems: tangible capital asset record keeping and document management. We had observed that the City's enterprise resource planning system ("ERP") is at the end of its useful life, and that this is impacting the City's ability to maintain complete and timely tangible capital asset records. We had recommended that the City begin investigating options to replace the current ERP system and consider a dedicated system for the management and planning of the City's infrastructure. We also recommended that the City consider incorporating a digital document storage solution alongside or within any new system implementation in order to reduce reliance on paper-based processes and storage.

In response, management previously noted the City's long-term capital program includes a provision to replace the City's financials systems in the near future, and that these recommendations will be considered within the scope of that plan.

We have not identified any further recommendations in relation to this matter throughout the course of the current year's audit engagement, but continue to emphasize the importance of this matter.

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Appendix B: Independence Letter



Tel: (604) 688-5421
Fax: (604) 688-5132
www.bdo.ca

BDO Canada LLP
1100 Royal Centre
1055 West Georgia Street
Vancouver, British Columbia
V6E 3P3

April 13, 2022

To the Mayor and Council
The City of Maple Ridge

Dear Mayor and Council:

We have been engaged to audit the consolidated financial statements of The City of Maple Ridge (the "City") for the year ended December 31, 2021.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the City and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute/order and applicable legislation, covering such matters as:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 27, 2021, the date of our last letter.

We are not aware of any relationships between the City and our Firm that, in our professional judgment may reasonably be thought to bear on independence that have occurred from April 27, 2021, to the date of this letter.

We hereby confirm that we are independent with respect to the City within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of the date of this letter.

This letter is intended solely for the use of the Mayor and Council, management and those charged with governance within the City and should not be used for any other purpose.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

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Appendix B: Representation letter

For the year ended December

City of Maple Ridge
11995 Haney Place
Maple Ridge, BC, V2X 6A9

[REPORT DATE]

BDO Canada LLP
Chartered Professional Accountants
1100 Royal Centre
1055 West Georgia Street
Vancouver, BC, V6E 3P3

This representation letter is provided in connection with your audit of the consolidated financial statements ("financial statements") of the City of Maple Ridge for the year ended December 31, 2021 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 14, 2019, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian public sector accounting standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially

affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- We will provide to you, when available and prior to issuance by the entity, the final version of the document(s) comprising the annual report.
- We have provided you all the relevant information in order to appropriately record and disclose the restatement made to correct a misstatement in the prior period financial statements that affect the comparative information. This restatement was for the accrual of retro pay for RCMP services.

Yours truly,

Scott Hartman, Chief Administrative Officer

Trevor Thompson, Director of Finance

Catherine Nolan, Corporate Controller