

Message from the Chief Financial Officer



On behalf of the Finance Department, I am honoured to present the 2019 Annual Report for the City of Maple Ridge. This report includes the Audit Report from BDO Canada LLP, the Consolidated Financial Statements and supplementary information for the fiscal year ended December 31, 2019.

Maple Ridge continues to demonstrate its commitment and expertise in financial management. Our 2018 Annual Report received the Government Finance Officer's Association's (GFOA) Canadian Award for Financial Reporting, an award that recognizes local governments across Canada that produce high quality financial reports. This was the 29th consecutive year that Maple Ridge received this award and the longest standing in Canada.

The purpose of the Annual Report is to provide insight into the financial results for our fiscal year ended December 31, 2019. For your convenience, it is divided into three sections:

1. Introductory Section – Provides an overview of Council's strategic direction and the economic and administrative context in which the City operates.
2. Financial Section – Presents the Consolidated Financial Statements, accompanying notes and supplementary information and the independent auditor's report. Statistics Section – Presents statistical and financial information on a multi-year comparative basis.

Local government financial statements are intended to assist readers to evaluate how public resources are being managed. They compare the deployment of financial resources against budget and previous year's results.

As required under British Columbia's Community Charter, this Annual Report contains comprehensive information about the goals and objectives within the focus areas identified by Council. The 2018 Strategic Direction & Progress Report on page 9 communicates performance towards the achievement of these goals and objectives during the year.

A new four year Council term commenced November 2018. With a strong focus on governance, Council soon began updating the Strategic Plan. Performance measures will be reviewed and aligned to reflect the City of Maple Ridge 2019-2022 Strategic Plan.

Year in Review

One of the most notable accomplishments is the significant investment in synthetic fields and progress on other recreation infrastructure including the complete refresh of the Leisure Centre's pool.

Similar to other communities, homelessness, mental health and opioid addiction is of great concern. While it falls under the responsibility of senior levels of government, certainly every community is impacted by the negative behaviours and has a role in mitigating these impacts.

Economic Climate

Subsequent to 2019 year end and prior to issuing the financial statements, the Covid-19 pandemic has caused the largest global recession since the Great Depression. A large portion of the world is in various stages of lockdown or has imposed restricted economic activity and movement of goods. Governments are taking action to support citizens, businesses and create market liquidity.

The United States, Canada's largest trading partner, is focused on domestic market protectionism. Recently there has been a focused effort to repatriate production and secure supply chains.

In Canada, there has been both monetary stimulus and many other fiscal measures taken to lessen the implications of the economic impacts of the pandemic. Social distancing has proved effective and elements of this will likely be incorporated into how businesses need to operate.

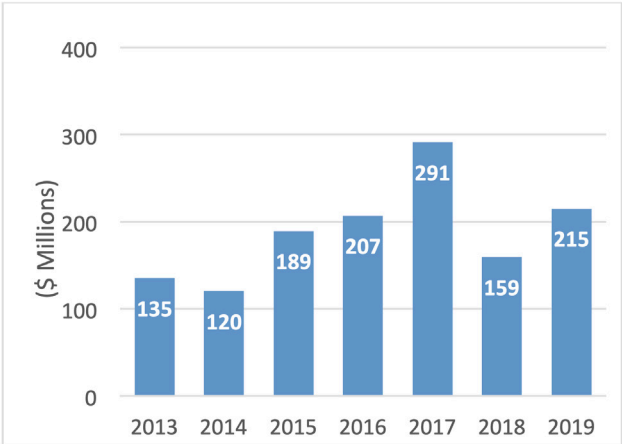
In Maple Ridge citizens, businesses, the hospital, the school district and municipality have been greatly impacted. The municipality, to comply with provincial direction, has closed recreation facilities and cancelled programs.

At the time of writing this, City Hall is still closed to the public but work and many services are still being performed. Public interaction is different, typically through phone, email, online and the use of the drop box for physical material. The reopening and introduction of nonessential services will be measured, following protocols provided by senior levels of government, ensuring the safety of citizens and staff is not compromised.

There is much optimism in the markets and likely we will see economic activity increase quickly as restrictions are eased. The global trade environment continues to be uncertain with trends towards a protectionist measures.

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Maple Ridge Construction Values



The economic base in Maple Ridge has remained relatively stable over the past number of years. Maple Ridge business licences have also remained relatively stable. Business licences are issued for commercial, home-based and non-residential businesses. The City conducted commercial and industrial studies to ensure land is available to accommodate future growth.

Risk Management

Risks to Municipal operations are assessed on an ongoing basis and risk management strategies are revised or developed in response to experience, changes in operations or relevant legislation. Each year, Council approves an inspection standard that sets the frequency and methodology for inspection of Municipal assets during the year within Financial Plan provisions. Maple Ridge insures its operations through a combination of risk transfer through purchased insurance, membership in the Municipal Insurance Association (MIA) and risk retention through the use of self-insurance reserves.

The following discussion identifies risks that could affect the City’s financial position or future operations.

Regional Partnerships

Maple Ridge provides sewer and water services to residents through its membership in the Regional District (Metro Vancouver) and related entities. The City does not control the financial operations of Metro Vancouver, but is proportionately responsible for their costs through annual levies and service payments. Changes in the financial needs of these entities can affect the user fees charged to Maple Ridge taxpayers. Wherever possible, Maple Ridge attempts to smooth the potential impacts of cost increases from the Regional District by using a rate stabilization policy. This policy factors the effects of long-range regional plans into our rate structure.

Disaster Response and Recovery

Events such as an earthquake, extreme weather or technology failure could have an impact on both the community and on City operations. As part of the City’s Emergency Management Program, preparedness plans are in place and are exercised regularly to help us prepare for a disaster.

The Business and Financial Planning Process

Maple Ridge has developed comprehensive business planning guidelines for use in the financial planning process. These guidelines are updated annually and are intended to assist Council with the difficult task of resource allocation.

Departmental business plans communicate alignment with Council’s priorities and identify:

- Goals and objectives
- Service levels and service delivery options
- Resource distribution
- Performance measures
- Capital program and associated operating costs
- Potential new revenue sources
- Incremental spending requests

The financial planning process is also guided by a Financial Sustainability Plan, a group of 13 policies designed to position the City to meet financial obligations, while ensuring that residents can look forward to equitable and affordable taxation.

Business and Financial Plan review sessions are open to the public and provide opportunities for individuals to ask questions of Council on decisions or to make submissions on all programs.

Under the British Columbia Community Charter, the City is required to adopt a Five-Year Financial Plan. This long-term approach to financial planning allows Council and the community to consider the impact that current decisions will have on future financial flexibility. Each year, Council adopts a Financial Plan based on the best information available at the time. The plan is updated each May, prior to setting the property tax rates, to reflect any changes that have occurred since the last plan was adopted.

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Council adopted a five-year Financial Plan Bylaw for the years 2019 – 2023. The key financial implications of this budget include:

- Property tax increases totalling 3.6% in 2019, included 1.9% for general purposes, 0.7% for infrastructure replacement, 0.6% for Parks, Recreation & Cultural Levy and 0.3% for Storm Water Levy
- Water Levy increase was set at 4.50% annually
- Sewer Levy increase was set at 8.5% annually
- Recycling Levy Increase was set at 2.75% annually
- The new property tax revenue assumptions due to new construction was 1.75% to 1.90% per year.

Outlook

The 2020-2024 Financial Plan reflects Council's strategic direction including staffing changes to deliver on the strategic plan and the continuing commitment to maintaining our infrastructure with property tax increases for infrastructure sustainability.

In May of 2020, Council adopted an amended Financial Plan Bylaw for 2020-2024 that reflected current information from BC Assessment about growth in the community.

The plan includes significant capital expenditures to address infrastructure needs in the community including recreation facilities. Overall, the City's financial condition remains strong, with growth expected in the assessment base, a strong business planning process, financial reserves and available debt servicing capacity.

We are already seeing some economic recovery of the implications of COVID-19 diminishing with easing restrictions and the reopening of more sectors of the economy. With the financial supports from senior levels of government, much of the short term implications have been reduced, however, significant uncertainty remains both on short and long term implications.

The challenges that we continue to monitor and address in our Financial Plans include:

- Impact of the economy on real growth and development related revenues
- Growth-driven increases in operating costs
- A predominately residential assessment base that continues to grow faster than the commercial and industrial sector
- Increasing costs from the Regional District for sewer and water
- Providing for the future replacement of infrastructure
- Balancing service levels and affordability

Business planning for 2021-2025 is just beginning with Council to discuss the parameters to deliver on the strategic direction and focus areas. Council governs this process and staff prepare business plans to deliver on this direction.

Conclusion

I would like to take this opportunity to thank members of Council, the Corporate Management Team and all City employees for their direction and dedication in achieving our 2019 results. The reason for our success is the strong commitment to excellence by our employees, in all that they do, to best serve the citizens of Maple Ridge.



Trevor Thompson, BBA, CPA, CGA
Chief Financial Officer

July 6, 2020