

# Staff Report to Council

Financial Services

FILE: 05-1680-01/25

**REPORT DATE:** April 28, 2025

**MEETING DATE:**

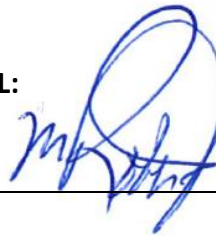
May 06, 2025

**TO:** Mayor and Council

**FROM:** Laura Barroetavena

**SUBJECT:** 2024 Financial Statements and Audit Results

**CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:**



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## RECOMMENDATION(S):

THAT Council:

- A. Accept the City's 2024 financial statements and direct the Mayor and Director of Financial Services to sign the Consolidated Statement of Financial Position and forward the completed financial statements to the province as required by May 15, 2025; AND
  - B. Direct staff to present the City's 2024 financial statements along with the 2024 annual report at the June 24, 2025 Council meeting; OR
  - C. Other.
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## PURPOSE

The purpose of this report is to present to Council the City's 2024 financial statements to Council.

☐ Information Report

☒ Decision Report

☐ Direction Report

## DISCUSSION

### Background:

The preparation of the financial statements and related information is the responsibility of City Council and the management of the City of Pitt Meadows. It is intended to provide reliable and accurate financial information on the state and health of the City's finances.

The City's auditors, KPMG LLP (KPMG) have conducted the audit and issued an unmodified audit report on the 2024 Consolidated Financial Statements.

**Relevant Policy, Bylaw or Legislation:**

The Community Charter Section 167 stipulates the municipal financial statements for a fiscal year must be presented to Council for its acceptance and by May 15 the audited statements must be submitted to the Inspector of Municipalities.

**Analysis:**

During the months of November 2024 to March 2025 Financial Services and Payroll staff performed a variety of yearend process duties that culminated into the preparation of the draft 2024 financial statement package. The draft statements were provided to the City’s auditors who conducted their final audit in April 2025.

The objective of the audit is to obtain reasonable assurance the financial statements are free from material misstatement. Therefore, an audit requires testing transactions and balances, review of internal control systems, as well as discussions with staff at various levels throughout the organization. Resulting from the audit, KPMG have issued an unmodified audit report for the fiscal year ended December 31, 2024.

The Chief Financial Officer Letter of Transmittal (Attachment A) and the 2024 Audited Financial Statements (Attachment B) are attached to this report. Below are excerpts from the letter of transmittal that will provide an overview of the key elements of the consolidated financial statements.

**Statement of Financial Position**

*(\$ millions)*

	2024 Actual (\$)	2023 Actual (\$)	Year Over Year Change (\$)
Net Financial Assets	34.9	34.2	0.7
Non-Financial Assets	221.4	212.0	9.4
Accumulated Surplus	256.3	246.2	10.1

The City’s financial position continued to be healthy throughout 2024 with an annual surplus of \$10.1million (2023 \$11.0 million), bringing Accumulated Surplus to \$256.3 million. The accumulated surplus on the Consolidated Statement of Financial Position is a key measure of the City of Pitt Meadows’ financial strength and long-term sustainability. Accumulated surplus consists of Net Financial Assets and Non-Financial Assets.

**Statement of Operations**  
(\$ millions)

	2024 Budget (\$)	2024 Actual (\$)	2023 Actual (\$)	Budget Variance (\$)	Year Over Year Change
<b>Revenues</b>	69.9	59.9	57.7	(10.0)	2.2
<b>Expenses</b>	49.9	49.8	46.7	(0.1)	3.1
<b>Annual Surplus</b>	20.0	10.1	11.0	(10.1)	(0.9)

The Annual Surplus of \$10.1 million, which is the excess of revenues less expenditures, is lower than the \$20.0 million budgeted surplus.

Consolidated revenue of \$59.9 million is lower than the \$69.9 million budgeted revenue, which is mainly attributed to contributions from development cost charges associated with capital projects, carried forward to 2025.

Consolidated expenses of \$49.8 million across all City functions and services was lower than the budget by \$0.1 million. This is primarily due to lower water consumption and RCMP vacancy savings, offset by increased asset amortization associated with the cost of new and replaced infrastructure.

**Operating Fund Surpluses/(Deficits)**  
(\$ thousands)

Note #	Operating Fund	Surplus/Deficit (\$)
<b>1</b>	General	1,404
<b>2</b>	Water	469
<b>3</b>	Sewer	81
<b>4</b>	Drainage	209
<b>5</b>	Solid Waste	(56)

Key highlights of the operating results for each of the operating funds are:

1. General Fund - \$1.404 million surplus is represented by:

Surplus/ (Deficit)	Description
\$1,236K	Investment Interest
\$474K	RCMP surplus
\$228K	Property Tax Growth Revenue - Golden Ears Business Park phase 4
(\$234K)	Provision to Carry forward Year End Position vacancy savings
(\$122K)	Four Flex Firefighters – hiring delay/backfill costs net of other savings
(\$115K)	Repairs and Maintenance – line painting, traffic signs, and right of ways
(\$48K)	Facilities – Fire hall and Works yard
\$15K	Net Surplus from all other City services

Significant variances contributing to the General Fund Surplus are explained as follows:

*Investment Interest* – higher interest income resulted from redeeming investments and redirecting funds to high interest savings accounts as well as the City’s chequing account, which were providing higher interest rate and better liquidity. This revenue is considered volatile and affected by market conditions.

*RCMP surplus* – Consistent with previous years, this amount reflects 50% of the RCMP Surplus in 2024, resulting from unplanned vacancies experienced in the year. The other 50% of the surplus has been allocated to the RCMP reserve.

*Property Tax Growth* – higher than budgeted revenues resulted from additional development of phase 4 of the Golden Ears Business Park, which included revenue that had been budgeted in 2023 but did not materialize until 2024.

*Provision to Carry Forward Position vacancy savings* –as a result of vacancies experienced in 2024, a carry forward amount has been set aside to address the accumulation of work that remains outstanding as a result of unfilled positions in 2024.

*Four Flex Firefighters* - The delay in hiring the approved four (4) flex fire fighters in 2024, which was part of the collective bargaining process, resulted in higher backfill costs to allow for four fire fighters to safely tend to incidents while following best practice, as well as meet the new WorkSafe BC regulations effective April 2024.

In total, backfill costs amounted to \$314K over budget, with sick time and overtime amounting to an additional \$41K over budget. These higher costs were offset with savings related to Paid-on-call services (\$71K), Protective Equipment, small tools, and other equipment (\$110K), Repairs and maintenance and fees for service (\$23K), Uniforms and other employee expenses (\$18K), other expense net savings (\$11K), to arrive at the \$122K budget overspend.

2. Water Fund – The \$469K surplus is comprised of:

- \$790K lower water purchase from Metro Vancouver
- \$255K higher Flat Rate growth revenue
- (\$436K) lower Metered revenue
- (\$73K) higher Meter Servicing and PRV Servicing costs
- (\$67K) higher water infrastructure maintenance and materials costs

With the ongoing implementation of various initiatives identified in the water services review, costs and revenues related to the water fund are expected to be volatile as modifications to the fund model, processes, and controls continue to be introduced to achieve a self-sustainable fund.

Staff will continue to monitor the water fund and work closely with Metro Vancouver to continue to refine estimates that support a cost recovery model with respect to the annual water purchase

Leak detection, meter replacements, and water consumption analysis will continue as part of the City's mitigating strategy to negate future water fund deficits. This will include reviewing the water asset infrastructure network, along with its connections, and meters.

Lastly, consideration for a universal water metering program and education about water conservation will be ongoing and assessed regularly. The decision to move to seasonal rates would be part of this consideration and communication strategy.

3. Sewer Fund – The \$81K surplus is comprised of:

- \$12K higher growth revenue
- \$69K net savings in servicing pump stations and collection, mainly attributable to vacancy savings

4. Drainage Fund – The \$209K surplus is comprised of:

- \$9.6K growth revenue
- \$107K savings in culvert, ditch, and pump station maintenance mainly attributable to position vacancies
- \$86K savings related to invasive species management costs
- \$6.4K net other savings.

5. Solid Waste – The (\$56K) deficit is comprised of:

- \$3K growth revenue higher than estimated
- (\$14K) higher Garbage and Green Waste collection and tipping fees than estimated
- (\$9K) illegal waste pick-up
- (\$36K) higher maintenance and operational supplies than estimated

#### **Other Information:**

KPMG have provided the draft auditors' report (Attachment B) which presents their opinion on the consolidated financial statements being a fair representation of the City's financial position.

For further details, KPMG have prepared their Audit Findings report (Attachment C). The report outlines the audit status, audit findings and current emerging issues, if any, in auditing and financial reporting.

A new accounting standard, PS3400 Revenue, effective for the City's 2024 fiscal year, was adopted and establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and measurement. The impact of the adoption of this new standard

resulted in the deferral of approximately \$23K in revenues and has been disclosed in note 2 of the financial statements.

### **COUNCIL STRATEGIC PLAN ALIGNMENT**

- ☐ Principled Governance    ☐ Balanced Economic Prosperity    ☐ Infrastructure  
☐ Community Spirit & Wellbeing    ☒ Corporate Pride    ☐ Public Safety  
☐ Not Applicable

The 2024 Consolidated Financial Statements present the City's financial position and demonstrate responsible financial management.

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### **WORKPLAN IMPLICATIONS**

- ☒ Already accounted for in department workplan / no adjustments required  
☐ Emergent issue / will require deferral of other priority(ies)  
☐ Other

The preparation of the 2024 financial statements and audit process were accounted for in the City's workplan.

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### **FINANCIAL IMPLICATIONS**

- ☐ None    ☐ Budget Previously Approved    ☐ Referral to Business Planning  
☒ Other

Necessary amendments to the 2024 Financial Plan Bylaw, as identified by staff in Council reports or during the yearend process, including those provided to Council during the 2024 8 month budget review, will be brought to Council in June 2025, with a covering report outlining the significant items. None of the amendments will affect taxation and will involve funding from reserves for 2024 only.

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### **PUBLIC PARTICIPATION**

- ☒ Inform    ☐ Consult    ☐ Involve    ☐ Collaborate    ☐ Empower

Comment(s):

Upon receipt of Council direction the financial statements will be signed and submitted to the province by May 15, 2025, posted on the City website and incorporated into the 2024 Annual Report.

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**KATZIE FIRST NATION CONSIDERATIONS**

Referral    ☐ Yes    ☒ No    ☐ Other

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**SIGN-OFFS****Written by:**

Laura Barroetavena,  
Director of Financial Services

**Reviewed by:**

Mark Roberts,  
Chief Administrative Officer

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**ATTACHMENT(S):**

- A. CFO City Letter of Transmittal
- B. KPMG LLP Draft Auditor Report with 2024 Draft Financial Statements
- C. KPMG LLP Audit Findings Report