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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Pitt Meadows

Opinion

We have audited the consolidated financial statements of the City of Pitt Meadows (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes and Schedule 1 to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2021, and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants

Chilliwack, Canada

[Date]

Consolidated Statement of Financial Position

As At December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash and Cash Equivalents	\$ 20,889,244	\$ 18,625,707
Portfolio Investments (Note 2)	42,535,291	42,553,421
Accounts Receivable (Note 3)	11,027,222	5,268,234
	<u>74,451,757</u>	<u>66,447,362</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 4)	9,652,940	10,219,193
Refundable Deposits (Note 5)	3,992,681	3,755,628
Deferred Revenue (Note 6)	3,862,321	2,733,759
Employee Benefit Liability (Note 7)	937,000	858,200
Development Cost Charges (Note 8)	16,375,649	12,991,623
Debt (Note 9)	4,269,439	4,684,820
	<u>39,090,030</u>	<u>35,243,223</u>
Net Financial Assets	<u>35,361,727</u>	<u>31,204,139</u>
Non-Financial Assets		
Tangible Capital Assets (Note 10)	192,797,184	183,789,567
Inventories of Supplies	237,485	240,613
Prepaid Expenses & Leases	1,581,852	1,750,213
	<u>194,616,521</u>	<u>185,780,393</u>
Accumulated Surplus (Note 11)	<u>\$ 229,978,248</u>	<u>\$ 216,984,532</u>

Contingent Liabilities and Commitments (Note 13)

Contractual rights (Note 15)

Impact of COVID-19 (Note 19)

See accompanying Notes to the Consolidated Financial Statements.

Cheryl Harding, Director of Financial Services

Bill Dingwall, Mayor

Consolidated Statement of Operations

Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 17)	2021 Actual	2020 Actual
Revenues			
Municipal Property Taxes (Note 16)	\$ 25,293,200	\$ 25,528,604	\$ 23,894,950
Utility Charges	11,032,000	11,146,633	10,377,283
Sale of Services	1,425,600	2,052,652	1,919,816
Licences, Permits, Penalties, and Fines	2,338,500	2,632,863	1,904,777
Investment Income	455,900	424,276	425,367
Other Revenue	483,600	473,429	427,731
Government Transfers (Note 14)	1,440,600	1,531,328	6,231,794
Contributions	9,662,700	8,335,118	1,568,401
	<u>52,132,100</u>	<u>52,124,903</u>	<u>46,750,119</u>
Expenses			
General Government Services	5,621,339	5,868,782	5,918,428
Protective Services	9,220,717	9,574,516	9,237,770
Transportation Services	4,099,073	4,283,394	4,043,227
Solid Waste Services	1,064,600	1,094,823	1,062,507
Water Services	4,273,220	4,840,453	3,943,588
Sewer Services	2,436,103	2,419,930	2,458,274
Drainage Services	2,107,012	2,300,300	1,932,647
Diking Services	191,776	183,040	595,283
Development Services	905,561	906,630	815,883
Parks, Recreation and Cultural Services	7,652,577	7,659,319	6,572,188
	<u>37,571,978</u>	<u>39,131,187</u>	<u>36,579,795</u>
Annual Surplus	<u>\$ 14,560,122</u>	<u>\$ 12,993,716</u>	<u>\$ 10,170,324</u>
Accumulated Surplus, Beginning of Year	<u>216,984,532</u>	<u>216,984,532</u>	<u>206,814,208</u>
Accumulated Surplus, End of Year	<u>\$ 231,544,654</u>	<u>\$ 229,978,248</u>	<u>\$ 216,984,532</u>

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 17)	2021 Actual	2020 Actual
Annual Surplus	\$ 14,560,122	\$ 12,993,716	\$ 10,170,324
Tangible Capital Assets			
Acquisition	(30,734,822)	(15,015,533)	(9,557,126)
Amortization	5,260,500	5,827,321	5,537,635
Loss on disposal	-	180,595	491,642
Write-down	-	-	16,249
	(25,474,322)	(9,007,617)	(3,511,600)
Inventories of Supplies			
Acquisition	-	(222,024)	(222,024)
Use	-	225,152	225,886
	-	3,128	3,862
Prepaid Expenses & Lease			
Acquisition	-	(297,318)	(463,425)
Use	-	465,679	380,894
	-	168,361	(82,531)
Increase (Decrease) in Net Financial Assets	(10,914,200)	4,157,588	6,580,055
Net Financial Assets, Beginning of Year	31,204,139	31,204,139	24,624,084
Net Financial Assets, End of Year	\$ 20,289,939	\$ 35,361,727	\$ 31,204,139

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flow

Year Ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating Activities		
Annual Surplus	\$ 12,993,716	\$ 10,170,324
Items not utilizing cash:		
Development Cost Charge Revenue Recognized (Note 8)	(3,543,230)	(22,312)
Amortization	5,827,321	5,537,635
Write-down of Tangible Capital Assets	-	16,249
Loss on Disposal of Tangible Capital Assets	180,595	491,642
Change in non-cash assets and liabilities:		
Accounts Receivable	(5,758,988)	662,424
Accounts Payable and Accrued Liabilities	(566,253)	4,751,296
Refundable Performance Deposits	237,053	1,066,928
Deferred Revenue	1,128,562	(976,106)
Employee Benefit Liability	78,800	77,700
Inventories of Supplies	3,128	3,862
Prepaid Expenses & Lease	168,361	(82,531)
Cash Provided by Operating Activities	10,749,065	21,697,111
Capital Activities		
Cash Used to Acquire Tangible Capital Assets	(15,015,533)	(9,557,126)
Cash Used in Capital Activities	(15,015,533)	(9,557,126)
Investing Activities		
Purchase of Investments	(4,909,087)	(25,799,829)
Redemption of Investments	4,927,217	23,829,620
Cash Provided (Used) in Investing Activities	18,130	(1,970,209)
Financing Activities		
Development Cost Charge Receipts and Interest	6,927,256	228,575
Repayment of Long Term Debt	(415,381)	(400,543)
Cash Provided (Used) in Financing Activities	6,511,875	(171,968)
Increase in Cash and Cash Equivalents	2,263,537	9,997,808
Cash and Cash Equivalents, Beginning of Year	18,625,707	8,627,899
Cash and Cash Equivalents, End of Year	\$ 20,889,244	\$ 18,625,707

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

The City was incorporated as a District Municipality in 1914 under the *Municipal Act* (now a combination of the *Community Charter* and the *Local Government Act*), a statute of the Province of British Columbia. Effective January 1, 2007, the articles of incorporation of the municipality were changed by an Order in Council of the provincial government to reflect a change in its name to the City of Pitt Meadows. Its principal activities include the provision of local government services to the residents of the incorporated area. These services include community planning, protective, transportation, recreational & cultural, solid waste, water, sewer, drainage diking services and general government.

I. Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements of the City of Pitt Meadows are prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity which is comprised of all organizations that are controlled or owned by the City, including the Pitt Meadows Economic Development Corporation which was incorporated on March 5, 2010 and is currently inactive. Inter-entity balances and transactions have been eliminated on consolidation.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, bank balances, highly liquid money market investments and short-term investments with maturities of less than 90 days at acquisition.

(c) Portfolio Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investment. Investments are written down when there is considered to be a permanent decline in value.

(d) Deferred Revenue

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed or related expenditures are incurred.

(e) Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met, and the amount to be received can be reasonably estimated except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(f) Debt

Debt is recorded net of related sinking fund balances held by the Municipal Finance Authority of BC (MFA).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

I. Significant Accounting Policies (continued)

(g) Employee Future Benefits

The City and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined pension plan. These contributions are expensed as incurred.

The City also accrues sick leave, deferred vacation, supplementary vacation, vacation in year of retirement, overtime and service severance benefits. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liability under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service life of active employees covered under the plan.

(h) 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. Any liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the City is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up;
- e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of remediation and post-remediation including operation, maintenance and monitoring that are integral parts of the remediation strategy for a contaminated site.

(i) Non Financial Assets

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

(i) Tangible Capital Assets

Tangible Capital Assets, including capital work-in-progress, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the assets. Interest incurred during construction is capitalized.

The cost, less residual value, is amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

I. Significant Accounting Policies (continued)

(i) *Tangible Capital Assets (continued)*

Buildings	20 to 50 years
Drainage Infrastructure	30 to 80 years
Equipment and Furnishings	4 to 10 years
Land Improvements	20 to 30 years
Leasehold Improvements	10 years
Other Infrastructure	50 to 100 years
Road Infrastructure	20 to 100 years
Sewer Infrastructure	30 to 80 years
Vehicles	5 to 20 years
Water Infrastructure	10 to 80 years

Amortization commences when the asset is put into service.

Diking Infrastructure consists of dikes and ditches which are not amortized since they do not deteriorate as long as they are maintained properly.

Contributed tangible capital assets are recorded at their estimated fair value at the date of contribution as contributed revenue.

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

(ii) *Inventories of Supplies*

Inventories of supplies held for consumption are recorded at the lower of actual cost and replacement cost.

(j) *Revenue Recognition*

Revenue is recorded on the accrual basis and recognized in the period in which the transactions or events occurred that give rise to the revenues. Revenue unearned in the current period is recorded as deferred revenue until the services are provided.

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 taxes for municipal services 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 as taxes for municipal purposes.

Unrestricted revenue for the sale of goods and services are reported as revenue at the time the services or products are provided.

Contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year in which the related expenses are incurred.

(k) *Expense Recognition*

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

I. Significant Accounting Policies (continued)

(l) Tax Collections for Other Governments

The City is required by legislation to bill and collect taxes on behalf of other governments. These revenues and payments are not included in the City's financial statements.

(m) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Significant areas requiring use of management estimates relate to the determination of employee benefit obligations, useful lives of tangible capital assets, valuation of contributed assets and liabilities associated with legal claims. As such, actual results could differ from those estimates.

(n) Segment Disclosures

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information. The City has provided definitions of segments as well as presented financial information in Note 18.

(o) Budget Information

Budget information, presented on a basis consistent with that used for actual results, was included in the Five Year Plan and was adopted by Council on April 13, 2021.

2. Portfolio Investments

The City's portfolio of investments include money market mutual funds and fixed income Canadian corporate paper and bonds.

The fixed income instruments have stated rates of return ranging from 0.44% to 2.91% (2020 – 0.44% to 2.91%), with varying maturity dates up to June 1, 2024 (2020 – June 1, 2024). It is the City's practice to buy and hold investments to maturity in order to realize the stated rate of return.

	2021 Market	2021 Cost	2020 Cost
Money market mutual funds	\$ 1,789	\$ 1,789	\$ 1,773
Fixed income Canadian corporate paper & bonds	42,257,035	42,533,502	42,551,648
	\$ 42,258,824	\$ 42,535,291	\$ 42,553,421

3. Accounts Receivable

	2021	2020
Property taxes and utilities	\$ 2,392,211	\$ 2,468,057
Federal government agencies	320,889	303,023
Provincial government	63,227	404,216
Other government	617,925	662,180
General receivables	1,557,178	1,260,091
Development installments	6,075,792	170,667
	\$ 11,027,222	\$ 5,268,234

Development installments represent funds due from developers and others on a financing arrangement within two years. The City holds letters of credit as security for these amounts.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

4. Accounts Payable and Accrued Liabilities

	2021	2020
Accounts Payable and Accrued Liabilities	\$ 2,212,171	\$ 2,006,477
Wages and Benefits Payable	428,293	582,166
Statutory Holdbacks	485,681	812,754
Due to Other Governments	6,526,795	6,817,796
	\$ 9,652,940	\$ 10,219,193

5. Refundable Deposits

	Balance December 31, 2020	Amounts Received	Amounts Refunded/ Forfeited	Balance December 31, 2021
Contract work	\$ 356,806	\$ 600,876	\$ (225,585)	\$ 732,097
Building (Construction)	159,300	92,410	(80,410)	171,300
Engineering Services	2,800,853	524,288	(531,489)	2,793,652
Parks & Recreation	29,538	54,700	(53,950)	30,288
Other	409,131	159,755	(303,542)	265,344
	\$ 3,755,628	\$ 1,432,029	\$ (1,194,976)	\$ 3,992,681

6. Deferred Revenue

	Balance December 31, 2020	Amounts Received	Revenue Recognized	Balance December 31, 2021
Business and dog licenses	\$ 155,053	\$ 138,453	\$ (155,053)	\$ 138,453
Major road network funding	194,691	236,655	(73,736)	357,610
Engineering fees	69,593	293,517	-	363,110
Parks & Recreation fees	61,665	89,058	(61,665)	89,058
Prepaid taxes	1,861,969	2,062,856	(1,861,969)	2,062,856
Other	390,788	851,233	(390,787)	851,234
	\$ 2,733,759	\$ 3,671,772	\$ (2,543,210)	\$ 3,862,321

7. Employee Benefit Liability

The City provides non-vested sick leave, service severance, overtime bank, and vacation benefits to its employees. These benefits are described as follows:

- Non-Vested Sick Leave:** Regular full-time employees are entitled to a sick leave benefit of 1.5 days for each month of service which may be accumulated to a maximum of 261 days. Regular part-time employees are entitled to a sick leave benefit of 1 day (pro-rated) for each month of service which may be accumulated to a maximum of 75 days.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

7. Employee Benefit Liability (continued)

- b) Service Severance: Upon retirement, employees are eligible for a payout of 3 days per year of service accumulated paid at his or her current rate of pay. Employees leaving the service of the employer, other than on retirement or layoff who have completed 8 or more years of service are eligible for a payout of 1 day per year of service paid at his or her current rate of pay.
- c) Overtime Bank: Employees may accumulate overtime hours in a bank. Upon termination, retirement or death, accrued overtime is paid out at his or her current rate of pay.
- d) Deferred Vacation: Employees may defer a portion of their annual vacation entitlement. Employees in the collective bargaining unit who are entitled to 25 vacation days or more are subject to a maximum accumulation of 20 days. Exempt employees are subject to a maximum of 20 days.
- e) Supplementary Vacation: Employees are entitled to 5 days of supplementary vacation every five years. Employees in the collective bargaining unit are entitled commencing the fifteenth year of service. Exempt employees are entitled commencing the fifth year of service. The supplementary days must be used during the five year period following entitlement.
- f) Severance, deferred vacation and sick leave plans do not provide medical or dental coverage as part of the benefit provided, therefore medical and dental is not included in the valuation.

Information about obligations for employee sick leave, overtime, vacation and retirement benefits are as follows:

	2021	2020
Accrued Benefit Obligation, beginning of year	\$ 940,700	\$ 829,100
Current Service Cost	111,000	103,500
Interest Cost	22,300	24,400
Employer Contributions	(74,600)	(58,800)
Actuarial loss/(gain)	11,000	42,500
Cost of plan amendment	7,700	-
Accrued Benefit Obligation, end of year	\$ 1,018,100	\$ 940,700
Unamortized net actuarial loss/(gain)	(81,100)	(82,500)
Accrued Benefit Liability	\$ 937,000	\$ 858,200

The benefit obligations have been rolled forward from the corresponding valuation for accounting purposes as at July 31, 2018 and September 30, 2021 and extrapolated to December 31, 2021.

The significant actuarial assumptions used in measuring the City's accrued benefit obligations include estimated future wage increases and the following.

	2021	2020
Discount Rate	2.60%	2.20%
Expected Future Inflation Rate	2.50%	2.00%
Expected Average Remaining Service Life	11 years	11 years

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

8. Development Cost Charges

	Balance December 31, 2020	Developer Contributions	Interest Earnings	Capital Expenditures	Balance December 31, 2021
Major Roads	\$ 4,689,936	\$ 5,011,732	\$ 39,410	\$ (4,441)	\$ 9,736,637
Minor Roads	2,872,455	344,333	24,293	-	3,241,081
Sewer	193,889	499,725	1,592	-	695,206
Water	149,223	319,734	1,193	(1,811)	468,339
Drainage	1,107,001	627,367	9,310	(3,034)	1,740,644
Parks	3,979,119	15,388	33,179	(3,533,944)	493,742
	\$ 12,991,623	\$ 6,818,279	\$ 108,977	\$ (3,543,230)	\$ 16,375,649

9. Debt

The City obtains debt financing through the Municipal Finance Authority (MFA) in accordance with the Community Charter to finance certain capital expenditures. Sinking fund balances managed by the MFA are offset against related long term debt.

Bylaw	Purpose	Maturity Date	Interest Rate	Authorized	Repayments & Actuarial Adjustments	2021	2020
2368	Civic Centre Parkade	2035	1.28%*	\$ 2,600,000	\$ 845,454	\$ 1,754,546	\$ 1,850,445
2408	Arena Acquisition	2025	1.28%*	2,175,000	1,466,528	708,472	870,874
2429	Community Centre	2033	2.00%	3,141,602	1,335,181	1,806,421	1,963,501
				\$7,916,602	\$3,647,163	\$ 4,269,439	\$ 4,684,820

*MFA rate re-set from 3.73% to 1.28% October 5, 2020

Future principal repayments on net outstanding debt over the next five years and thereafter are as follows:

Year	Amount
2022	\$ 424,422
2023	433,779
2024	443,463
2025	453,487
2026	270,979
Thereafter	2,243,309
	\$ 4,269,439

The City paid \$27,726 in interest on long-term debt during the year (2020 - \$147,325)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

10. Tangible Capital Assets

Year ended December 31, 2021

Asset Category	Cost				Accumulated Amortization					Net Book Value
	Balance Beginning of Year	Additions	Disposals	Construction in Progress Transfer	Balance End of Year	Balance Beginning of Year	Amortization	Disposals	Balance End of Year	
Buildings	\$ 34,295,771	\$ 84,547	\$ 46,400	\$ 29,664	\$ 34,363,582	\$ 17,801,897	\$ 1,039,367	\$ 32,444	\$ 18,808,820	\$ 15,554,762
Drainage Infrastructure	33,543,605	1,160,132	189,256	9,592,181	44,106,662	13,077,906	767,893	187,410	13,658,389	30,448,273
Diking Infrastructure	12,026,612	-	-	-	12,026,612	-	-	-	-	12,026,612
Equipment and Furnishings	8,970,447	645,763	112,507	-	9,503,703	5,236,690	628,095	92,298	5,772,487	3,731,216
Land	51,250,042	4,700,000	-	-	55,950,042	-	-	-	-	55,950,042
Land Improvements	9,436,990	239,874	12,415	-	9,664,449	4,676,222	352,225	10,760	5,017,687	4,646,762
Leasehold Improvements	1,302,970	-	-	-	1,302,970	1,140,099	130,297	-	1,270,396	32,574
Other Infrastructure	5,389,471	-	-	-	5,389,471	1,255,998	92,259	-	1,348,257	4,041,214
Road Infrastructure	51,411,563	1,389,434	361,246	-	52,439,751	26,361,673	1,500,323	293,100	27,568,896	24,870,855
Sewer Infrastructure	15,608,937	324,009	77,280	15,694	15,871,360	6,018,599	233,572	34,772	6,217,399	9,653,961
Vehicles	6,162,356	1,059,924	-	-	7,222,280	3,981,456	402,821	-	4,384,277	2,838,003
Water Infrastructure	37,927,683	1,361,049	349,983	45,235	38,983,984	14,750,052	680,469	317,708	15,112,813	23,871,171
Construction in Progress	10,763,712	4,050,801	-	(9,682,774)	5,131,739	-	-	-	-	5,131,739
TOTAL	\$ 278,090,159	\$ 15,015,533	\$ 1,149,087	-	\$ 291,956,605	\$ 94,300,592	\$ 5,827,321	\$ 968,492	\$ 99,159,421	\$ 192,797,184

Year ended December 31, 2020

Asset Category	Cost				Accumulated Amortization					Net Book Value
	Balance Beginning of Year	Additions	Disposals	Construction in Progress Transfer	Balance End of Year	Balance Beginning of Year	Amortization	Disposals	Balance End of Year	
Buildings	\$ 35,080,192	\$ 135,618	\$ 974,813	\$ 54,774	\$ 34,295,771	\$ 17,501,935	\$ 1,013,610	\$ 713,648	\$ 17,801,897	\$ 16,493,874
Drainage Infrastructure	32,610,912	232,734	37,514	737,473	33,543,605	12,456,697	636,333	15,124	13,077,906	20,465,699
Diking Infrastructure	12,026,612	-	-	-	12,026,612	-	-	-	-	12,026,612
Equipment and Furnishings	8,474,766	586,267	240,138	149,552	8,970,447	4,867,953	599,987	231,250	5,236,690	3,733,757
Land	51,250,042	-	-	-	51,250,042	-	-	-	-	51,250,042
Land Improvements	9,296,709	81,309	-	58,972	9,436,990	4,299,900	376,322	-	4,676,222	4,760,768
Leasehold Improvements	1,302,970	-	-	-	1,302,970	1,009,802	130,297	-	1,140,099	162,871
Other Infrastructure	5,389,471	-	-	-	5,389,471	1,163,739	92,259	-	1,255,998	4,133,473
Road Infrastructure	48,138,277	3,097,135	241,167	417,318	51,411,563	25,095,554	1,398,428	132,309	26,361,673	25,049,890
Sewer Infrastructure	15,369,310	334,031	94,404	-	15,608,937	5,858,821	234,758	74,980	6,018,599	9,590,338
Vehicles	6,162,356	-	-	-	6,162,356	3,603,792	377,664	-	3,981,456	2,180,900
Water Infrastructure	36,742,631	843,521	284,844	626,375	37,927,683	14,292,849	677,977	220,774	14,750,052	23,177,631
Construction in Progress	8,584,761	4,230,262	6,847	(2,044,464)	10,763,712	-	-	-	-	10,763,712
TOTAL	\$ 270,429,009	\$ 9,540,877	\$ 1,879,727	-	\$ 278,090,159	\$ 90,151,042	\$ 5,537,635	\$ 1,388,085	\$ 94,300,592	\$ 183,789,567

Contributed tangible capital assets (including transportation, drainage, water and sanitary sewer assets) have been recognized as contributions at fair market value at the date of construction. In 2021, the City did not receive any contributed assets, (2020 - nil).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

11. Accumulated Surplus

Accumulated Surplus includes the Investment in Tangible Capital Assets, Current Year Surplus and Statutory Reserves as follows:

	2021	2020
Current Year Surplus (Deficit)		
General Fund	\$ 315,659	\$ 1,996,275
Water Fund	(396,745)	(9,394)
Sewer Fund	54,328	80,761
Drainage Fund	8,215	123,809
Solid Waste	(1,788)	9,400
Appropriated Surplus		
Statutory Operating Reserves	7,931,003	7,503,199
Statutory Capital Reserves	33,539,831	28,175,735
	\$ 41,450,503	\$ 37,879,785
Investment in Tangible Capital Assets	188,527,745	179,104,747
Total Accumulated Surplus	\$ 229,978,248	\$ 216,984,532

12. Municipal Pension Plan

The City 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 at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$891,356 (2020 - \$772,588) for employer contributions while employees contributed \$763,040 (2020 - \$666,321) 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 pension 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.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

13. Contingent Liabilities and Commitments

Contingent Liabilities

- a) The City is a member of the Municipal Insurance Association (MIA), which operates under a reciprocal insurance exchange agreement. The main purposes of the exchange agreement are: (1) to pool the risk of third party liability claims against member municipalities (approximately 170) in order to allow for stable financial planning related to those liability claims; and (2) to engage in broad risk management strategies to reduce accidents or occurrences that may result in liability claims against the City. The City is assessed an annual premium by MIA based on factors such as population, administrative costs, premium tax and re-insurance costs. MIA is subject to financial oversight by the Provincial Government.
- b) The City self insures for certain potential financial losses arising from the penetration of water into building envelopes ("leaky buildings") and acts of terrorism, for any claims made after January 1st, 2002.
- c) The City has been named defendant in a number of claims that are currently pending. In determining their estimated exposure the City has relied upon their understanding of the claims, including activities undertaken by the other parties, as well as discussions with legal counsel. In the opinion of management, the amount of any loss from these claims cannot be reasonably estimated, nor can the likelihood of their outcomes be known at this time. Therefore, management has made no provision for these claims and any future settlement will be accounted for in the year of settlement.
- d) As at December 31, 2021 there were various property assessment appeals pending. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City has made no specific provision for these appeals as the outcome is indeterminable. Management does not expect any material adjustments to occur from appeals.
- e) The City is a member of E-Comm, an organization comprised predominately of member municipalities, for the purpose of providing emergency dispatch services. The City is represented on the board, and as a Class 'A' shareholder has voting rights should the organization want to incur additional debt. The E-Comm facility was constructed using debt as a financing mechanism and members are liable for a proportionate share of that debt. This debt is repaid by members through annual fees charged by E-Comm. Should E-Comm dissolve, members would be liable for a proportionate share of any residual debt. Alternatively should a member choose to opt out of E-Comm, they would be liable for a proportionate share of debt at the time of withdrawal.
- f) The City has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Metro Vancouver, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

Commitments

- g) The City has a long-term service agreement with another organization for the provision of fire and public works dispatch services. This agreement has an annual cost of approximately \$36,000 and will expire on December 31, 2024.
- h) The City leases approximately 12,200 square feet of space at 12059 Harris Road, Pitt Meadows for the Pitt Meadows Library. The lease commenced March 1, 2012 for a term of ten years and was renewed for a five year term ending February 28, 2027 with an option to renew for a further five years. The annual minimum rent is \$151,000 and is subject to annual CPI increases in the renewal periods.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

13. Contingent Liabilities and Commitments (continued)

Commitments (continued)

- i) The City has an Operating and Maintenance Agreement with Nustadia Recreation Inc. for the operation and maintenance of the Pitt Meadows Arena. The agreement was effective May 1, 2011, with an initial term of five years and four optional renewal periods. In April 2021, the parties agreed to renew the contract for 2-periods for a total of 10 years from May 11, 2021 to April 30, 2031. An annual management fee of \$100,000 is payable under the agreement (adjusted annually for inflation), with payments due in equal monthly installments.
- j) The City has a long-term service agreement with the Province of British Columbia for the provision of police services by the Royal Canadian Mounted Police with an annual cost of approximately \$3.9 million. The current agreement commenced April 1, 2012 with an expiry date of March 31, 2032.
- k) The City completed a lease agreement in April 2020 with Fly Guy Aviation for the temporary relocation of the fire hall during construction of the new fire hall. This agreement is for two years and five months expiring September 1, 2022. The monthly rent is \$20,300.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

14. Government Transfers

	2021	2020
Federal Conditional		
Celebrate Canada	\$ 3,210	\$ 2,790
National Disaster Mitigation–Flood Risk Assessment (Federal portion)	-	193,037
Provincial Conditional		
BC Hydro Beautification	5,600	1,593
Community Child Care Planning Program	-	18,000
Community Emergency Preparedness	66,048	-
Emergency Response Claim	21,394	116,502
Emergency Social Services	-	7,726
Fire Smart	57,927	-
Housing Needs	18,220	-
ICBC Traffic Road Safety Study	15,000	10,000
National Disaster Mitigation–Flood Risk Assessment (Prov. portion)	422,293	179,245
Pump Station Backup Generators	-	678,200
Other	3,600	25,734
Provincial Unconditional		
Climate Action Revenue Incentive Program	32,845	26,138
COVID-19 Restart Grant	-	3,656,000
Small Communities	141,000	148,298
Traffic Fines	238,719	226,092
Regional Conditional		
TransLink Major Road Network	278,789	831,737
Regional Unconditional		
Gas Tax	226,683	110,702
	\$ 1,531,328	\$ 6,231,794

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

15. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise from contracts entered into for leases, licenses to occupy, grant funding agreements, service agreements, and developer contribution agreements.

Contractual Rights	2022	2023	2024	2025	2026	Thereafter
	\$1,229,686	\$1,898,799	\$666,835	\$644,789	\$588,710	\$865,936

16. Taxation and Other Levies

In addition to its own tax levies, the City is required to collect taxes on behalf of other taxing authorities, and remit to those authorities. Total taxes levied and remitted are as follows:

	2021	2020
Gross taxes levied on property	\$ 40,471,740	\$ 34,892,765
Taxes levied and collected on behalf of other jurisdictions:		
Provincial School Taxes	11,698,021	8,027,322
TransLink	2,392,301	2,196,529
British Columbia Assessment Authority	351,616	333,529
Greater Vancouver Regional District	499,556	438,890
Municipal Finance Authority of British Columbia	1,642	1,545
	\$ 14,943,136	\$ 10,997,815
Taxation Revenue	\$ 25,528,604	\$ 23,894,950

17. Budget

The budget amounts which are presented for comparative purposes reflect the statutory balanced budget as adopted by Council on April 13, 2021 per Financial Plan Bylaw No. 2882, 2021. The chart below reconciles the balanced statutory budget to the budget surplus reported on the Consolidated Statement of Operations:

	Budget Amount
Revenues	\$ 52,132,100
Expenses	37,571,978
Annual surplus per consolidated statement of operations	\$ 14,560,122
Add:	
Amortization	5,260,500
Transfers from reserves	11,324,500
Less:	
Capital expenditures	(30,734,822)
Debt principal repayments	(410,300)
Approved budget	\$ -

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

18. Segmented Information

For reporting purposes, City activities have been aggregated into functional segments based on the services each activity provides. The Segmented Disclosure Note (18(a)) reports the revenues and expenses that are directly attributable to each functional segment. The following describes the services included in each segment:

General Government Services

The General Government segment includes administration, legislative, financial, human resources, information technology and sustainability services. This also contains municipal property taxation and penalties and interest charged thereon, taxes in lieu, return on investments, and interest paid on development cost charge funds and tax prepayment accounts.

Protective Services

The Protective Services segment includes Police services provided by the RCMP and support services by the City of Maple Ridge, fire protection, bylaw enforcement, business licensing, building inspection, animal control and emergency program services.

Transportation Services

The Transportation Services segment includes engineering, operations administration, and roads maintenance services.

Utility, Solid Waste and Diking Services

The Utility, Solid Waste and Diking Services segment includes drainage, water, and sewer utility services, the solid waste collection and disposal service and diking services.

Parks, Recreation and Cultural Services

The Parks, Recreation and Cultural Services segment includes parks and recreation services provided by the City, Library services provided by the Fraser Valley Regional Library, and the operations of the Pitt Meadows Arena.

Development Services

The Development Services segment includes services for managing development and community planning.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

18 (a). Segmented Information – Segmented Disclosure

	2021 Actual						2021 Budget
	General Government Services	Protective Services	Transportation Services	Utility, Solid Waste and Diking Services	Development Services	Parks, Recreation and Cultural Services	Consolidated
Revenues							(Note 17)
Municipal Property Taxes	\$ 25,373,837	\$ -	\$ -	\$ 154,767	\$ -	\$ -	\$ 25,528,604
Utility Charges	-	-	-	11,146,633	-	-	11,146,633
Sale of Services	52,152	42,693	15,581	297,968	3,877	1,640,381	2,052,652
Licenses, Permits, Penalties and Fines	-	930,313	1,340,273	28,120	305,262	28,895	2,632,863
Investment Income	424,276	-	-	-	-	-	424,276
Other Revenue	265,877	44,991	-	3,148	-	159,413	473,429
Government Transfers	606,402	145,369	293,789	455,138	18,220	12,410	1,531,328
Contributions	-	-	8,941	30,491	4,709,000	3,586,686	8,335,118
	26,722,544	1,163,366	1,658,584	12,116,265	5,036,359	5,427,785	52,124,903
Expenses							
Salaries and Benefits	3,400,464	2,639,933	1,522,955	1,576,210	850,867	1,940,851	11,931,280
Contracted Services	1,261,770	6,602,209	595,688	1,975,098	52,118	4,002,109	14,488,992
Supplies, Materials and Equipment	380,664	164,145	251,288	596,641	3,645	323,232	1,719,615
Purchase of Water and Sewer Levy	-	-	-	4,926,859	-	-	4,926,859
Amortization	750,656	168,229	1,845,317	1,687,110	-	1,376,009	5,827,321
Interest Charges	56,525	-	-	-	-	-	56,525
Loss (gain) on disposal	18,703	-	68,146	76,628	-	17,118	180,595
	5,868,782	9,574,516	4,283,394	10,838,546	906,630	7,659,319	39,131,187
Annual Surplus (Deficit)	\$ 20,853,762	\$ (8,411,150)	\$ (2,624,810)	\$ 1,277,719	\$ 4,129,729	\$ (2,231,534)	\$ 12,993,716
							\$ 14,560,122

	2020 Actual						2020 Budget
	General Government Services	Protective Services	Transportation Services	Utility, Solid Waste and Diking Services	Development Services	Parks, Recreation and Cultural Services	Consolidated
Revenues							
Municipal Property Taxes	\$ 23,745,381	\$ -	\$ -	\$ 149,569	\$ -	\$ -	\$ 23,894,950
Utility Charges	-	-	-	10,377,283	-	-	10,377,283
Sale of Services	41,636	29,010	13,178	255,933	2,660	1,577,399	1,919,816
Licenses, Permits, Penalties and Fines	-	384,009	1,170,386	30,248	308,434	11,700	1,904,777
Investment Income	425,367	-	-	-	-	-	425,367
Other Revenue	253,558	49,710	1,148	659	-	122,656	427,731
Government Transfers	4,150,559	123,900	841,737	1,093,092	18,000	4,506	6,231,794
Contributions	-	-	12,867	16,264	1,504,500	34,770	1,568,401
	28,616,501	586,629	2,039,316	11,923,048	1,833,594	1,751,031	46,750,119
Expenses							
Salaries and Benefits	3,038,083	2,929,875	1,240,757	1,386,929	735,443	1,407,953	10,739,040
Contracted Services	1,689,099	5,745,989	679,193	2,284,551	76,712	3,467,022	13,942,566
Supplies, Materials and Equipment	302,825	201,133	266,523	577,035	3,728	271,640	1,622,884
Purchase of Water and Sewer Levy	-	-	-	4,083,658	-	-	4,083,658
Amortization	717,162	145,616	1,741,049	1,554,243	-	1,379,565	5,537,635
Interest Charges	162,370	-	-	-	-	-	162,370
Loss (gain) on disposal	8,889	215,157	115,705	105,883	-	46,008	491,642
	5,918,428	9,237,770	4,043,227	9,992,299	815,883	6,572,188	36,579,795
Annual Surplus (Deficit)	\$ 22,698,073	\$ (8,651,141)	\$ (2,003,911)	\$ 1,930,749	\$ 1,017,711	\$ (4,821,157)	\$ 10,170,324
							\$ 10,155,604

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

19. Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the City's operating results and financial position in the future.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time.

Schedule I - COVID-19 Safe Restart Grant

Year Ended December 31, 2021

In November 2020, the Ministry of Municipal Affairs provided the City with funding in support of dealing with the increased operating costs and lower revenue due to COVID-19.

	2021
Balance, December 31, 2020	1,981,410
Eligible costs incurred:	
Revenue shortfalls	(352,697)
Facility reopening and operating costs	(248,327)
Protective services and bylaw enforcement costs	(43,011)
Computer and other electronic technology costs	(6,982)
Total eligible costs incurred	(651,017)
Balance, December 31, 2021	1,330,393