

# Committee of Council Agenda

Tuesday, May 7, 2024

2:05 p.m.

Council Chambers

3rd Floor City Hall, 2580 Shaughnessy Street, Port Coquitlam, BC

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Pages

1. CALL TO ORDER

2. ADOPTION OF THE AGENDA

2.1 Adoption of the Agenda

Recommendation:

*That the Tuesday, May 7, 2024, Committee of Council Meeting Agenda be adopted as circulated.*

3. CONFIRMATION OF MINUTES

None.

4. REPORTS

4.1 RCMP First Quarter 2024 Report

4

Recommendation:

None.

4.2 Rezoning Application for 2940 Oxford Street

17

Recommendation:

*That Committee of Council recommend to Council that:*

1. *The zoning of 2940 Oxford Street be amended from RS1 (Residential Single Dwelling 1) to RS4 (Residential Single Dwelling 4);*
2. *Prior to adoption of the amendment bylaw, the following conditions be met to the satisfaction of the Director of Development Services:*
  - a. *Demolition of the existing buildings and structures;*
  - b. *Preparation of subdivision plans to the satisfaction of the approving officer;*
  - c. *Completion of the design and submission of fees and securities*

*for off-site works and services; and*

*d. Installation of tree protection fencing for retained off-site trees.*

**4.3 Departmental Update - Public Works (verbal report)**

Recommendation:

None.

**4.4 2023 Q4 Financial Variance and Forecast Report**

22

Recommendation:

None.

**4.5 2023 Audited Financial Statements Report**

38

Recommendation:

*That Committee of Council adopt the 2023 Audited Consolidated Financial Statements.*

**5. COUNCILLORS' UPDATE**

**6. MAYOR'S UPDATE**

**7. CAO UPDATE**

**8. RESOLUTION TO CLOSE**

**8.1 Resolution to Close**

Recommendation:

*That the Committee of Council Meeting of Tuesday, May 7, 2024, be closed to the public pursuant to the following subsections(s) of Section 90(1) of the Community Charter:*

*Item 5.1*

*1. discussions 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].*

*Item 5.2*

*1. discussions 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].*

*Item 5.3*

*k. negotiations and related discussions respecting the proposed provision of a*

*municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.*

**Item 5.4**

*e. the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality;*

*i. the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose;*

*k. negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public;*

*l. discussions 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].*

**9. ADJOURNMENT**

**9.1 Adjournment of the Meeting**

**Recommendation:**

*That the Tuesday, May 7, 2024, Committee of Council Meeting be adjourned.*

## RECOMMENDATION:

None.

## REPORT SUMMARY

The purpose of this report is to provide Council with an update on the Coquitlam RCMP Detachment's first quarter 2024 crime statistics and operating activities.

## BACKGROUND

The RCMP first quarter 2024 report provides Council with information on the progress made by RCMP municipal employees, members, and volunteers in support of the priorities, goals, and objectives of the Coquitlam RCMP Strategic Plan 2023-2026. During Quarter 1 ("Q1"), there were nearly 2,922 recorded police activities<sup>1</sup> in Port Coquitlam, accounting for roughly 28.6% of total police activities in the Detachment's catchment area.

## DISCUSSION

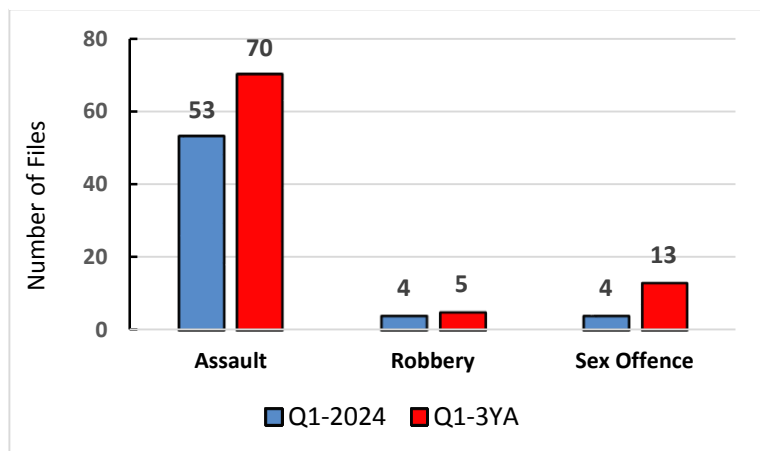
### Quarter 1 2024:

Attachment 1 provides crime statistics and traffic enforcement data for the Q1-2024 reporting period. The following observations were made for the City of Port Coquitlam:

### Persons Crimes:

In terms of persons crimes, Q1 saw a 23% decrease compared to the three-year average. Assaults are down 24%, robberies are down 14%, and sex offences are down 68%. While a majority of persons crimes are difficult to prevent given their personal nature, the Detachment's response and dispatch times to priority files such as persons crimes are among the quickest in the region. It is important to note that despite this decrease in file count, workload (i.e., time spent on police investigations) for persons crimes has trended upward in recent years due to legislative changes and more advanced technology being used to commit crimes.

Figure 1: City of Port Coquitlam, Persons Crimes, Q1-2024



<sup>1</sup> Police activities include criminal and non-criminal code events occurring as part of police files.

## Property Crimes:

Property crimes also decreased by 13% in Q1 when compared to the three-year average. Decreases were observed in Theft of Vehicle (-65%), Theft from Vehicle (-31%), Break and Enter (B&E) Business (-24%), and B&E Residence (-23%). To support proactive enforcement activities in this area, the Detachment is planning to institute a Bait Bike program starting this summer. The Bait Bike program is used to deter bike theft by using GPS technology to apprehend bike thieves.

Conversely, increases were observed in Shoplifting (+35%) and Fraud (+31%) files in Q1-2024 when compared to the three-year average. While these increases only represent an additional 35 files, the Community Policing Team at the RCMP and the City's Community Policing staff are actively engaging the community in safety talks, senior fraud and awareness presentations, as well as crime prevention initiatives online and at community events. Additionally, members within the Detachment participated in supplemental fraud training to better identify counterfeit currency and deliver fraud training to community members.

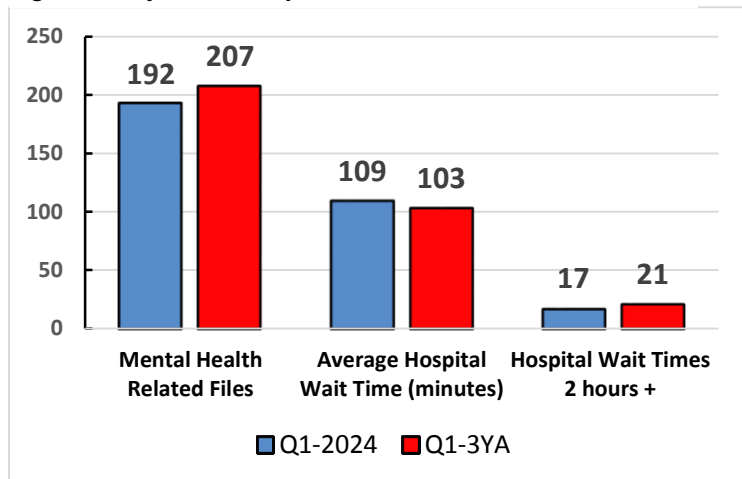
## Mental Health-Related Police Files:

In terms of mental health-related statistics, Q1 experienced a 7% decrease compared to the three-year average and a 19% decrease in files with wait times greater than two hours. That said, there was a small increase in average hospital wait times (+6 minutes). The Detachment continues to engage in conversations with designated mental health facilities in the region, looking at areas of improvement for missing persons reports coming out of these centres.

In Q1, the Mobile Integrated Crisis Response (MICR) Team attended more than 252 mental health-related files.

Once the MICR program has been operational for one year (i.e., Q4 2024), staff intend to bring forward a report to Council providing an update on the program's achievements.

Figure 2: City of Port Coquitlam, Mental Health Calls, Q1-2024



## Traffic:

In Q1, there were significant increases across multiple violation ticket categories. Seatbelt infractions more than doubled, as did intersection infractions when compared to the three-year average. Speed-related infractions were also up 71% in Q1-2024. On the other hand, impaired drug/alcohol infractions were down 84% (i.e., -5 files), as were distracted driving infractions (-20%). One of the biggest drivers behind these increases is the use of High Accident Zone Enforcement by our members along key corridors in Port Coquitlam such as Highway 7B / Mary Hill Bypass and along

Lougheed Highway. In Q1, members conducted more than 80 hours of specialized HAZE and HVE traffic enforcement across Port Coquitlam, in addition to the hundreds of hours of general traffic enforcement.

### **FINANCIAL IMPLICATIONS**

None. The costs associated with the Coquitlam RCMP Detachment are shared between the cities of Coquitlam and Port Coquitlam.

### **ATTACHMENTS**

Attachment 1 - RCMP Q1 2024 Report

**Lead author(s):** Ian Waters

**Contributing author(s):** Kim Singh, Amanda Hrgovic





# RCMP 2024 First Quarter Report City of Port Coquitlam



Attachment #1



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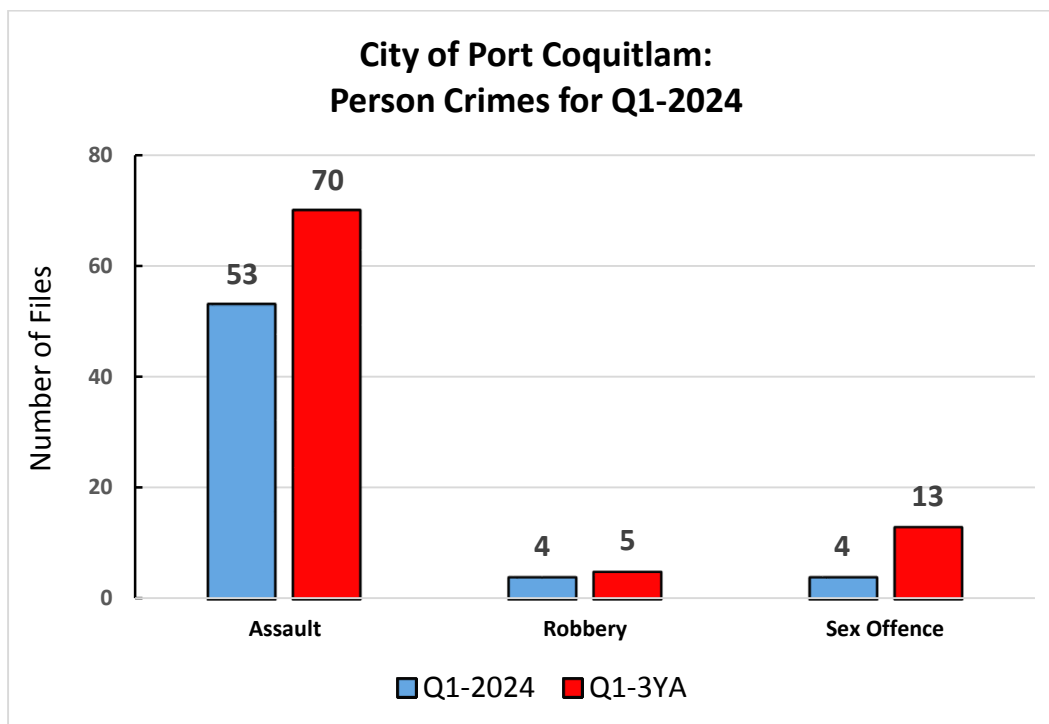


## SUMMARY

The Crime Statistics Report for Quarter 1 - 2024 shows that persons crimes (-23%), property crime (-13%), and mental health related files (-7%) all decreased when compared to the three-year averages. There were decreases in two traffic violation categories –distracted driving and impaired drug/alcohol infractions, while increases were observed in the three remaining categories of traffic violations compared to the three-year average.

## 2024-Q1: PERSONS CRIMES – PORT COQUITLAM

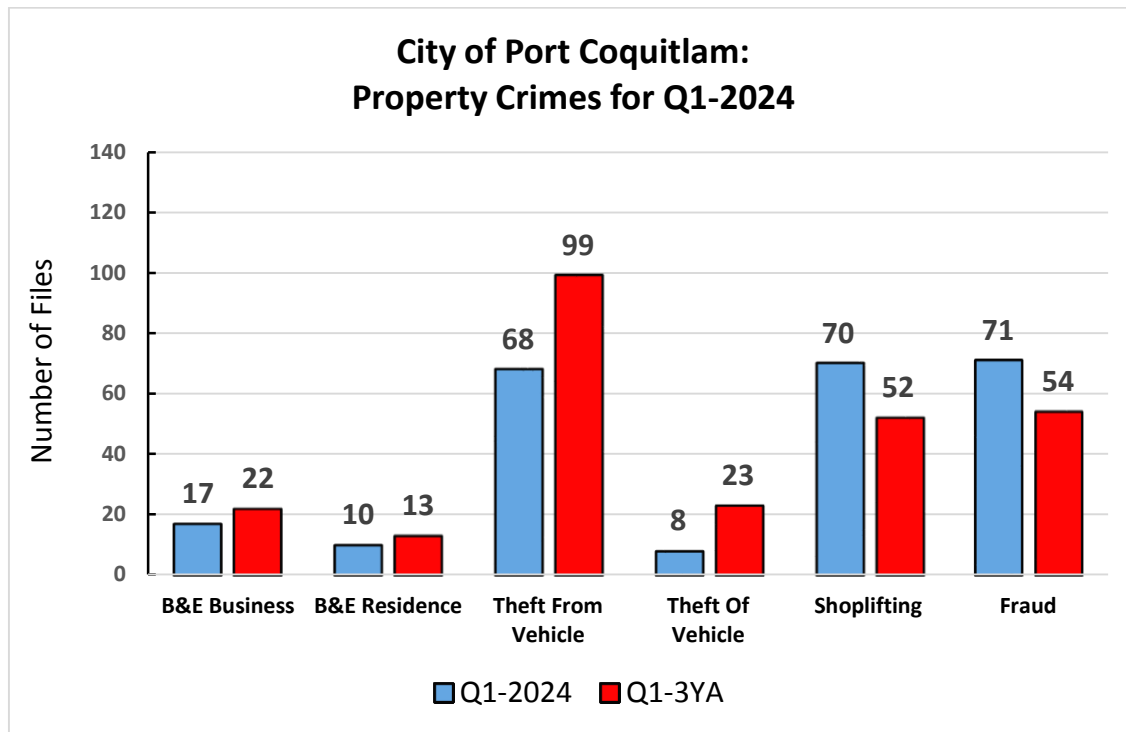
**Chart 1:** Person crimes decreased by 23% in 2024-Q1 compared to the three-year average. While assaults continue to represent the largest proportion of total person crime files, Port Coquitlam experienced a decrease in assaults (-24%), robberies (-14%) and sex offences (-68%) when compared to their 3-year averages.





## 2024-Q1: PROPERTY CRIMES – PORT COQUITLAM

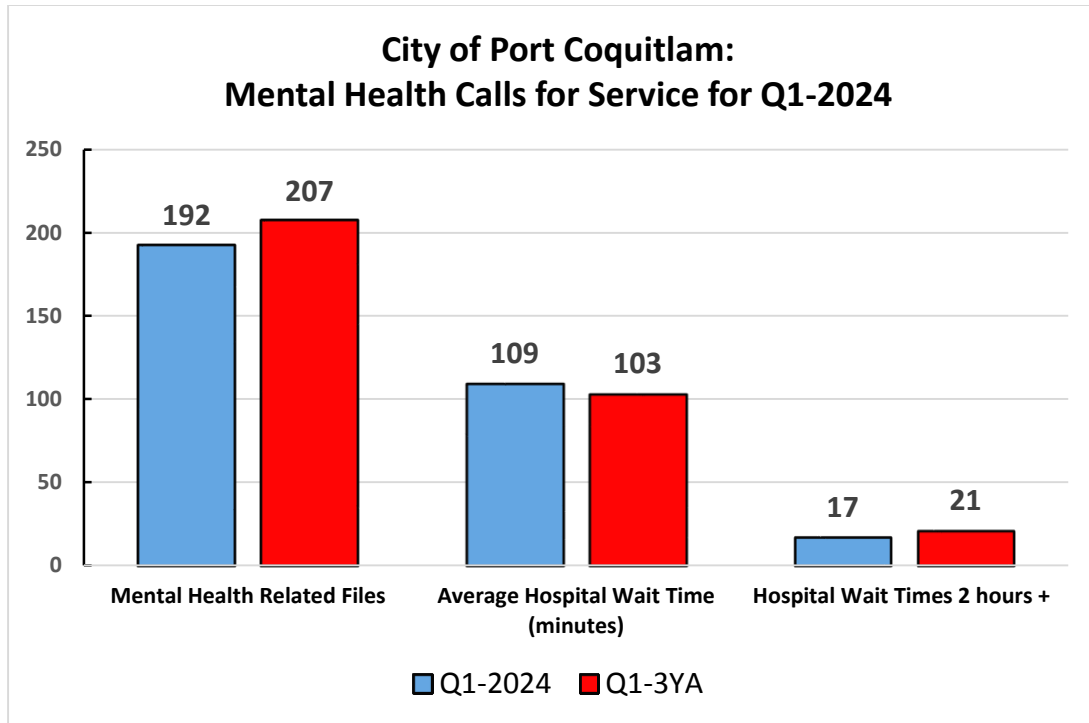
**Chart 2:** Property crimes decreased 13% in 2024-Q1 compared to the three-year average. Decreases were observed in Theft of Vehicle (-65%), Theft from Vehicle (-31%), Break and Enter (B&E) Business (-24%), and B&E Residence (-23%). Oppositely, increases were observed in Shoplifting (+35%) and Fraud (+31%) files.





## 2024-Q1: MENTAL HEALTH-RELATED FILES – PORT COQUITLAM

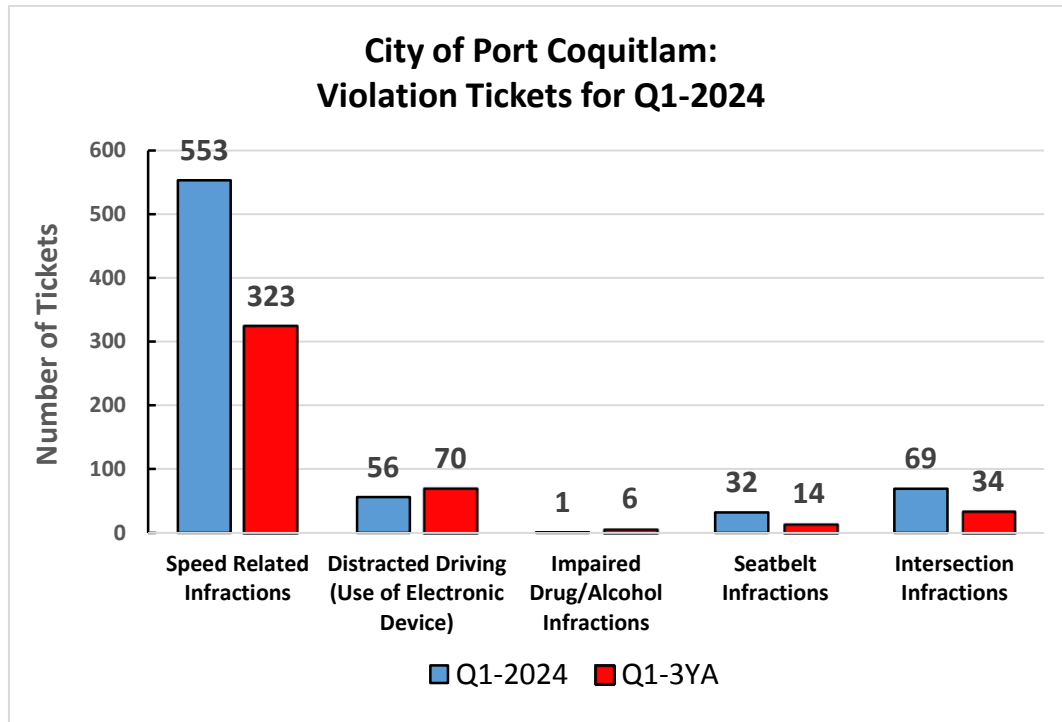
**Chart 3:** There was a 7% decrease in mental health related files in 2024-Q1 compared to the three-year average. The average hospital wait time is up 6 minutes, however the number of files with hospital wait times greater than 2 hours decreased by 19% compared to the Q1 three-year average.





## 2024-Q1: VIOLATION TICKETS – PORT COQUITLAM

**Chart 4:** There were significant increases in multiple violation ticket categories in Q1. Seatbelt infractions were up 129%, intersection infractions were up 105%, and speed related infractions were up 71%. On the other hand, impaired drug/alcohol infractions were down 84% (i.e., -5 files), and distracted driving infractions decreased 20%, in Quarter 1 compared to their three-year averages.



**TABLE 1: PARTNERING WITH THE COMMUNITY**

	Q1
Participation at Community Events	3
Cell Watch Days	12
Speed Watch Shifts	15
Stop Sign Shifts	4

**TABLE 2: PROMOTE PUBLIC SAFETY**

	Q1
Proactive Patrols (Police Cruiser)	1701
Proactive Patrols (Foot Patrol)	23
Public Education Opportunities	12

**TABLE 3: TARGET CRIMINAL ACTIVITY**

		Q1	3-year Q1 Average	% change
<b>PERSONS</b>	Assault	53	70	-24%
	Robbery	4	5	-14%
	Sex Offence	4	13	-68%
	<b>All Persons Crimes</b>	<b>118</b>	<b>154</b>	<b>-23%</b>
<b>PROPERTY</b>	B&E Business	17	22	-24%
	B&E Residence	10	13	-23%
	Theft From Vehicle	68	99	-31%
	Theft Of Vehicle	8	23	-65%
	Shoplifting	70	52	35%
	Fraud	71	54	31%
	<b>All Property Crimes</b>	<b>382</b>	<b>439</b>	<b>-13%</b>



**TABLE 4: SUPPORT OUR PEOPLE**

	Q1
Development/Training Courses for Members	22

**TABLE 5: MENTAL HEALTH CALLS FOR SERVICE**

	Q1	3-year Q1 Average	% change
Mental Health Related Files	192	207	-7%
Average Hospital Wait Time (minutes)	109	103	6%
Hospital Wait Times 2 hours +	17	21	-19%

**TABLE 6: TRAFFIC VIOLATION TICKETS**

	Q1	3-year Q1 Average	% change
Speed Related Infractions	553	323	71%
Distracted Driving (Use of Electronic Device)	56	70	-20%
Impaired Drug/Alcohol Infractions	1	6	-84%
Seatbelt Infractions	32	14	129%
Intersection Infractions	69	34	105%

**TABLE 7: POLICE ACTIVITIES – PORT COQUITLAM AND COQUITLAM**

Police Activities	Q1	% total in Q1
Port Coquitlam	2922	28.6%
Coquitlam	7293	71.4%

### RECOMMENDATION:

*That Committee of Council recommend to Council that:*

- 1. The zoning of 2940 Oxford Street be amended from RS1 (Residential Single Dwelling 1) to RS4 (Residential Single Dwelling 4);*
- 2. Prior to adoption of the amendment bylaw, the following conditions be met to the satisfaction of the Director of Development Services:*
  - a) Demolition of the existing buildings and structures;*
  - b) Preparation of subdivision plans to the satisfaction of the approving officer;*
  - c) Completion of the design and submission of fees and securities for off-site works and services; and*
  - d) Installation of tree protection fencing for retained off-site trees.*

### **REPORT SUMMARY**

This report describes an application to amend the zoning of 2940 Oxford Street from RS1 (Residential Single Dwelling 1) to RS4 (Residential Single Dwelling 4) to facilitate a two-lot subdivision. The proposal is in keeping with the housing policies of the Official Community Plan and the subdivision requirements of the RS4 zone. Approval is recommended.

### **BACKGROUND**

**Proposal:** The applicant is proposing to amend the zoning of 2940 Oxford Street. from RS1 (Residential Single Dwelling 1) to RS4 (Residential Single Dwelling 4) to enable subdivision of the site into two smaller lots.

**Context:** The property is approximately 814m<sup>2</sup> (8762ft<sup>2</sup>) and located on the east side of Oxford Street between Suffolk Avenue and Westminster Street. The property is currently developed with a detached two-storey house. Neighbouring lots are of a similar size; four are developed with older single residential houses, and one is an older duplex home. The lot is not located in the floodplain and has rear lane access.

## Rezoning Application for 2940 Oxford Street



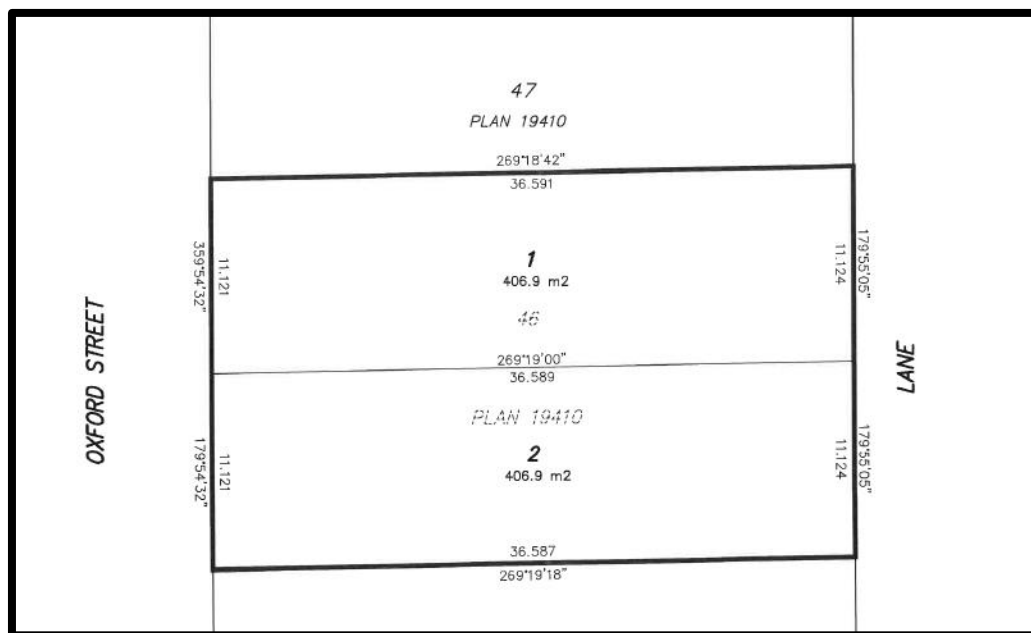
Site Context

**Policy and Regulations:** The land use designation in the Official Community Plan for the site is Small Lot Residential (RSL). This designation supports the consideration of RS4 zones. The RS4 zone, which provides for detached dwellings on small lots, is included in the Intensive Residential and Environmental Conservation Development Permit Areas and any future development would need to meet the associated OCP design guidelines.

**Proposed Subdivision:** The applicant has provided a preliminary plan of subdivision to demonstrate the proposed lots would meet the subdivision requirements of the Zoning bylaw for RS4 zones. Both proposed lots exceed the minimum requirements.

## Rezoning Application for 2940 Oxford Street

	RS4 Zone Minimum Requirements	Proposed Lot 1	Proposed Lot 2
Lot Area	300.00 m <sup>2</sup>	406.9 m <sup>2</sup>	406.9 m <sup>2</sup>
Lot Width	9.50 m	11.21 m	11.21 m
Lot Frontage	9.50 m	11.21 m	11.21 m
Lot Depth	28.00 m	36.59 m	36.59 m



Preliminary Subdivision Plan

**Off-site Infrastructure and Services:** The proposed subdivision would be subject to off-site works and services requirements of the Subdivision Servicing Bylaw, including road and lane improvements, sidewalk, drainage, and street lighting, as well as water, sanitary, storm, and third-party services. Access to the properties is required to be from the rear lane.

**Trees:** The applicant provided an Arborist report which identifies 11 non-significant trees found to be in marginal condition or in direct conflict with future buildings footprints or required servicing works. Two offsite trees on the property to the south will be retained and protected throughout the construction process. Tree removal and replacement will be through issuance of a tree cutting permit.



# Rezoning Application for 2940 Oxford Street

## **DISCUSSION**

The proposed rezoning and subdivision would help meet the demand for ground-oriented housing in the community. The proposed lots exceed the Zoning Bylaw's minimum subdivision requirements and complies with OCP housing policies that permit small lot, single-detached residential uses and duplexes on larger lots in areas designated Small Lot Residential.

The proposal will result in sanitary and storm sewer upgrades and relocation of the existing drive way access from Oxford Street to the rear lane.

Staff recommend approval of the rezoning subject to the specified conditions.

## **FINANCIAL IMPLICATIONS**

The subdivision and construction of new dwellings is anticipated to increase the assessed value of the lands resulting in increased property tax revenue for the City.

## **PUBLIC CONSULTATION**

The applicant has posted a development sign on the site. Staff visited the site on April 25 to confirm the sign is in good condition. The applicant provided a written summary of engagement with four neighbouring properties and advises they were supportive of the proposed redevelopment. No additional comments have been received by staff to date.




**Development Sign on Site**



## Rezoning Application for 2940 Oxford Street

### **OPTIONS** (✓ = Staff Recommendation)

	#	Description
	1	Recommend to Council that the zoning of 2940 Oxford Street be amended from RS1 (Residential Single Dwelling 1) to RS4 (Residential Single Dwelling 4) subject to the specified conditions being met prior to adoption of the rezoning bylaw.
	2	Request additional information or amendments to the application or recommended conditions to address specified issues prior to deciding on the application.
	3	Recommend to Council that the rezoning application be refused.

### **ATTACHMENTS**

None.

**Lead author(s):** Ben Ricketts

## 2023 Q4 Financial Variance and Forecast Report

### RECOMMENDATION:

None.

### REPORT SUMMARY

This report provides financial information regarding the City's operating activities for 2023 and compares forecasted third quarter and annual actual results to the 2023 amended budget.

The year-end ongoing operating results include a positive revenue variance of \$4,851,000 and a negative expense variance of \$2,122,000 from budget to actual. The year-end forecasted net result of operating revenues after expenses is \$24,654,000 which is \$2,729,000 more than budget.

### BACKGROUND

In order to provide Committee of Council an overview of the ongoing financial activities of the City, staff measure budget to actual revenue and expense performance while also forecasting expected annual operating results. This activity helps provide staff and Committee of Council appropriate oversight of the approved financial plan throughout a given time period.

### DISCUSSION

For 2023, budgeted operating revenues less expenditures were expected to generate \$21,925,000 in funds for transferring to reserve accounts and to repay long term debt principle. Revenue results are greater than budget due to higher rates of return on the City's investments, higher penalty and fines collections, larger than budgeted grants and utility charges.

Favourable budget to actual expenses are in the Finance, Development Services, and Police Services departments, offset by higher than anticipated costs in Engineering and Public Works, Fire and Emergency Services and Recreation.

	2023 Budget	2023 Actual	Annual Budget Variance	Variance as % of Budget	2023 Q3 Forecast	2023 Q3 as % of Budget
Operating Revenues	\$125,222,100	\$130,073,092	\$4,850,992	3.87%	\$128,955,903	2.98%
Operating Expenses	\$103,297,110	\$105,419,560	(\$2,122,450)	(2.05%)	\$104,913,768	(1.57%)
Surplus / (Deficit)	<b>\$21,924,990</b>	<b>\$24,653,532</b>	<b>\$2,728,542</b>	<b>12.44%</b>	<b>\$24,042,135</b>	<b>9.66%</b>

### Revenues by Source

Total operating revenues for 2023 are \$130,073,000 and result in a \$4,851,000 or a 3.87% favourable variance from budget. The largest driver of the variance is higher than budgeted rates of return on the City's investments. Penalties and fines revenue were also greater than planned as Bylaw Services collections have been very strong throughout 2023. These are partially offset with

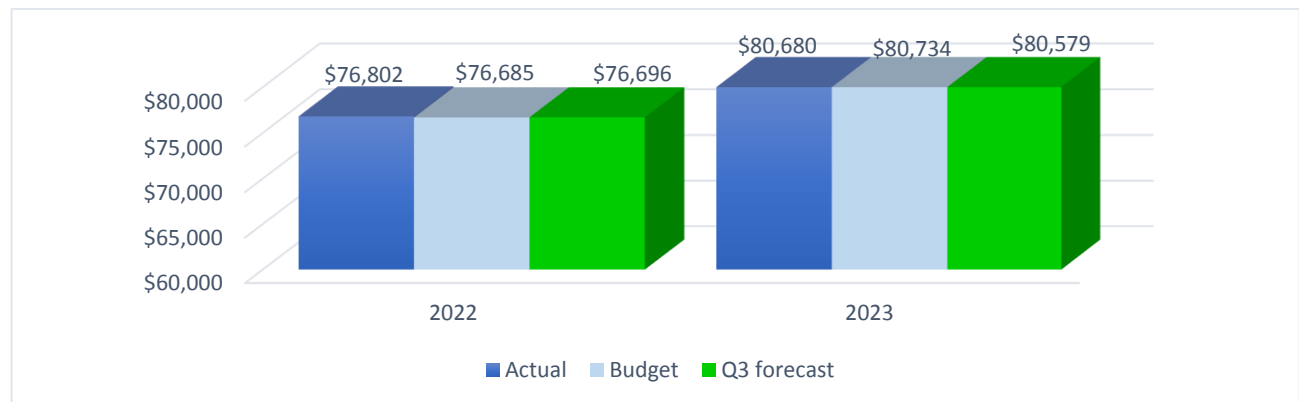
## 2023 Q4 Financial Variance and Forecast Report

legal fees. Higher than anticipated government grants and utility charges (partially offset with expenses) also contribute to the positive revenue variance.

Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show both the 2022 and 2023 budgets, actuals and Q3 forecasts.

	2023 Budget	2023 Actual	Annual Budget Variance	Variance as % of Budget	2023 Q3 Forecast	2023 Q3 as % of Budget
Taxation and Other Levies	\$80,734,080	\$80,679,770	(\$54,310)	(0.07%)	\$80,578,821	(0.19%)
Utility Charges	27,449,800	28,055,700	605,900	2.21%	28,365,795	3.34%
Sale of Services	7,965,150	8,234,990	269,840	3.39%	7,937,459	(0.35%)
Contributions	2,189,100	2,660,420	471,320	21.53%	2,615,152	19.46%
Permits and Licenses	3,011,070	3,367,030	355,960	11.82%	3,048,627	1.25%
Investment Income	2,735,537	4,939,339	2,203,802	80.56%	4,423,075	61.69%
Penalties and Fines	544,000	1,213,710	669,710	123.11%	1,121,037	106.07%
Other Revenue	593,363	922,133	328,770	55.41%	865,937	45.94%
<b>Total Operating Revenue</b>	<b>\$125,222,100</b>	<b>\$130,073,092</b>	<b>\$4,850,992</b>	<b>3.87%</b>	<b>\$128,955,903</b>	<b>2.98%</b>

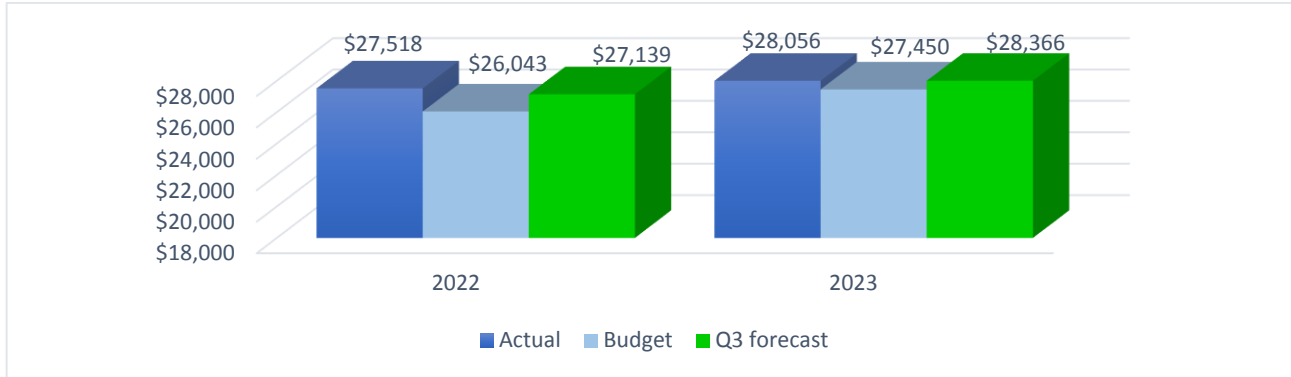
### Taxation and Other Levies



No significant variances are anticipated in this area.

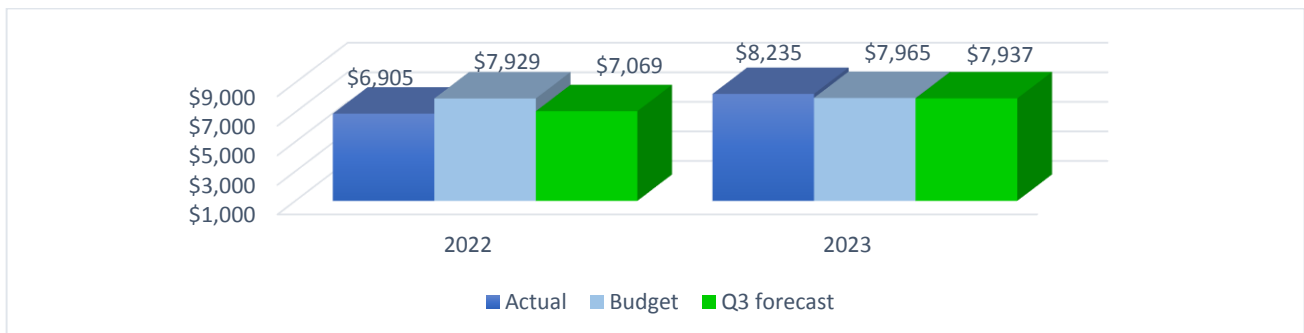
## 2023 Q4 Financial Variance and Forecast Report

### Utility Charges (Water, Sewer and Solid Waste Fees)



Due to hot, dry summer weather, higher than anticipated commercial water consumption produced a \$605,000 positive variance in utility charges. This variance was partially offset with increased bulk water purchase expenses from Metro Vancouver.

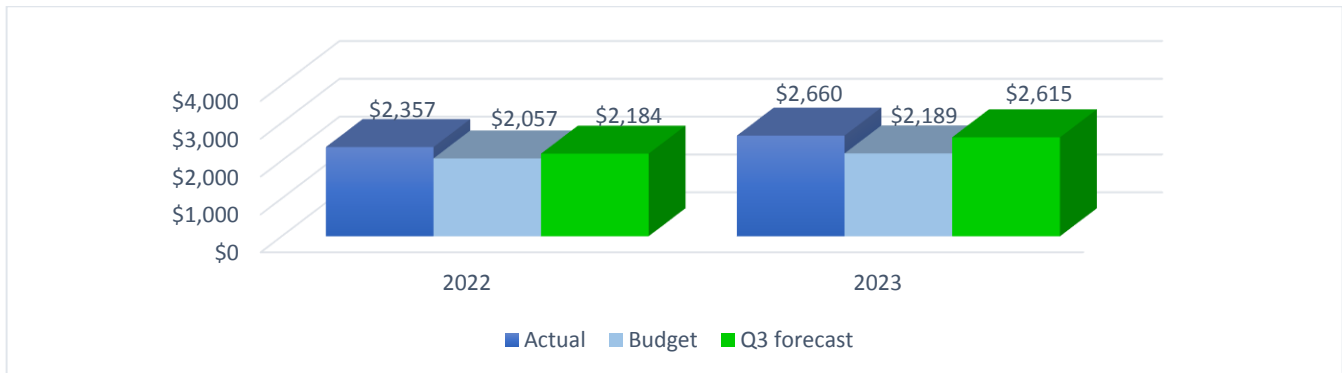
### Sales of Services



Sale of services revenue includes fees paid to the City for recreation facilities and programs, advertising revenue, rental revenue and funds collected for private jobs performed by City staff for members of the community. There were no significant variances in this area.

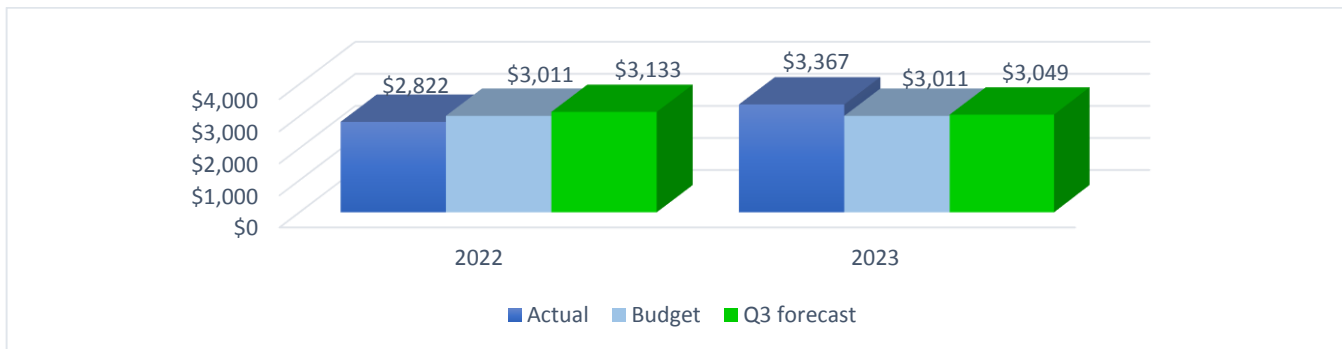
## 2023 Q4 Financial Variance and Forecast Report

### Contributions



Contributions revenue includes grants from the Federal and Provincial governments, as well as funds provided to the City from other organizations to support City initiatives and events. Government grants were higher than budget as a result of the larger Local Government Climate Action Plan grant (\$245,000) replacing the Climate Action Incentive Program grant (\$64,000). Additionally, there were a larger than expected number of grants for community events and in access and inclusion which were \$114,000 greater than budget.

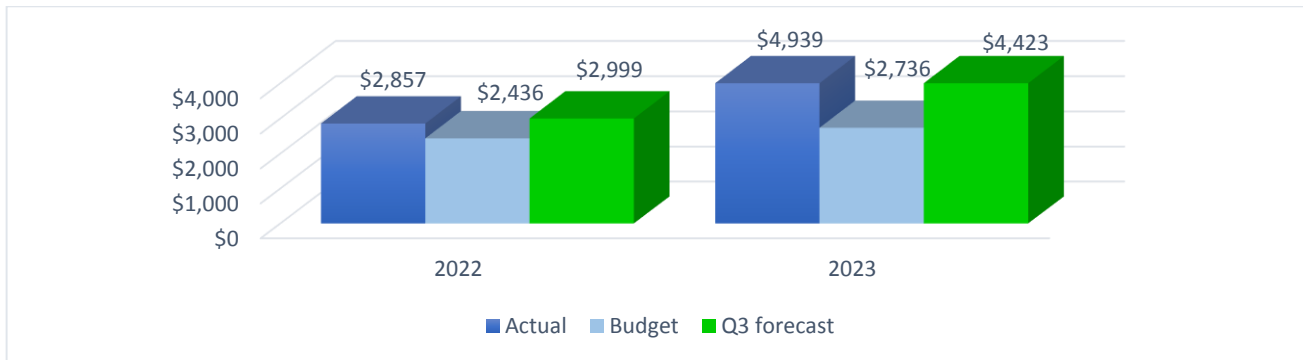
### Permits and Licenses



This revenue category includes items such as building permits, development applications and business licenses. The positive variance was due to higher than expected business licensing activity (\$194,000) and increased development engineering activity compared to budget (\$132,000).

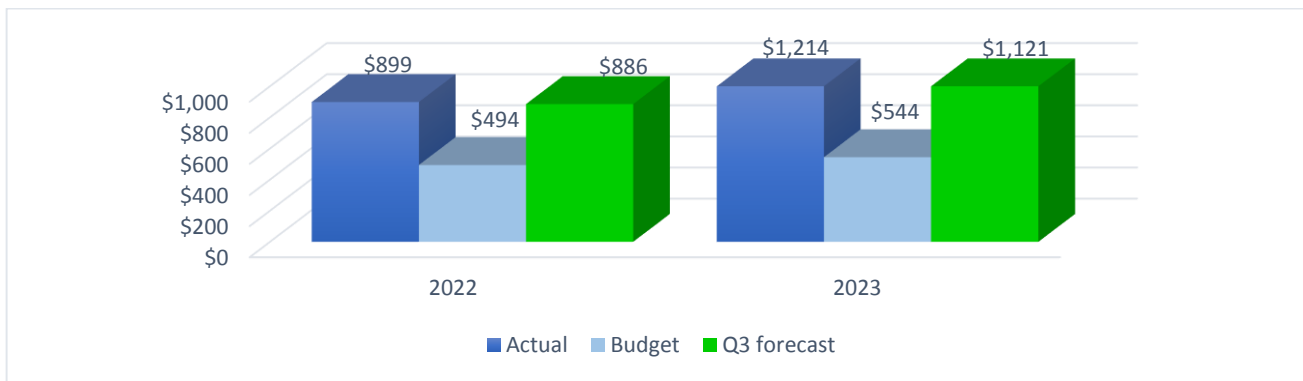
## 2023 Q4 Financial Variance and Forecast Report

### Investment Income



The favourable variance results from the increase in rates of return on the City's investments as the Bank of Canada continued to raise interest rates through 2023. A higher investment rate of return also increases interest allocated to reserve and development cost charge (DCC) funds.

### Penalties and Fines

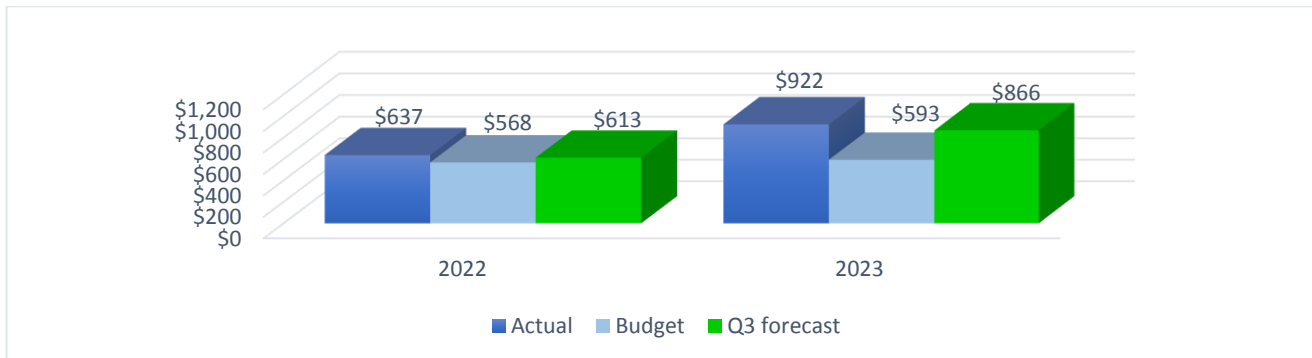


Bylaw Services revenue has been very strong through 2023 due to increased enforcement accounting for a \$382,000 positive variance to budget. Additionally, several large late payment penalties for property taxes and utilities have been levied generating a positive variance of \$263,000.



## 2023 Q4 Financial Variance and Forecast Report

### Other Revenue



This category includes miscellaneous revenues that don't fit into any other category, such as printing charges, digital sign revenue and rebates. Digital sign and advertising revenue were \$160,000 greater than budget. Also, the City received a \$176,000 rebate from WorkSafe BC for the Certificate of Recognition Audit. The certificate of recognition (COR) program recognizes and rewards employers who go beyond the current legal requirements, implement an effective occupational health and safety management system, and pass a WorkSafe BC certification audit.

### Expenses by Function

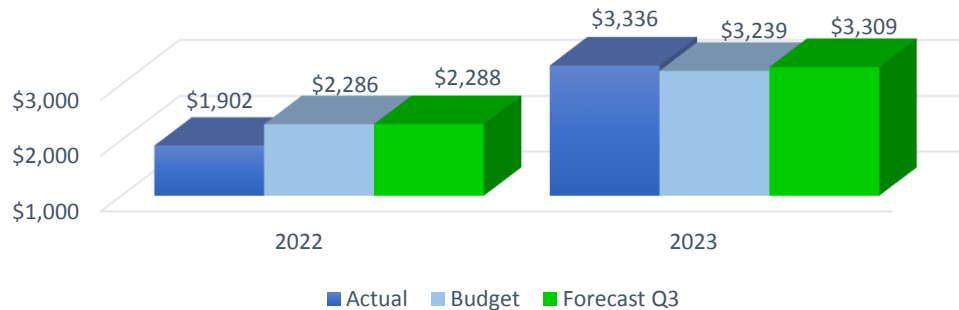
Overall, operating expenses are \$2,122,000 greater than budget for 2023 which represents a 2.05% unfavorable variance. Favourable budget to actual expense results occurred in Finance, Development Services, and Police Services. The expense reductions were offset by increased costs in Engineering and Public Works, Recreation and Fire & Emergency Services.

Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show both the 2022 and 2023 budgets, actuals and Q3 forecasts.

	2023 Budget	2023 Actual	Annual Budget Variance	Variance as % of Budget	2023 Q3 Forecast	2023 Q3 as % of Budget
Common Services	\$3,239,400	\$3,335,540	(\$96,140)	(2.97%)	\$3,308,627	(2.14%)
Office of the CAO	363,000	643,830	(280,830)	(77.36%)	631,300	(73.91%)
Community Safety and Corporate Services	5,241,100	5,139,120	101,980	1.95%	5,012,313	4.37%
Finance	2,679,710	2,533,600	146,110	5.45%	2,502,056	6.63%
Human Resources	1,260,500	1,237,680	22,820	1.81%	1,213,342	3.74%
Engineering & Public Works	11,593,600	12,544,810	(951,210)	(8.20%)	12,482,357	(7.67%)
Recreation	17,771,700	18,760,980	(989,280)	(5.57%)	17,969,072	(1.11%)
Police Services	18,105,000	17,690,410	414,590	2.29%	18,235,899	(0.72%)
Fire & Emergency Services	14,809,000	15,646,940	(837,940)	(5.66%)	15,276,215	(3.15%)
Development Services	4,047,600	3,824,340	223,260	5.52%	3,811,652	5.83%
Solid Waste Operations	4,689,500	4,452,850	236,650	5.05%	4,800,504	(2.37%)
Water Operations	10,962,700	11,105,200	(142,500)	(1.30%)	11,256,265	(2.68%)
Sanitary Sewer Operations	8,534,300	8,504,260	30,040	0.35%	8,414,167	1.41%
<b>Total Operating Expenses</b>	<b>\$103,297,110</b>	<b>\$105,419,560</b>	<b>(\$2,122,450)</b>	<b>(2.05%)</b>	<b>\$104,913,768</b>	<b>(1.57%)</b>

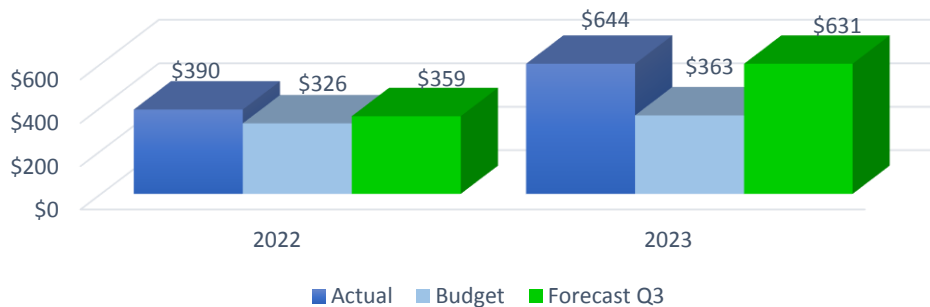
## 2023 Q4 Financial Variance and Forecast Report

### Common Services



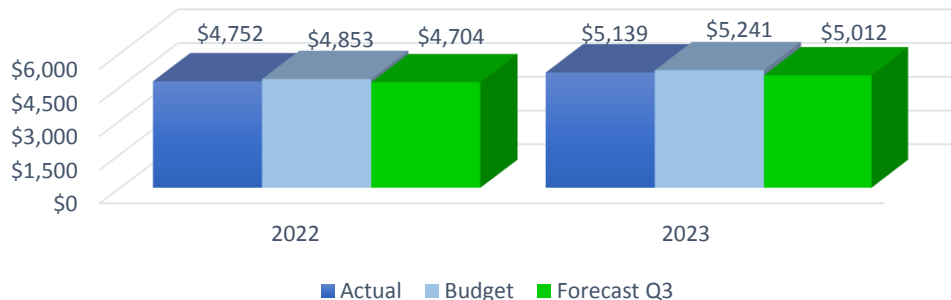
No significant variances anticipated in this area.

### Office of the CAO



The unfavorable variance is due to an unbudgeted position. This position has been included in the 2024 Financial Plan.

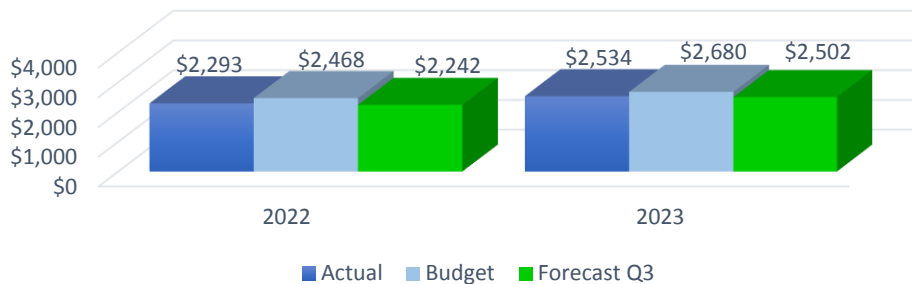
### Community Safety & Corporate Services



No significant variances anticipated in this area.

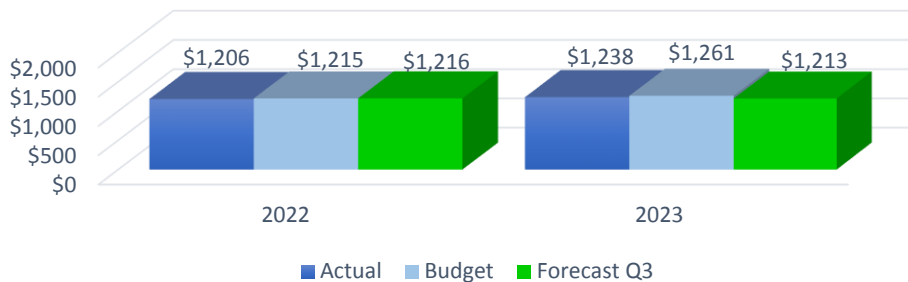
## 2023 Q4 Financial Variance and Forecast Report

### Finance



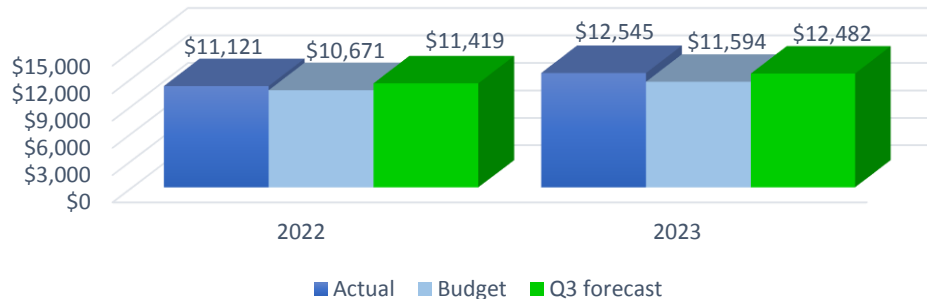
The Finance department experienced several staffing vacancies leading to a projected favorable variance of \$146,000. Savings have been partially offset by additional casual staffing required in Purchasing. Vacancies are currently recruiting.

### Human Resources



No significant variances anticipated in this area.

### Engineering and Public Works



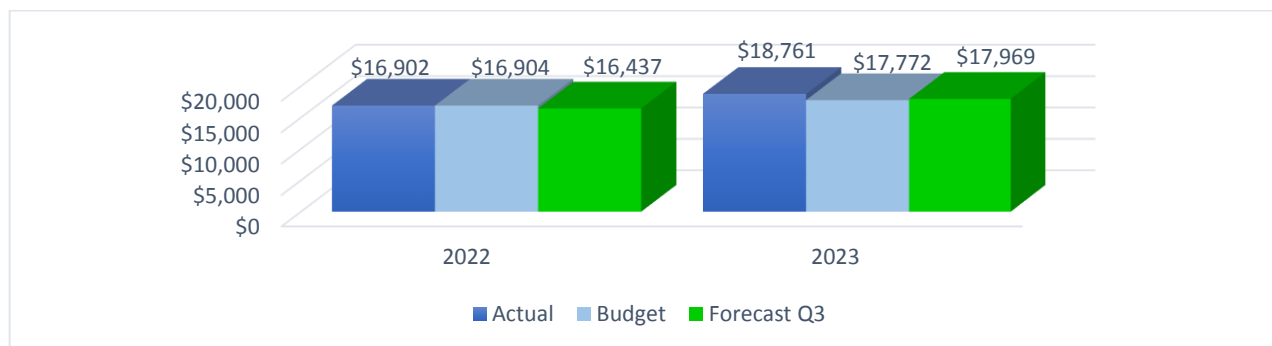
## 2023 Q4 Financial Variance and Forecast Report

The unfavorable variance is in line with what was projected during Q3 reporting and is due to a number of factors impacting department expenditures, including:

- Parks produced a negative variance by \$240,000 due to a focused vegetation removal, Japanese beetle control, two blitz's, additional planting material and additional hanging baskets for Veterans Park. Unanticipated costs also include the Aggie Park rental fence, Centennial Pool privacy fence, restoration of landscaping at PCCC left in poor condition by contractor
- Public Works fleet maintenance also produced a negative variance due to escalating supplies and materials costs by \$230,000. This also includes purchase of the new brine tank and additional ploughs for winter operations.
- Unplanned Works which is used to capture work outside of our service levels was also over budget by \$125,000.
  - Examples of such work includes: grip strips on various wooden walkways, Hazel Trembath support work, downtown cleanliness and streetlight painting; and
- Inflationary pressure on services and supplies.

Streets maintenance was slightly greater than budget. However, Snow and Ice removal costs were approximately on budget given lower than expected snow events while maintaining increased response levels.

### Recreation



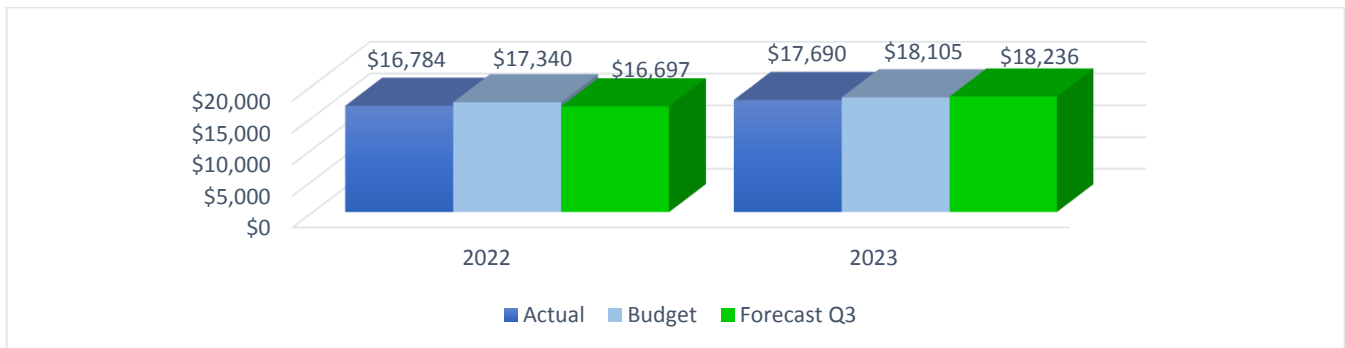
The unfavorable variance was primarily caused by events, recreation facilities and arena operations, including:

- The City put on several large, in-person public events in 2023 which led to a \$359,000 unfavorable variance. Significantly, the 100<sup>th</sup> May Days (\$138,000), Canada Day (\$86,000), Christmas light-up (\$59,000) and Remembrance Day ceremonies (\$25,000). Additional event costs were largely offset by increased revenues.

## 2023 Q4 Financial Variance and Forecast Report

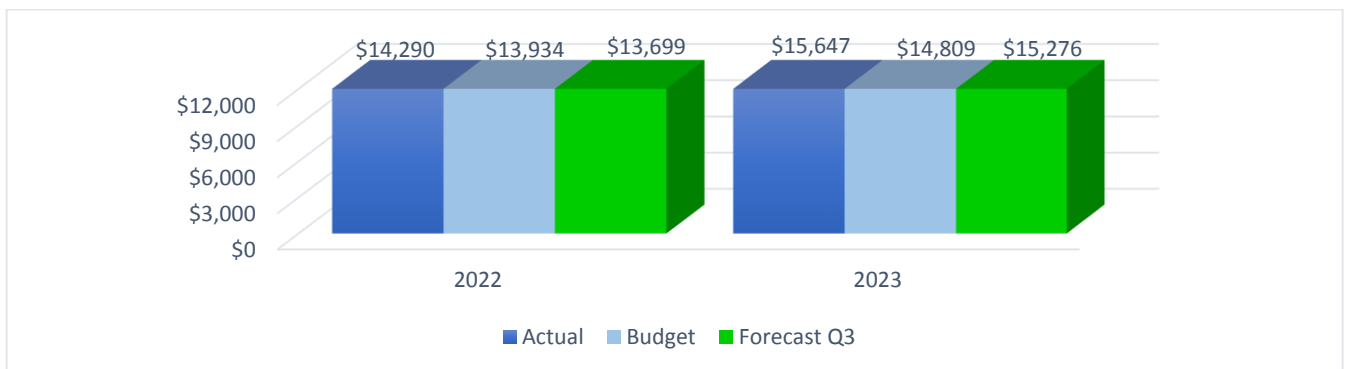
- Arena operations required additional staffing and supplies for more tournaments, high level sport games and events (\$226,000). Additional arena costs were partially offset by increased revenues.
- Recreation facilities experienced greater than anticipated contracted service costs due to a number of unforeseen repair and maintenance projects in 2023 (\$491,000).

### Police Services



Based on the final report received from the RCMP, the contract costs were \$379,000 less than budget. This was primarily due to the cost share percentage for 2023 being 30.6% versus a 31.8%, however note that vacancies also contributed.

### Fire & Emergency Services

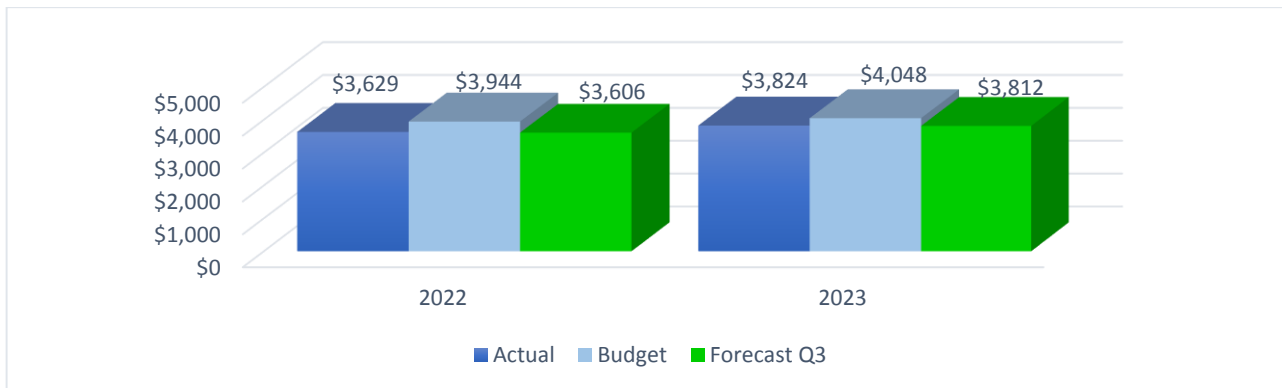


Amendments to the Employment Standards Act, compelling municipalities to now cover the costs of sick pay, has led to a \$150,000 unfavorable variance. Prior to March 2023, short-term sick was funded by the IAFF union local.

## 2023 Q4 Financial Variance and Forecast Report

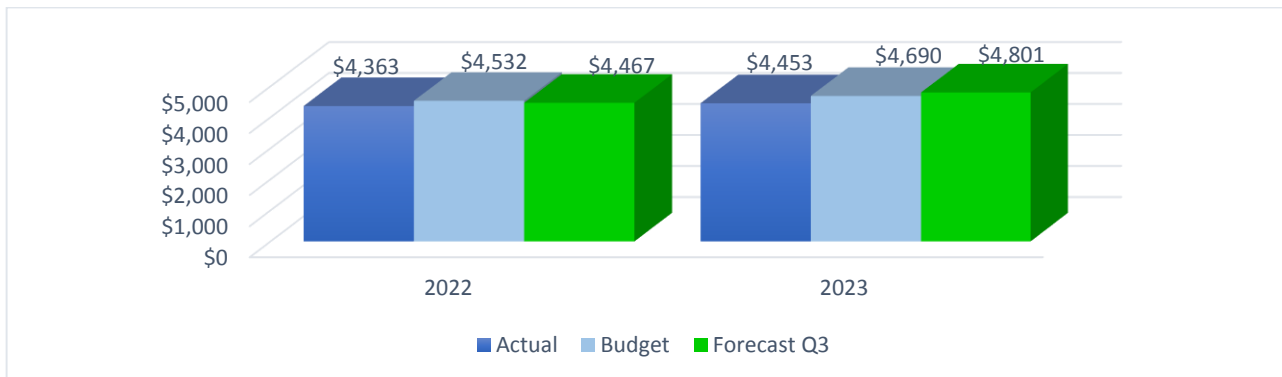
In addition, another significant driver of the variance is salary and benefit costs from the recently signed IAFF collective agreement (\$665,000) which were greater than budgeted. These higher labour costs were unanticipated in 2023, but have been accounted for in the 2024 budget.

### Development Services



The favorable variance is due to several staffing vacancies in building and development engineering that are currently being recruited. 2023 Vacancies in Development Services have now largely been filled.

### Solid Waste Operations

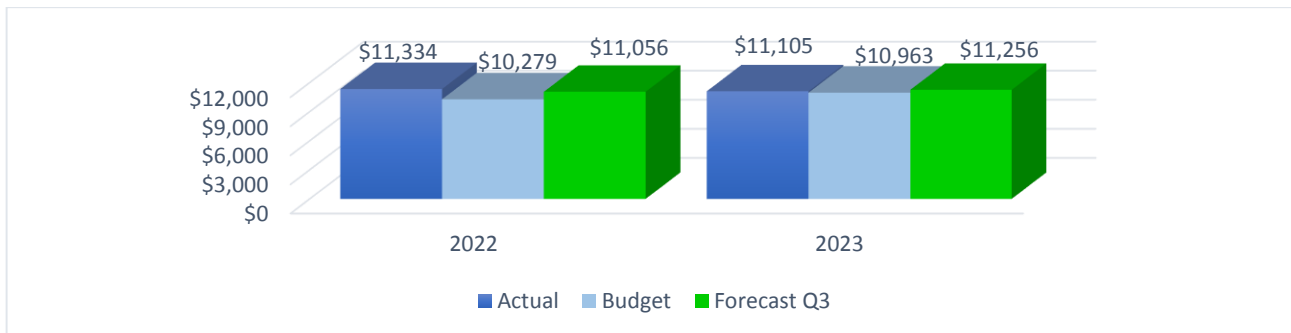


No significant variances anticipated.



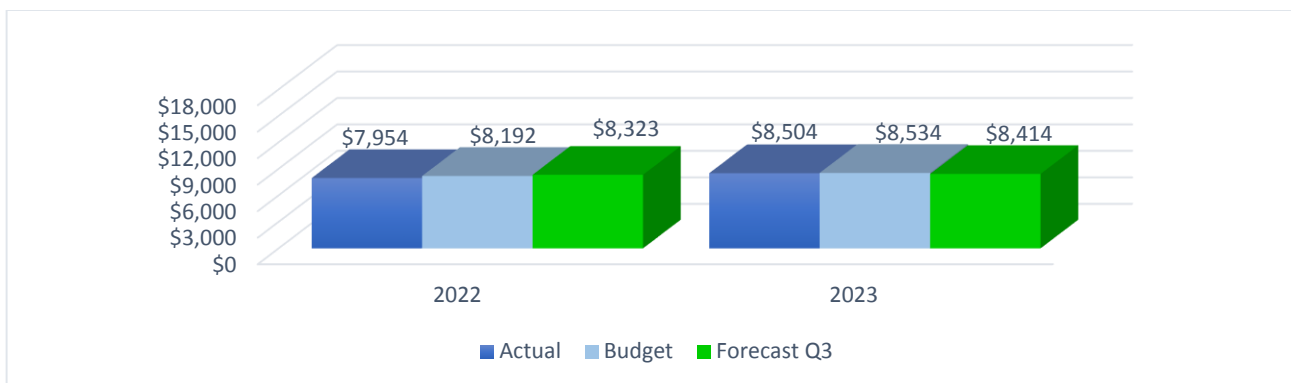
## 2023 Q4 Financial Variance and Forecast Report

### Water Operations



No significant variances anticipated.

### Sewer Operations



No significant variances anticipated.

### ONE-TIME VARIANCE ANALYSIS

The 2023 one-time operating variance summary (Attachment 1) details the actual one-time project expenses compared to the budgeted amounts at December 31, 2023. Several projects have been completed in 2023, including the DCC Bylaw project, the Master Transportation Plan, the Asset Management Strategy, the Climate Change Adaptation Strategy, the Hyde Creek Facility Assessment. A number of additional projects are in progress as of the date of this report, including the Land and Development Facilitator Contract, the Skytrain Feasibility Study, the Subdivision Bylaw, the Integrated Stormwater Management Plan, Invasive Species Management (Japanese Chafer Beetle), and Sports Hall of Fame and Festival Development.

The 2023 one-time operating costs compared to budget resulted in a positive variance of \$596,000 which is due to a number of projects still being ongoing at the end of 2023. Where projects will continue into 2024, the remaining budget will be carried forward.

## 2023 Q4 Financial Variance and Forecast Report

### **INVESTMENTS**

At December 31, 2023, the City had \$211,007,000 in both short and long-term investments. The City's funds are invested in short-term cash equivalents, GICs and term deposits with chartered Canadian banks, credit unions, and the Municipal Finance Authority. These investments carry rates of return ranging from 3.25% to 6.85%. As of December 31<sup>st</sup>, 2023, the City's average return on investment was 4.85%, up from 3.04% in 2022, which has significantly increased the City's investment income and interest allocated to reserves.

Beginning in 2022, the Bank of Canada increased the overnight lending rate from a record low 0.25% in March 2022 to 5.00% in June 2023. Banks and credit unions increased their prime rates along with the Bank of Canada which enabled staff to invest City funds at higher rates of return. To ensure that cash is available for operations, staff time the maturity of investments in order to coincide with large payments and periods of lower cash flow during the year. Currently the Canadian inflation rate has dropped to 2.9%, consumer spending has slowed and the rate of unemployment has increased. The Bank of Canada has held the overnight lending rate in its policy announcements from mid-2023 onward signalling that the current fiscal tightening cycle is at its end. While the City has taken advantage of the higher rate environment by locking in some investments longer-term, there is an expectation that rate cuts will begin in summer 2024 and continue into 2025.

	Book Value	Average Maturity	Average Rate (%)
Chartered Bank	\$59,082,000	24.9 Months	5.72%
Credit Union	\$144,723,000	28.2 Months	5.53%
Municipal Finance Authority	\$7,202,000	Cashable	2.55%

### **2023 CAPITAL PLAN**

The 2023 capital projects are presented within three main categories. Neighbourhood rehabilitation (NR) is intended to replace or renew existing civil infrastructure including roads, water, sewer, storm, pump stations, bridges, and all required appurtenances. Other rehabilitation is for all other capital renewal and replacement such as facilities, parks, recreation and software. The final category is for entirely new assets. This table shows the capital budgets, forecasts and variances at December 31, 2023, for projects completed in 2023 and still in progress in 2024.

Category	2023 Budget	2023 Forecast	Variance	%
NR	\$34,621,000	\$34,621,000	-	-
Other Rehabilitation	\$39,236,000	\$39,350,000	(114,000)	(2.9%)
New	\$3,337,000	\$3,327,000	\$10,000	0.3%
Total	\$77,194,000	\$77,298,000	(104,000)	(0.13%)

## 2023 Q4 Financial Variance and Forecast Report

Construction costs have continued to rise, however, staff worked through 2023 to prepare amendments and adjustments to the 2024 budgets to address the uncertainty and anticipated increases. Additionally, staff will continue to review and adjust unit prices annually. As presented, staff anticipate the program being substantially delivered with an insignificant variance of 0.13%.

### Neighbourhood Rehabilitation

The NR program is made up of two subcategories: Roads and Utilities and Major Facilities. The 2023 Roads and Utilities program focused on the downtown, central, western pocket bound by approximately Kingsway, Pitt River and the Coquitlam boundary and included the following projects:

1. Gordon Avenue: Lancaster Street to Raleigh Street;
2. Hughes Place: Patricia Avenue to north end;
3. Jervis Street: Kitchener Avenue to Gail Avenue;
4. Lancaster Street: Shaftsbury Avenue to Gordon Avenue;
5. Patricia Avenue: Hastings Street to Hughes Place; and
6. Patricia Avenue: Hughes Place to Graham Street.

The projects included road works, utility and streetlight installations, curb and gutter and sidewalk construction.

In addition to these locations, other highlights falling within the NR category and which have been completed in 2023 include: water blow off valve replacements year one, Eastern Drive PRV, streetlight expansions, flood mitigation at select locations, and several pump station designs.

### Other Rehabilitation

The other category includes capital projects relating to Information Technology software and hardware, Parks upgrades, fleet replacement and upgrades, Fire, Policing, and Recreation. The Other Rehabilitation budget includes several of the City's larger and more noteworthy projects including the Civic Center Revitalization, Gates Park Development, park playground improvements and the fleet replacement program.

### New

The new category in 2023, among others, included a new washroom at Blakeburn Lagoons, Cemetery Expansion, and a Terry Fox sculpture and exhibit.

### FINANCIAL IMPLICATIONS

The overall 2023 operating surplus is \$2,729,000. Of this surplus, \$157,000 is related to the water fund, \$257,000 to the sewer fund and \$2,315,000 to the general fund. Of the \$2,315,000 general fund surplus, \$379,000 relates to the RCMP. If the minimum balance is met, 50% of the remaining surpluses may be allocated to long-term reserves based on the City's Surplus Policy.

### **ATTACHMENTS**

Attachment 1 - One-Time Operating Variance Report 2023

**Lead author:** Matthew Mydske

**Contributing Author:** Jason Daviduk

## One-Time Operating Variance Report 2023

Department	Work order	Project	2023 Budget	2023 Actual Expenses	Variance from Budget	Status
Community Safety & Corporate Services	BL-0090-02	Tri-Cities Homelessness & Housing Task Group	9,600.00	4,793.96	4,806.04	Complete in 2023
	NC-0351-01	Non-Capital Project - Corporate Office Microfilm Scanning	20,630.42	-	20,630.42	Carry forward to 2024
	NR-7012-01	Non-Recurring Community Police Services Vinyl Wrap Program	-	(10,381.02)	10,381.02	Complete in 2023 - Grant Received for 2023 Work
	NC-0548-01	Non-Capital Project - Downtown Parking Strategy	125,000.00	119,196.13	5,803.87	Carry forward to 2024
Development Services	DS-0201-01	DS Projects OCP Review 2014	34,380.75	-	34,380.75	Carry forward to 2024
	NC-0110-01	Non-Capital Project - North Side Development	50,000.00	-	50,000.00	Carry forward to 2024
	NC-0224-01	Non-Capital Project - Land and Development Facilitator Contract	232,104.50	69,449.89	162,654.61	Carry forward to 2024
	NC-0238-01	Non-Capital Project - Underground Utilities in Greater Downtown	50,000.00	-	50,000.00	Carry forward to 2024
Engineering & Public Works	NC-0239-01	Non-Capital Project - Downtown Wayfinding Strategy and Implementation	8,249.23	-	8,249.23	Carry forward to 2024
	NC-0305-01	Non-Capital Project - Microfilm Record Digitization	(7,025.19)	60,436.75	(67,461.94)	Complete in 2023
	NC-0355-01	Non-Capital Project - Skytrain Feasibility Study	75,000.00	18,500.00	56,500.00	Carry forward to 2024 - ongoing project awaiting Translink participation
	DS-0100-02	Development Engineering - Subdivision Bylaw	85,000.00	-	85,000.00	Carry forward to 2024
	DS-0100-03	Development Engineering - DCC Bylaw	60,845.44	61,809.79	(964.35)	Complete in 2023
	NC-0017-01	Non-Capital Project - Asset Management - General	14,328.23	(8,842.27)	23,170.50	Complete in 2023
	NC-0352-01	Non-Capital Project - Master Transportation Plan	29,072.87	31,816.54	(2,743.67)	Complete in 2023
	NC-0356-01	Non-Capital Project - Climate Change Adaptation Strategy	-	16,567.80	(16,567.80)	Complete in 2023
	NC-0357-01	Non-Capital Project - Integrated Stormwater Management Plan	114,793.92	38,196.06	76,597.86	Carry forward to 2024
	NR-7015-01	Non-Recurring Rain Storm-Flooding	-	(8,510.00)	8,510.00	Complete in 2023
	PK-0086-99	Cemetery - One-Time Projects (Chafer Beetle Control)	11,969.52	-	11,969.52	Carry forward to 2024 - costs incurred towards Japanese Beetle control and entire budget will be spent
	NR-7019-01	Jan 2022 Atmospheric River	-	(26,614.88)	26,614.88	Complete in 2023
Recreation	NC-0529-01	Non-Capital Project - Invasive Species Management	60,000.00	-	60,000.00	Carry forward to 2024 - costs incurred towards Japanese Beetle control and entire budget will be spent
	CP-3101-39	Community Programs - Active Living - Grand Prix	72,056.98	9,140.58	62,916.40	Carry forward to 2024
	CP-4100-50	Community Programs - Arts and Culture - PoCo Sports Hall of Fame	15,231.48	-	15,231.48	Carry forward to 2024
	CP-8100-55	Organizational Support - Festival Development	31,116.35	13.99	31,102.36	Carry forward to 2024
	NC-0396-01	Non-Capital Project - Hyde Creek Recreation Centre Assessment	2,500.00	-	2,500.00	Complete in 2023
Sewer Utility	NC-0527-01	Non-Capital Project - Hyde Creek Facility Condition Assessment	50,000.00	14,388.00	35,612.00	Complete in 2023
	SE-0017-01	Asset Management - Sewer	48,745.25	366.13	48,379.12	Complete in 2023
Solid Waste Utility	NR-7008-01	Non-Recurring - Bulky Item Collection	-	279,743.94	(279,743.94)	Ongoing - 2024 operating budget request forthcoming
Water Utility	WA-0017-01	Asset Management - Water	73,698.26	868.30	72,829.96	Complete in 2023
<b>Grand Total</b>			<b>1,267,298.01</b>	<b>670,939.69</b>	<b>596,358.32</b>	

**RECOMMENDATION:**

*That Committee of Council adopt the 2023 Audited Consolidated Financial Statements.*

**REPORT SUMMARY**

This report provides a review and analysis of the 2023 consolidated financial statements audited by the City's external auditors, KPMG LLP. This report presents the overall financial results of the City for 2023, including the impacts of operating and capital revenue and expense transactions. This report focuses on the annual impact of the revenues and expenses on the City's accumulated surplus and the 2023 ending position of City's various reserves and funds.

In 2023, the City recorded an annual surplus of \$29.9 million consisting of both cash and non-cash items including restricted and non-restricted reserves and equity in tangible capital assets. The \$29.9 million surplus is derived from a \$15.4 million increase in capital equity, a \$171 thousand decrease in inventories and prepaid expenses and a \$564 thousand decrease in unrestricted fund equity offset by a \$15.3 million increase in restricted reserves.

**BACKGROUND**

The consolidated financial statements (Attachment 1) are intended to report on the City's financial condition as at December 31, 2023, and consist of four required statements (consolidated statement of financial position, consolidated statement of operations, consolidated statement of change in net financial assets, and consolidated statement of cash flows) as well as additional notes and supporting schedules. KPMG LLP have audited the 2023 consolidated financial statements and have provided an independent auditors report and audit findings report (Attachments 1 and 2).

The Public Sector Accounting Board standards require the City's audited consolidated financial statements to include a comparison of the annual actual financial results to the approved original budget which is presented in the consolidated statement of operations. The City approved the 2023-2027 Financial Plan Bylaw on May 9, 2023, which established the City's expense authority for the year. It should be noted that Committee of Council approved a number of financial plan amendments throughout the year, but as per accounting standards these are not included in the financial statement original budget.

The following summary information provides insight and discussion on the 2023 consolidated financial statements revenues and expenses, as well as the City's accumulated surplus for 2023.

## DISCUSSION

### Revenues and Expenses

Actual revenues were greater compared to budget due to several factors. Investment income was significantly higher than budget due to increased rates of return on the City's investments as the Bank of Canada raised interest rates throughout 2022, and held through 2023. A higher investment rate of return also increases interest allocated to reserve and DCC funds. Penalties and fines revenue were higher than budget as bylaw services increased enforcement and revenue services collected several large late payment penalties for property taxes and utilities. The City also received a Growing Communities Fund grant from the Province of BC (\$9.4 million) and developer contributions which increased contributions revenue more than anticipated. Actual expenses were higher than budget due to several land and building purchases as part of the City's downtown revitalization, as well as higher than anticipated costs in Engineering and Public Works, Fire and Emergency Services and Recreation.

Table 1 presents the overall revenue and expenses compared to budget for 2023.

Table 1 - 2023 Consolidated Revenues and Expenses

	2023 Budget	2023 Actual Results	Annual Budget Variance	Variance as % of Budget	2022 Actual Results
Revenues	\$140,701,900	\$154,007,785	\$13,305,885	9.46%	\$126,466,662
Expenses	117,185,500	124,071,979	(6,886,479)	(5.88%)	112,714,547
<b>Difference between revenue and expenses</b>	<b>\$23,516,400</b>	<b>\$29,935,806</b>	<b>\$6,419,406</b>	<b>27.30%</b>	<b>\$13,752,115</b>

Additional detailed analysis of the 2023 ongoing operating revenues and expenses can be found within the 2023 Year-end Operating Variance Report (Attachment 3).

### Annual Surplus

Of the \$29.9 million in annual surplus, one of the largest components relates to the 2023 addition of capital assets (\$15.4 million increase). There was a decrease in unrestricted fund equity (\$564 thousand) due to transfers to reserves and project funding and an increase of \$15.3 million in restricted reserves set aside to fund future City projects and initiatives. A major contributor to this was the Growing Communities Fund grant from the Province of BC.

Table 2 presents the components of the annual surplus.

## 2023 Audited Financial Statements Report

**Table 2 - 2023 Components of Annual Surplus**

	2023 Budget	2023 Actuals	Difference	Financial Statement Reference
Capital Equity	\$61,732,700	\$15,185,230	(\$46,547,470)	Note 17
Reserve Funds	(27,279,200)	15,290,724	42,569,924	Note 16
General Fund	(10,814,700)	(564,002)	10,250,698	Note 15
Water Fund	(73,700)	188,240	261,940	Note 15
Sewer Fund	(48,700)	(164,386)	(115,686)	Note 15
<b>Annual Surplus</b>	<b>\$23,516,400</b>	<b>\$29,935,806</b>	<b>\$6,419,406</b>	

### Accumulated Surplus

Accumulated surplus is the cumulative amount of annual surpluses from all prior years up to the current year. The City's accumulated surplus increased to \$874.7 million of which \$759.8 million is Equity in Tangible Capital Assets (Attachment 1, Note 17).

The audited consolidated financial statements provide an outline (Attachment 1, Note 15) of additional supplemental information on the composition of the accumulated surplus balance. The 2023 accumulated surplus consists of unrestricted reserves or Funds (General, Water, and Sewer), restricted reserves, equity in tangible capital assets as well as equity in inventory and prepaid expenses and the Port Coquitlam Community Foundation (Table 3).

Table 3 presents the 2023 opening and ending accumulated surplus balances.

**Table 3 - 2023 Accumulated Surplus Details**

	2023 Opening	Change in Accumulated Surplus	2023 Closing	Notes
Unrestricted General Reserve	\$16,994,939	(\$647,477)	\$16,347,462	Unrestricted
Unrestricted Water Reserve	427,939	188,240	616,179	Unrestricted
Unrestricted Sewer Reserve	2,631,573	(164,386)	2,467,187	Unrestricted
<b>Subtotal- Unrestricted Reserves</b>	<b>\$20,054,451</b>	<b>(\$623,623)</b>	<b>\$19,430,828</b>	
Restricted Reserves	78,345,904	15,290,724	93,636,628	Restricted
Equity in Tangible Capital Assets	744,490,840	15,356,225	759,847,065	Non-cash
Equity in Inventory and Prepaids	1,109,698	(170,995)	938,703	Non-cash
Equity in Port Coquitlam Community Foundation	723,950	83,475	807,425	Foundation
<b>Total Accumulated Surplus</b>	<b>\$844,724,843</b>	<b>\$29,935,806</b>	<b>\$874,660,649</b>	

Of the \$29.9 million of total annual surplus at year end and considering the minimum balance requirements, future commitments and transfers, there is no remaining balance in the general fund or water fund and \$1.2 million in the sewer fund. Equity in Tangible Capital Assets increased by \$15.4 million largely as a result of capital projects such as the downtown revitalization, fleet



## 2023 Audited Financial Statements Report

upgrades, and capital work on neighborhood rehabilitation projects. Restricted Reserves increased by \$15.3 million after accounting for annual contributions, grants and transfers of \$30.7 million, project allocations of \$19.4 million and an annual interest allocation of \$4.1 million (Attachment 1, Note 16).

Table 4 outlines the minimum balances for the general, water and sewer funds, as well as the amounts available to fund future projects.

Table 4 - 2023 General, Water and Sewer Fund Accumulated Surplus Balances

	General Fund	Water Fund	Sewer Fund
2023 ending balance	\$16,347,462	\$616,179	\$2,467,187
Less 2023 Carry Forward	5,211,712	72,830	48,379
<b>Balance after Commitments and Transfers</b>	<b>\$11,135,750</b>	<b>\$543,349</b>	<b>\$2,418,808</b>
Minimum Balance Required	(9,214,131)	(1,694,673)	(1,223,378)
<b>Balance Remaining</b>	<b>\$1,921,619</b>	<b>(\$1,151,324)</b>	<b>\$1,195,430</b>
Less 2024 Financial Plan	1,337,850	-	-
<b>Balance</b>	<b>\$583,769</b>	<b>(\$1,151,324)</b>	<b>\$1,195,430</b>

The Annual Surplus Allocation Policy sets out the guidelines for the fiduciary management of any year-end operating surplus in the general fund. Based on the policy, accumulated surplus should be maintained at a minimum of 12% of the prior year's general property taxation revenue. Once the minimum balance is achieved, a minimum of 50% of the remaining current annual general fund surplus will be transferred to the Long-Term Replacement Infrastructure Reserve ("LTR"). While not specifically mentioned in the policy, water and sewer funds have historically been treated in the same manner.

General Fund: After accounting for the 2023 carry forwards (\$5.2 million) and 2023 Financial Plan Commitments (\$1.3 million), the minimum balance has been met. Staff will be providing recommendations on balance transfers in a future report.

Water Fund: 2023: Carry forwards are reported at \$73 thousand. As the minimum balance has not yet been achieved, there are no funds available for future projects or transfer to LTR.

Sewer Fund: 2023: Carry forwards are reported at \$48 thousand. The minimum balance has been met and staff will be providing recommendations on balance transfers in a future report.


### CONCLUSION

The 2023 consolidated financial statements result in an annual surplus of \$29.9 million and an ending accumulated surplus of \$874.7 million. The accumulated surplus is made up of a number of different unrestricted and restricted funds. The capital fund continues to increase as a result of ongoing capital

## 2023 Audited Financial Statements Report

expenditures in the City. Restricted funds balances have increased as transfers have been made in order to fund future City projects and initiatives.

### **OPTIONS** (✓ = Staff Recommendation)

	#	Description
	1	That Committee of Council adopt the 2023 consolidated financial statements.
	2	That Committee of Council provide further direction to staff.

**Lead author:** Matthew Mydske

Attachment 1 - 2023 Consolidated Financial Statements and Draft Independent Auditors Report  
Attachment 2 - KPMG 2023 Audit Findings Report  
Attachment 3 - 2023 Financial Operating Variance Report



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Corporation of the City of Port Coquitlam

### ***Opinion***

We have audited the consolidated financial statements of Corporation of the City of Port Coquitlam (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes 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, 2023, and its consolidated results of operations, its consolidated changes in net 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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, 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.

## ***Auditor's 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 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 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 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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Vancouver, Canada

May 7, 2024

**THE CORPORATION OF THE CITY OF PORT COQUITLAM**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31**

	<b>2023</b>	<b>2022</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 29,142,666	\$ 36,853,257
Investments (Note 4)	195,099,170	163,982,315
Accounts receivable (Note 5)	7,606,079	7,090,464
Due from other governments (Note 6)	230,988	210,177
	<b>232,078,903</b>	<b>208,136,213</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	24,002,759	20,411,183
Deferred revenue (Note 8)	28,711,877	27,078,547
Deposits (Note 9)	11,485,976	12,090,012
Development cost charges (Note 10)	48,569,489	46,294,166
Post-employment future benefits and compensated absences (Note 11)	3,266,000	3,138,000
Asset retirement obligations (Note 12)	2,508,693	-
Debt (Note 13)	89,758,736	66,509,595
	<b>208,303,530</b>	<b>175,521,503</b>
<b>NET FINANCIAL ASSETS</b>	<b>23,775,373</b>	<b>32,614,710</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	849,946,573	811,000,435
Inventories	430,525	617,410
Prepaid expenses	508,178	492,288
	<b>850,885,276</b>	<b>812,110,133</b>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<b>\$ 874,660,649</b>	<b>\$ 844,724,843</b>

Commitments and contingencies (Note 19)  
Contractual rights (Note 20)

See accompanying notes to consolidated financial statements

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ROB BREMNER  
Chief Administrative Officer

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JEFFREY LOVELL  
Director of Finance

**THE CORPORATION OF THE CITY OF PORT COQUITLAM**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended December 31**

	2023 Budget (Notes 2(c) and 22)	2023	2022
<b>REVENUE</b>			
Taxation and other levies (Note 22)	\$ 80,734,100	\$ 80,654,382	\$ 76,784,426
Utility charges	27,449,800	28,081,353	27,662,380
Sale of services	8,275,600	9,012,480	7,101,807
Contributions (Note 23)	17,361,800	23,080,382	5,686,615
Permits and licenses	3,060,900	3,350,622	2,819,453
Investment income	2,805,100	8,043,477	3,892,069
Penalties and fines	544,000	1,209,027	898,871
Other	470,600	1,001,457	1,010,816
Gain (loss) on disposals of tangible capital assets	-	(425,395)	610,225
	<b>\$ 140,701,900</b>	<b>\$ 154,007,785</b>	<b>\$ 126,466,662</b>
<b>EXPENSES</b>			
General government	\$ 12,002,500	\$ 15,130,488	\$ 11,363,498
Engineering and public works	19,848,600	21,694,669	18,143,122
Recreation	21,494,700	22,719,434	21,011,625
Police services	18,135,300	17,727,980	17,156,075
Fire and emergency services	14,641,500	16,018,884	14,711,743
Development services	4,925,700	3,973,896	4,041,835
Solid waste operations	4,689,500	4,934,377	4,701,974
Water operations	12,143,100	12,457,385	12,739,214
Sanitary sewer operations	9,304,600	9,414,866	8,845,461
	<b>\$ 117,185,500</b>	<b>\$ 124,071,979</b>	<b>\$ 112,714,547</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 23,516,400</b>	<b>\$ 29,935,806</b>	<b>\$ 13,752,115</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>844,724,843</b>	<b>844,724,843</b>	<b>830,972,728</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 868,241,243</b>	<b>\$ 874,660,649</b>	<b>\$ 844,724,843</b>

See accompanying notes to consolidated financial statements

**THE CORPORATION OF THE CITY OF PORT COQUITLAM**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the Year Ended December 31**

	2023 Budget (Notes 2(c) and 22)	2023	2022
Annual surplus	\$ 23,516,400	\$ 29,935,806	\$ 13,752,115
Acquisition of tangible capital assets	(71,193,900)	(45,485,205)	(23,127,269)
Recognition of Asset Retirement Obligations	-	(2,508,693)	-
Developer contributions of tangible capital assets	(1,000,000)	(8,394,804)	(2,445,772)
Amortization of tangible capital assets	12,000,000	16,227,723	14,372,050
Loss (gain) on disposals of tangible capital assets	-	425,395	(610,225)
Proceeds on disposals of tangible capital assets	-	789,446	1,098,943
Change in inventories	-	186,885	18,979
Change in prepaid expenses	-	(15,890)	103,030
Change in net financial assets	(36,677,500)	(8,839,337)	3,161,851
NET FINANCIAL ASSETS, beginning of year	32,614,710	32,614,710	29,452,859
NET FINANCIAL ASSETS (DEBT), end of year	\$ (4,062,790)	\$ 23,775,373	\$ 32,614,710

See accompanying notes to consolidated financial statements



**THE CORPORATION OF THE CITY OF PORT COQUITLAM**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended December 31

	2023	2022
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 29,935,806	\$ 13,752,115
Items not involving cash:		
Developer contributions of tangible capital assets	(8,394,804)	(2,445,772)
Amortization of tangible capital assets	16,227,723	14,372,050
Loss (gain) on disposals of tangible capital assets	425,395	(610,225)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(515,615)	249,775
Due from other governments	(20,811)	154,478
Accounts payable and accrued liabilities	3,591,576	(4,054,291)
Deferred revenue	1,633,330	8,275,403
Deposits	(604,036)	(237,824)
Development cost charges	2,275,323	3,028,865
Post employment future benefits and compensated absences	128,000	206,000
Inventories	186,885	18,979
Prepaid expenses	(15,890)	103,030
<b>Cash provided by operating activities</b>	<b>44,852,882</b>	<b>32,812,583</b>
<b>FINANCING ACTIVITIES</b>		
Debt repayment	23,249,141	(1,887,318)
<b>Cash provided by (used in) financing activities</b>	<b>23,249,141</b>	<b>(1,887,318)</b>
<b>CAPITAL ACTIVITIES</b>		
Cash used to acquire tangible capital assets	(45,485,205)	(23,127,269)
Proceeds on disposals of tangible capital assets	789,446	1,098,943
<b>Cash used in capital activities</b>	<b>(44,695,759)</b>	<b>(22,028,326)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(120,116,855)	(148,914,097)
Redemption of investments	89,000,000	100,115,000
<b>Cash used in investing activities</b>	<b>(31,116,855)</b>	<b>(48,799,097)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,710,591)</b>	<b>(39,902,158)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>36,853,257</b>	<b>76,755,415</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 29,142,666</b>	<b>\$ 36,853,257</b>
Supplementary information:		
Non-cash transactions:		
Land sold for assets under construction	\$ -	\$ 3,650,000

See accompanying notes to consolidated financial statements

**THE CORPORATION OF THE CITY OF PORT COQUITLAM**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**1 OPERATIONS**

The Corporation of the City of Port Coquitlam (the "City") is incorporated under the Local Government Act of British Columbia. The City's principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water and sanitary sewer services.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the City are prepared in accordance with Canadian Public Sector Accounting Standards as issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

**(a) Basis of Presentation**

The consolidated financial statements comprise the City's General, Water, Sewer and Reserve funds and the Port Coquitlam Community Foundation. All inter-fund and inter-entity balances and transactions have been eliminated on consolidation.

Under the Community Charter, City Council may, by bylaw, establish reserve funds for specified purposes:

- (i) Internally restricted reserves are in accordance with City policy and with bylaws adopted by City Council pursuant to the Community Charter. The policy and bylaws define the funding source for each reserve and their usage.
- (ii) Statutorily restricted reserves are reserves restricted by the provincial government in accordance with the Community Charter. The legislation defines the funding source for each reserve and their usage.

Trust funds are those that are administered for certain beneficiaries. In accordance with PSAB guidance, trust funds are not included in the City's consolidated financial statements. Trust funds administered by the City are presented in Note 19.

**(b) Basis of Accounting**

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and/or the creation of a legal obligation to pay.

**(c) Budget Information**

The budget information reported in the consolidated statement of operations and the consolidated statement of change in net financial assets reflects the 2023-2027 Financial Plan Bylaw adopted by City Council on May 9, 2023.

**(d) Cash and Cash Equivalents**

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

**(e) Taxation Revenue Recognition**

Taxes are recorded at estimated amounts when they meet the definition of an asset, they are authorized and the taxable event occurs. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. British Columbia Assessment Authority's appeal process may adjust taxes by way of supplementary roll adjustments. These adjustments are recognized in the year they are adjusted.

**(f) Deferred Revenue**

The City defers a portion of the revenue collected from permits, licenses and recreation and other fees and recognizes this revenue in the year in which related services are performed or other related expenditures are incurred. The City also defers prepaid property taxes which are recognized in the taxation year to which they relate.

## 2 SIGNIFICANT ACCOUNTING POLICIES - Continued

### (g) Deposits

Deposits represent cash collected by the City as security against work performed by property developers. The security is returned to the developer upon satisfactory completion of the work, or recognized into revenue if the work is not performed in accordance with the applicable bylaws.

### (h) Development Cost Charges

Development cost charges, collected to pay for capital projects due to be developed, are deferred upon receipt and are recognized as revenue when the capital costs for which they were collected are incurred.

### (i) Post-Employment Future Benefits and Compensated Absences

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

Post-employment future benefits and compensated absences also accrue to City employees. Liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. Liabilities under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

### (j) Debt

Debt is recorded in the consolidated financial statements net of sinking fund credits.

### (k) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

#### *Tangible Capital Assets*

Tangible capital assets are initially recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset. The cost, less residual value, is amortized on a straight-line basis over the asset's useful life as follows:

Major Asset Category	Useful Life
Land	Not amortized
Parks infrastructure	3 to 100 years
Vehicles, machinery and equipment	5 to 25 years
Transportation infrastructure	10 to 100 years
Buildings	20 to 70 years
Drainage	25 to 100 years
Land improvements	45 to 100 years
Water	25 to 80 years
Sanitary sewer	25 to 100 years

Amortization begins once the asset is in use and ends when the asset is disposed or decommissioned. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

## 2 SIGNIFICANT ACCOUNTING POLICIES - Continued

### **Non-Financial Assets-Continued**

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

### *Inventories*

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

### **(l) Government Transfers**

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred and eligibility terms are met or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

### **(m) Asset Retirement Obligations**

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and,
- (iv) A reasonable estimate of the amount can be made.

The liability is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. The cost is amortized over the useful life of the tangible capital asset (Note 2 (k)). If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Recoveries related to asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

## **2 SIGNIFICANT ACCOUNTING POLICIES - Continued**

### **(n) Liabilities for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use 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 estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

### **(o) 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from management's estimates as additional information becomes available. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

### **(p) Segment Disclosure**

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 to achieve the objectives of the standard. Financial information is presented in segmented format in Note 23.

## **2 SIGNIFICANT ACCOUNTING POLICIES - Continued**

### **(q) Financial Instruments**

Financial instruments include cash and cash equivalents, investments, accounts receivables, development fees receivables, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the financial instrument at fair value. The City has not elected to carry any other financial instruments at fair value, except for portfolio investments held by the Port Coquitlam Community Foundation.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations when they are realized. There are no significant unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the City does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost and are expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, investments other than portfolio investments held by the Port Coquitlam Community Foundation, accounts payable and accrued liabilities, and debt are measured at amortized cost using the effective interest rate method.

All financial assets held at amortized cost are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations.

## **3 ADOPTION OF NEW ACCOUNTING STANDARDS**

### **(a) PS 3280 Asset Retirement Obligations:**

On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations ("PS 3280"). The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The City has adopted this standard on a prospective basis.

### **(b) PS 3450 Financial Instruments and Related Standards:**

On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450 Financial Instruments, all financial instruments are included throughout the consolidated statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see note 2(q)).

The adoption of these standards did not have any impact on the amounts presented in these consolidated financial statements.

**4 INVESTMENTS**

	2023	2022
Deposits (a)	\$ 187,256,032	\$ 156,370,983
Municipal Finance Authority Intermediate Fund (b)	7,061,842	6,891,139
Portfolio Investments (c)	781,296	720,193
	<u>\$ 195,099,170</u>	<u>\$ 163,982,315</u>

(a) Deposits include term deposits in credit unions and chartered banks with varying maturity dates from January, 2024 to December, 2027 (2022 - January, 2023 to September, 2025) and have interest rates ranging from 3.25% to 6.85% (2022 - 1.20% to 5.85%).

(b) The carrying value of the Municipal Finance Authority Intermediate Fund at December 31, 2023 was \$7,061,842 (2022 - \$6,891,139) and the market value at December 31, 2023 was \$6,618,221 (2022 - \$6,314,694).

(c) The Port Coquitlam Community Foundation's portfolio investments are comprised of fixed income and equity securities. The fixed income securities have varying maturity dates from April, 2024 to May, 2028 (2022 - May, 2023 to May, 2026) and have interest rates ranging from 0.25% to 4.45% (2022 - 1.13% to 3.87%).

**5 ACCOUNTS RECEIVABLE**

	2023	2022
Accounts receivable	\$ 1,696,355	\$ 1,651,123
Property tax and utility receivable	4,908,162	4,042,534
Development cost charges receivable	-	409,810
Municipal Finance Authority Debt Reserve Deposit	938,435	910,146
Other	63,127	76,851
	<u>\$ 7,606,079</u>	<u>\$ 7,090,464</u>

**6 DUE FROM OTHER GOVERNMENTS**

	2023	2022
Federal	\$ 230,988	\$ 210,177

**7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2023	2022
Accounts payable and accrued liabilities	\$ 17,306,028	\$ 15,685,874
Wages and benefits payable	4,669,637	3,274,709
Holdbacks	446,199	893,113
Due to other governments	1,580,895	557,487
	<u>\$ 24,002,759</u>	<u>\$ 20,411,183</u>

## 8 DEFERRED REVENUE

	2022	Additions	Revenue earned	2023
Property taxes and utilities prepayments	\$ 10,684,094	\$ 19,518,783	\$ (18,958,768)	\$ 11,244,109
Programs and services	1,940,347	5,467,997	(5,612,634)	1,795,710
Grants	6,856,317	148,265	(1,105,616)	5,898,966
Engineering	5,971,672	1,273,127	(694,163)	6,550,636
Other	1,626,117	3,173,816	(1,577,477)	3,222,456
	<u>\$ 27,078,547</u>	<u>\$ 29,581,988</u>	<u>\$ (27,948,658)</u>	<u>\$ 28,711,877</u>

## 9 DEPOSITS

Deposits represent cash collected as security for highway use, subdivision servicing, soil removal and other development activities.

## 10 DEVELOPMENT COST CHARGES

	2022	Third Party Contributions	Interest Allocation	Capital Expenditures	2023
<u>Area 1</u>					
Drainage	\$ 5,529,473	\$ 19,087	\$ 268,642	\$ -	\$ 5,817,202
Transportation	14,963,740	(42,086)	724,722	-	15,646,376
Parks	6,165,168	43,723	-	-	6,208,891
Water	5,561,859	8,420	269,954	-	5,840,233
Sanitary	1,889,348	3,213	88,731	(122,901)	1,858,391
<u>Area 2</u>					
Drainage	619,369	15,553	30,417	-	665,339
Transportation	5,914,797	153,532	290,591	-	6,358,920
Parks	1,029,282	1,247	-	-	1,030,529
Water	1,705,137	2,690	82,764	-	1,790,591
Sanitary	1,018,208	1,793	49,427	-	1,069,428
Parks Interest	1,897,785	-	440,732	(54,928)	2,283,589
	<u>\$ 46,294,166</u>	<u>\$ 207,172</u>	<u>\$ 2,245,980</u>	<u>\$ (177,829)</u>	<u>\$ 48,569,489</u>



## 11 POST-EMPLOYMENT FUTURE BENEFITS AND COMPENSATED ABSENCES

The City provides sick leave and retirement benefits to its employees. Eligible employees accumulate sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Retirement benefits represent the City's share of the cost to provide eligible employees with severance pay upon retirement.

The amount recorded for these benefits is based on an actuarial valuation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of the City's future benefits was completed as at December 31, 2023.

Information regarding the City's obligations for these benefits is as follows:

	Non-Vested Sick			2022
	Leave	Severance	2023	
Accrued benefit obligation, beginning of year	\$ 753,000	\$ 2,203,000	\$ 2,956,000	\$ 3,423,000
Service cost	54,000	124,000	178,000	216,000
Interest cost	35,000	98,000	133,000	87,000
Benefit payments	(65,000)	(169,000)	(234,000)	(198,000)
Amortization of net actuarial gain (loss)	215,000	292,000	507,000	(572,000)
Accrued benefit obligation, end of year	992,000	2,548,000	3,540,000	2,956,000
Unamortized actuarial gain (loss)	(238,000)	(36,000)	(274,000)	182,000
Accrued benefit liability	\$ 754,000	\$ 2,512,000	\$ 3,266,000	\$ 3,138,000

The unamortized actuarial gain (loss) is amortized over a period equal to the employees' expected average remaining service lifetime. The expected average remaining service lifetime is 11.8 years (2022 - 10.6 years). The significant actuarial assumptions adopted in measuring the City's accrued benefit obligation are as follows:

	2023	2022
Discount rate	4.10%	4.50%
Expected future inflation rate	2.50%	2.50%
Expected compensation increase	2.58% - 4.63%	2.58% - 4.63%

## 12 ASSET RETIREMENT OBLIGATIONS

Legal liabilities exist for the removal and disposal of asbestos and lead paint within some City owned buildings that will undergo renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the prospective approach as at December 31, 2023. Estimates were based on third-party costing and applied based on the square footage where obligations exist for asbestos and lead paint. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives. Settlement of asset retirement obligations is estimated to be between 5 and 30 years.

	2023
Balance, beginning of year	\$ -
Liability recognized	2,508,693
Balance, end of year	<u>\$ 2,508,693</u>

### 13 DEBT

The City incurs debt through the Municipal Finance Authority ("MFA") in accordance with the Community Charter to finance certain capital expenditures. Sinking fund credits managed by the MFA are netted against related debt. The gross amount of debt and the amount of sinking fund credits available to retire the debt are as follows:

	2023			2022
	Sinking Fund			Net Debt
	Gross Debt	Credits	Net Debt	
Coast Meridian Overpass				
Bylaw 3611, 2.25% due 2039	\$ 25,000,000	\$ (8,102,316)	\$ 16,897,684	\$ 18,365,970
Port Coquitlam Community Centre				
Bylaw 4004, 2.24% due 2049	52,000,000	(4,338,948)	47,661,052	50,030,943
Downtown Port Coquitlam Land Acquisition	25,200,000	-	25,200,000	-
Total	\$ 102,200,000	\$ (12,441,264)	\$ 89,758,736	\$ 68,396,913

Future payments on net outstanding debt anticipated over the next five years and thereafter are paid from the General Fund and are as follows:

2024	\$ 4,682,254
2025	4,682,254
2026	4,682,254
2027	4,682,254
2028	29,707,654
Thereafter	58,504,608
Principal and interest payments	106,941,278
Amount representing interest	17,182,542
Debt principal repayments	\$ 89,758,736

The City has a \$25,200,000, 5 year, non-revolving loan that does not have a fixed principal repayment schedule. The interest rate is variable and at December 31, 2023 it is 5.61%. Interest is paid monthly and expensed in the year it is incurred. The full principal is due on demand, but repayment is required July 31, 2028.

Net of earnings on the debt reserve deposit and sinking fund credits, the City paid \$1,873,596 in interest on debt during the year (2022 - \$1,707,416).

The City has available a revolving facility up to a maximum of \$5,000,000 which bears interest at an annual rate of bank prime per annum. The City provided security for the facility by way of a general security agreement. No amounts are outstanding under the banking facility.

**14 TANGIBLE CAPITAL ASSETS**

- (a) Assets Under Construction: Assets under construction with a value of \$32,698,989 (2022 - \$37,025,739) have not been amortized. Amortization of these assets will commence when the assets are put into service. Assets under construction include \$3,650,000 in future commercial space (2022 - \$3,650,000).
- (b) Contributed Tangible Capital Assets: Contributed tangible capital assets (including transportation infrastructure, drainage, water and sanitary sewer assets) have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$8,394,804 (2022 - \$2,445,772).
- (c) Works of art and historical treasures: The City manages and controls some works of art and non-operational historical assets located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.
- (d) Write-down of tangible capital assets: The write-down of tangible capital assets during the year was nil (2022 - nil).

As at December 31, 2023											
	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction ("AUC")	2023 Total
COST											
Opening Balance	\$ 243,614,509	\$ 26,244,342	\$ 37,656,012	\$ 288,377,674	\$ 155,590,721	\$ 104,970,416	\$ 20,463,141	\$ 88,057,208	\$ 63,199,167	\$ 37,025,739	\$ 1,065,198,929
Add: Additions	26,969,410	272,444	2,928,620	215,110	7,129,463	287,938	119,857	223,254	344,858	17,897,748	56,388,702
Add/(Deduct): Transfers from AUC	-	228,262	451,651	12,626,443	-	5,776,603	-	1,117,321	2,024,218	(22,224,498)	-
Less: Disposals	(696,071)	-	(823,707)	(1,468,454)	-	(86,060)	-	(76,524)	(76,366)	-	(3,227,182)
Closing Balance	269,887,848	26,745,048	40,212,576	299,750,773	162,720,184	110,948,897	20,582,998	89,321,259	65,491,877	32,698,989	1,118,360,449
ACCUMULATED AMORTIZATION											
Opening Balance	-	14,649,472	20,050,186	82,905,233	21,955,755	38,891,112	7,648,153	41,668,162	26,430,421	-	254,198,494
Add: Amortization	-	982,600	1,927,482	4,884,128	3,902,292	1,629,372	284,206	1,630,374	987,269	-	16,227,723
Less: Disposals	-	-	(740,983)	(1,121,319)	-	(63,557)	-	(46,615)	(39,867)	-	(2,012,341)
Closing Balance	-	15,632,072	21,236,685	86,668,042	25,858,047	40,456,927	7,932,359	43,251,921	27,377,823	-	268,413,876
Net Book Value as at											
December 31, 2023	\$ 269,887,848	\$ 11,112,976	\$ 18,975,891	\$ 213,082,731	\$ 136,862,137	\$ 70,491,970	\$ 12,650,639	\$ 46,069,338	\$ 38,114,054	\$ 32,698,989	\$ 849,946,573

As at December 31, 2022											
	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction ("AUC")	2022 Total
COST											
Opening Balance	\$ 236,889,237	\$ 24,992,132	\$ 34,871,010	\$ 282,494,581	\$ 154,798,070	\$ 103,284,358	\$ 20,463,141	\$ 84,672,263	\$ 62,775,431	\$ 36,240,743	\$ 1,041,480,966
Add: Additions	6,787,209	1,161,295	3,219,191	128,326	373,844	269,425	-	317,280	76,917	13,239,554	25,573,041
Add/(Deduct): Transfers from AUC	-	1,046,799	163,965	5,845,371	418,807	1,494,946	-	3,137,851	346,819	(12,454,558)	-
Less: Disposals	(61,937)	(955,884)	(598,154)	(90,604)	-	(78,313)	-	(70,186)	-	-	(1,855,078)
Closing Balance	243,614,509	26,244,342	37,656,012	288,377,674	155,590,721	104,970,416	20,463,141	88,057,208	63,199,167	37,025,739	1,065,198,929
ACCUMULATED AMORTIZATION											
Opening Balance	-	14,464,366	19,035,936	78,314,578	19,047,924	37,374,100	7,365,146	40,106,895	25,483,859	-	241,192,804
Add: Amortization	-	954,403	1,420,903	4,668,686	2,907,831	1,570,391	283,007	1,620,267	946,562	-	14,372,050
Less: Disposals	-	(769,297)	(406,653)	(78,031)	-	(53,379)	-	(59,000)	-	-	(1,366,360)
Closing Balance	-	14,649,472	20,050,186	82,905,233	21,955,755	38,891,112	7,648,153	41,668,162	26,430,421	-	254,198,494
Net Book Value as at											
December 31, 2022	\$ 243,614,509	\$ 11,594,870	\$ 17,605,826	\$ 205,472,441	\$ 133,634,966	\$ 66,079,304	\$ 12,814,988	\$ 46,389,046	\$ 36,768,746	\$ 37,025,739	\$ 811,000,435

# 15 ACCUMULATED SURPLUS

	2023	2022
Unrestricted Reserves		
General	\$ 16,347,462	\$ 16,994,939
Water	616,179	427,939
Sewer	2,467,187	2,631,573
Port Coquitlam Community Foundation	807,425	723,950
	20,238,253	20,778,401
Restricted reserves (Note 14)	93,636,628	78,345,904
Investment in tangible capital assets (Note 15)	759,847,065	744,490,840
Investment in inventories and prepaids	938,703	1,109,698
	760,785,768	745,600,538
	<u>\$ 874,660,649</u>	<u>\$ 844,724,843</u>

# 16 RESTRICTED RESERVES

	December 31, 2022	Contributions / Transfers	Interest Allocation	Use of Reserves	December 31, 2023
Building maintenance	\$ 149,246	\$ (149,246)	\$ -	\$ -	\$ -
Cemetery expansion	375,153	34,796	16,156	(118,871)	307,234
Community amenities	195,495	-	9,481	-	204,976
Community centre	1,106,182	-	39,233	(594,517)	550,898
Environmental	218,975	(218,975)	-	-	-
Equipment	9,892,678	216,134	393,012	(2,892,801)	7,609,023
Gas tax	154,514	252,188	13,609	-	420,311
General capital	7,099,756	12,649,848	395,976	(11,315,392)	8,830,188
Growing Communities	-	9,462,000	202,532	(1,110,183)	8,554,349
Land sale	3,928,768	214,159	188,719	(289,467)	4,042,179
Long term infrastructure	20,432,932	3,650,161	1,079,513	-	25,162,606
Operating	2,597,687	344,649	121,401	(162,313)	2,901,424
Parking	4,035,270	-	192,543	(130,584)	4,097,229
Parks and recreation	476,069	169,750	142,779	-	788,598
Parkland acquisition	2,702,506	(319,547)	-	-	2,382,959
Public safety building	68,492	(68,492)	-	-	-
RCMP	2,174,137	-	103,663	(73,519)	2,204,281
Roads and drainage infrastructure	1,752,234	97,214	82,426	-	1,931,874
Sewer	6,984,634	1,371,000	336,686	(1,456,301)	7,236,019
Social housing	425,151	-	22,183	-	447,334
Water	13,576,025	2,952,900	699,413	(1,263,192)	15,965,146
	<u>\$ 78,345,904</u>	<u>\$ 30,658,539</u>	<u>\$ 4,039,325</u>	<u>\$ (19,407,140)</u>	<u>\$ 93,636,628</u>

# 17 INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2023	2022
Tangible capital assets (Note 12)	\$ 849,946,573	\$ 811,000,435
Debt incurred to purchase tangible capital assets (Note 11)	(89,758,736)	(66,509,595)
Unfunded asset retirement obligation	(2,508,693)	-
Unspent proceeds from debt for land purchases	2,167,921	-
	<u>\$ 759,847,065</u>	<u>\$ 744,490,840</u>

## 18 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, 2022, the plan has about 224,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 actuarial valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761,000,000 funding surplus for basic pension benefits on a going concern basis.

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.

The next valuation will be as at December 31, 2024, with results available in 2025.

The City paid \$3,586,298 (2022 - \$3,354,925) for employer contributions while employees contributed \$3,060,387 (2022 - \$2,870,278) to the plan in 2023.

## 19 COMMITMENTS AND CONTINGENCIES

- (a) The loan agreements with the Metro Vancouver Regional District and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the authorities' obligations in respect of such borrowing, the resulting deficiency becomes a joint and several liability of the City and the other participants.
- (b) The City obtains debt instruments from the MFA. The City is also required to execute demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The demand notes totaling \$1,098,027 (2022 - \$1,098,027) are contingent in nature and are not reflected in the consolidated financial statements.
- (c) A number of legal claims have been initiated against the City in varying or unspecified amounts. The outcome of these claims cannot reasonably be determined at this time. The amount of loss, if any, arising from these claims will be recorded in the period in which the loss is assessed as being likely to occur and the amount can be reasonably estimated. Liability insurance is carried by the City, subject to a deductible of \$250,000. The City self insures claims under \$250,000.

## 19 COMMITMENTS AND CONTINGENCIES - Continued

- (d) 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 2 Class A shares and 1 Class B share (of a total of 37 Class A and 18 Class B shares issued and outstanding as at December 31, 2023).  
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.
- (e) The City provides a share of both the ongoing operations and any additional costs relating to tangible capital assets (in accordance with a negotiated agreement) for the RCMP building located at 2986 Guildford Way, Coquitlam, BC to the City of Coquitlam.
- (f) The City entered into two contracts to lease parking space in 2023 and both leases are for 5 year terms. The lots are leased from BC Hydro and Strata Plan BCS3019 and are located at 2171 Wilson Avenue and 2342 Elgin Avenue in Port Coquitlam, BC respectively. The total commitment for BC Hydro is \$294,000 and Strata Plan BCS3019 is \$184,240.

## 20 CONTRACTUAL RIGHTS

The City's contractual rights arise from rights to receive payments from rentals, grants and advertising. The City is scheduled to receive the following amounts in the next five years and thereafter:

2024	\$ 1,052,479
2025	970,222
2026	852,720
2027	795,922
2028	520,351
Thereafter	121,000
Total	<u>\$ 4,312,694</u>

The City receives certain payments under grant and cost sharing agreements, however the timing and revenue from these agreements can vary depending on development activity. As a result, the revenue from these agreements has not been included in the above amounts.

## 21 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 trust funds are excluded from the City's consolidated financial statements:

	2023	2022
<b>Cemetery Perpetual Care Fund</b>		
Cash balance, beginning of the year	\$ 2,216,792	\$ 2,085,962
Net contributions received	60,896	66,407
Interest earned	108,991	64,423
Cash balance, end of the year	<u>\$ 2,386,679</u>	<u>\$ 2,216,792</u>
<b>Campaign Funds Held in Trust</b>		
Cash balance, beginning of the year	\$ 12,024	\$ 58,850
Net contributions received	-	(47,887)
Interest earned	583	1,061
Cash balance, end of the year	<u>\$ 12,607</u>	<u>\$ 12,024</u>

## 22 TAXATION AND OTHER LEVIES

In addition to levying and collecting real property tax for municipal purposes, the City is required to levy and collect taxes on behalf of other jurisdictions as noted below. The amounts are reflected on a net basis within the consolidated statement of operations:

	2023	2022
Gross taxes levied on property	\$ 138,791,702	\$ 125,790,073
Taxes levied and collected on behalf of other jurisdictions		
Province of British Columbia - School Taxes	45,005,587	37,763,731
Metro Vancouver Regional District	2,102,693	1,743,214
BC Assessment Authority	1,410,974	1,206,883
South Coast British Columbia Transportation Authority	9,609,913	8,285,209
Municipal Finance Authority	8,153	6,610
	58,137,320	49,005,647
Taxation revenue	\$ 80,654,382	\$ 76,784,426

## 23 GOVERNMENT TRANSFERS

Included in contributions are the following government transfers:

	2023	2022
Federal	\$ 173,168	\$ 35,588
Provincial & Regional	13,973,432	3,213,119
	\$ 14,146,600	\$ 3,248,707

## 24 BUDGET INFORMATION

The budget information presented in these consolidated financial statements is based upon the 2023-2027 Financial Plan Bylaw approved by City Council on May 9, 2023. The chart below reconciles the approved budget to the budget figure reported in these consolidated financial statements.

	Budget Amount
Revenue	\$ 140,701,900
Expenses	(117,185,500)
Annual surplus per consolidated statement of operations	23,516,400
Add:	
Amortization	12,000,000
Transfers from reserves	38,216,300
Less:	
Capital expenditures	(71,193,900)
Capital contributed by developers	(1,000,000)
Debt principal repayments	(1,538,800)
Approved budget	\$ -

25 OPERATIONS BY SEGMENT

The City provides a wide range of municipal services to its residents, businesses, industries, farms and other properties within its boundaries. The City's operations and activities are organized and reported by segments broadly based on departmental business units. The departments disclosed in the segmented information, along with the services they provide, are as follows:

General government:

- General:** Includes activities that are attributable to multiple segments, such as insurance, claims, phone and office expenses.
- Community safety and corporate support:** These support services include: communications and administrative services, corporate office, community policing, bylaw services and information services.
- Finance:** Provides financial services to citizens, City departments and City Council including financial planning and systems, accounting services, revenue and collections, payroll, purchasing and risk management.
- Human resources:** Provides specialized advice and assistance in all facets of people management including recruitment, labour relations, occupational health and safety, staff training and development, benefit administration, wage and salary administration.
- Office of the Chief Administrative Officer:** Oversees the implementation of the vision, plans and priorities by ensuring effective policies are in place and adhered to and by providing leadership that enables an engaged and productive municipal workforce.

**Engineering and public works:** Provides and maintains a number of essential municipal services and infrastructure including transportation, parks, trails, athletic fields, roads and drainage, environmental protection, management of the City's fleet and related engineering services.

**Recreation:** Delivery of recreation, sport, community, arts and cultural programs, events and services, recreation facility operations, and maintenance of all civic facilities.

**Police services:** Is a shared service with the City of Coquitlam, the RCMP are mandated to provide for the safety of the lives and property in the community, preserving the peace through law enforcement and working with citizens to prevent crime and maintain order.

**Fire and emergency services:** Protects life, property and the environment through the provision of emergency response, inspections, code enforcement and public education.

**Development services:** Ensures orderly and safe development within the City, including Planning, Building and Development Engineering services.

**Solid waste operations:** Includes curbside garbage, recycling and organics collection and glass collection from depot locations across the City.

**Water operations:** The water utility is an essential service delivered by the City to its residents and businesses for the supply of high quality, potable water at flows and pressures suitable for fire protection.

**Sanitary sewer operations:** The sanitary sewer utility is an essential service provided by the City to its residents and businesses for the collection and disposal of liquid wastes.

General government																
General	Corporate support	Finance	Human resources	Office of the CAO	Engineering and public works	Recreation	Police services	Fire and emergency services	Development services	Solid waste operations	Water operations	Sanitary sewer operations	2023	2022		
REVENUE																
Taxation	\$ 80,448,042	\$ -	\$ -	\$ -	\$ -	\$ (6,619)	\$ 45,479	\$ -	\$ -	\$ 167,480	\$ -	\$ -	\$ -	\$ 80,654,382	\$ 76,784,426	
Utility charges	(124,375)	-	-	-	-	-	2,161	-	-	-	3,579,902	14,365,181	10,258,484	28,081,353	27,662,380	
Sale of services	909,377	17,788	166,771	-	-	1,380,316	5,533,386	25,112	30,762	249,970	698,998	-	-	9,012,480	7,101,807	
Contributions	10,416,901	16,314	-	-	-	3,713,404	293,932	605,000	23,945	8,010,886	-	-	-	23,080,382	5,686,615	
Permits and licenses	-	205,262	25,600	-	-	41,450	-	-	1,330	3,049,505	-	27,475	-	3,350,622	2,819,453	
Investment income	8,043,477	-	-	-	-	-	-	-	-	-	-	-	-	8,043,477	3,892,069	
Penalties and fines	583,281	458,313	-	-	-	-	94	-	-	-	-	98,644	68,695	1,209,027	898,871	
Other	359,446	9,669	50,183	-	-	481,006	65,259	-	13,058	17,350	4,565	921	-	1,001,457	1,010,816	
Gain on disposals of tangible capital assets	-	(89)	-	-	-	(460,589)	-	-	(4,646)	39,929	-	-	-	(425,395)	610,225	
	\$ 100,636,149	\$ 707,257	\$ 242,554	\$ -	\$ -	\$ 5,148,968	\$ 5,940,311	\$ 630,112	\$ 64,449	\$ 11,535,120	\$ 4,283,465	\$ 14,492,221	\$ 10,327,179	\$ 154,007,785	\$ 126,466,662	
EXPENSES																
Personnel	\$ 1,017,635	\$ 4,028,767	\$ 2,602,216	\$ 1,008,400	\$ 642,167	\$ 9,357,985	\$ 11,417,281	\$ -	\$ 14,694,944	\$ 3,366,810	\$ 1,432,091	\$ 817,200	\$ 318,943	\$ 50,704,439	\$ 46,531,378	
Contracted and other services	282,074	1,438,642	139,441	215,140	-	2,528,598	5,718,920	17,690,418	534,240	518,031	1,621,784	8,684,712	6,652,244	46,024,244	42,040,040	
Telephone, utilities and rent	33,792	74,283	-	13,710	-	395,721	1,368,401	-	65,852	695	3,399	30,424	80,675	2,066,952	1,980,993	
Materials and supplies	126,421	120,964	26,718	390	663	3,113,810	1,065,767	-	203,999	17,842	236,793	246,127	158,066	5,317,560	4,538,543	
Internal charges (recoveries)	(766,162)	(479,349)	(249,094)	-	-	(3,016,197)	(18,587)	-	214,341	54,967	1,640,304	1,327,593	1,292,184	-	-	
Insurance and claims	876,962	-	-	-	-	230,912	4,817	-	-	-	-	-	2,493	1,115,184	915,917	
Interest and bank charges	1,753,784	19,562	(2,839)	-	-	7,348	260,943	-	-	15,551	6	-	-	2,054,355	1,691,110	
Grants and financial assistance	402,978	4,794	15,000	-	1,000	-	137,750	-	-	-	-	-	-	561,522	644,516	
Amortization	1,389,630	392,799	-	-	-	9,076,492	2,764,142	37,562	305,508	-	-	1,351,329	910,261	16,227,723	14,372,050	
	\$ 5,117,114	\$ 5,600,462	\$ 2,531,442	\$ 1,237,640	\$ 643,830	\$ 21,694,669	\$ 22,719,434	\$ 17,727,980	\$ 16,018,884	\$ 3,973,896	\$ 4,934,377	\$ 12,457,385	\$ 9,414,866	\$ 124,071,979	\$ 112,714,547	
ANNUAL SURPLUS (DEFICIT)	\$ 95,519,035	\$ (4,893,205)	\$ (2,288,888)	\$ (1,237,640)	\$ (643,830)	\$ (16,545,701)	\$ (16,779,123)	\$ (17,097,868)	\$ (15,954,435)	\$ 7,561,224	\$ (650,912)	\$ 2,034,836	\$ 912,313	\$ 29,935,806	\$ 13,752,115	



The City has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management has identified its risks and ensures that these are monitored and controlled.

**(a) Credit Risk**

Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held consisting of cash, amounts receivable and investments.

The City is exposed to credit risk in the event of non-performance by a borrower. This risk is mitigated as most receivables are property taxes and other levies which historically have been collectable. It is management's opinion that the City is not exposed to significant credit risk associated with its cash deposits and investments as they are placed in Canadian chartered banks, credit unions and the MFA.

**(b) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, price risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The City is not exposed to significant currency risk, as no foreign currency amounts are held and purchases made in foreign currency are insignificant.

Price risk is the risk to earnings or capital arising from changes in the value of portfolios of financial instruments. As only the Port Coquitlam Community Foundation holds portfolio investments at fair value this risk is not deemed to be significant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The City's investments almost entirely consist of term deposits and GICs with fixed rates for the duration of the investment term resulting in low interest rate risk. The City is exposed to minimal interest rate risk on its cash and cash equivalents deposits with financial institutions as these are held for operations and not return on investment.

**(c) Liquidity Risk**

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they

The City manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure that sufficient liquidity is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the City's reputation.

Risk Management and insurance services for the City are provided by the Municipal Insurance Association.

There have been no changes to risk exposure from 2022 related to credit, market or liquidity risks.

<b>Growing Communities Fund - Unaudited Schedule</b>		<b>2023</b>
<b>Description</b>		
<b>Balance, beginning of year</b>		\$ -
Funding Received		9,462,000
Interest Allocated		202,532
Eligible Costs		
	Veterans Park and Leigh Square	(634,765)
	Civic Centre Revitalization	(475,418)
<b>Balance, end of year</b>		<b>\$8,554,349</b>



# Corporation of the City of Port Coquitlam

**Audit Findings Report  
for the year ended December 31, 2023**

*KPMG LLP*

Dated April 30, 2024, for presentation on May 7, 2024

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

## Key contacts in connection with this engagement

### **Brandon Ma, CPA, CA**

Engagement Partner

604-691-3562

[bjma@kpmg.ca](mailto:bjma@kpmg.ca)

### **C.J. James, CPA, CA**

Concurring Review Partner

604-527-3635

[cjjames@kpmg.ca](mailto:cjjames@kpmg.ca)

### **Nomdora Hassan, ACCA (UK)**

Manager

778-785-2651

[dorahassan@kpmg.ca](mailto:dorahassan@kpmg.ca)



# Table of contents

## Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

<b>4</b>	<b>Audit Highlights</b>	<b>6</b>	<b>Risk and Results</b>	<b>14</b>	<b>Policies and Practices</b>
<b>15</b>	<b>Control Observations</b>	<b>16</b>	<b>Audit Quality</b>	<b>17</b>	<b>Appendices</b>

The purpose of this report is to assist you, as a member of Council (“Council”), in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management and Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Audit highlights



No matters to report



Matters to report – see link for details

## Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member Council, in your review of the results of our audit of the consolidated financial statements (hereinafter referred to as the “financial statements”) of the City of Port Coquitlam (the “City”) as at and for the year ended December 31, 2023. This Audit Findings Report builds on the Audit Plan we presented to Council on January 9, 2024. Our audit has been performed in accordance with Canadian generally accepted auditing standards (CAS).

## Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing audit procedures over asset retirement obligations
- Finalizing audit file documentation
- Completing our discussions with Council.
- Obtaining signed management representation letter.
- Obtaining evidence of Council's acceptance of the financial statements.
- Completing subsequent event review procedures.

We will update you and management on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditor's report, a draft of which is attached to the draft financial statements, will be dated upon the completion of any remaining procedures.

## Significant changes



### Significant changes since our audit plan

There are no significant changes to our audit plan, which was originally communicated to you in the audit planning report, except for our re-evaluation of materiality based on actual results.



## Current developments

There have been no updates to the current developments included in our Audit Planning Report that was previously provided to you.

## Risks and results



### Significant risks



### Other risks of material misstatement



### Going concern matters



# Audit highlights (continued)



No matters to report



Matters to report – see link for details

## Uncorrected misstatements



### Uncorrected misstatements

We did not identify any uncorrected audit misstatements.

## Corrected misstatements



### Corrected misstatements

We did not identify any corrected audit misstatements.

## Control deficiencies



### Significant deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.



### Other control deficiencies

We did not identify any other control deficiencies in the current year.

## Policies and practices



### Significant unusual transactions



### Accounting policies and practices



## Quality control and Independence

We confirm that we are independent with respect to the City within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2023 up to the date of this report.



# Changes to audit plan

## Materiality

As part of the audit plan, we make a preliminary determination of materiality based on a combination of quantitative and qualitative factors. Our preliminary materiality for the 2023 audit, as presented in our audit planning report, was \$2,700,000 based on a percentage of total prior year (2022) expenses of 2.4%.

At the beginning of year-end audit fieldwork, we reassessed materiality to be \$2,900,000 based on 2.4% of total actual 2023 expenses.

We note that as the City's audit is a group audit, we continued to apply a materiality of \$2,700,000 in our audit of the City component.





# Significant risks and results



## Management override of controls

RISK OF



FRAUD

### Significant risk

### Estimate?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

No

### Our response

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of significant estimates and evaluating the business rationale of significant unusual transactions.
- Utilizing application software to evaluate the completeness of the journal entry population through a roll-forward of all accounts. We used computer-assisted audit techniques (CAATs) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.
- Reviewing the accounting estimates and assessing whether management's estimates are reasonable and not indicative of management bias.

### Significant findings

There were no issues noted in our audit testing described above.



# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



## Asset Retirement Obligations (“ARO”) – new accounting standard

### Background

PS 3280 Asset Retirement Obligations (“PS 3280”) is a new accounting standard effective for the City’s 2023 fiscal year. The new standard addresses the recognition, measurement, presentation, and disclosure of legal obligations associated with the retirement of certain controlled Tangible Capital Assets (“TCA”). The City adopted this new accounting standard on a prospective basis. As at December 31 2023, due to the adoption of the new accounting standard, the City has recognized a liability for asset retirement obligations (“ARO”) of \$2,508,693. The initial cost was capitalized as part of the carrying amount of the related tangible capital asset for assets that are recognized and in productive use.

### Estimate?

Yes – Expenditures required to retire a tangible capital asset

### Our response

- We obtained an understanding of management’s process for implementing PS 3280, including how in-scope TCA were identified, sources of information used, and significant measurement data, assumptions and decisions.
- We assessed whether the asset retirement obligations accounting policy set by management was in accordance with PS 3280.
- We obtained a list of TCA that reconciles to the general ledger and reviewed the listing to ensure management’s identification of TCA with potential in-scope retirement obligations is accurate and complete.
- We inquired with Management and confirmed that there were no additional legal agreements, such as lease agreements, entered into by the City that contractually obligates the City to an asset retirement obligation other than those already identified.
- We obtained Management’s calculation of the ARO liability, including accretion expense, and the incremental amortization expense. We verified the mathematical accuracy of the calculations and agreed a sample of inputs to supporting documentation and agreed the reasonableness of significant assumptions and judgments made to measure the liability.
- Management engaged several environmental consultants to determine the inputs in the calculation of the liability. We reviewed the consultant reports and related supporting documentation for the asset retirement obligations. We assessed the reasonableness of significant assumptions used by the environmental consultants and also whether reliance can be placed on consultant reports as audit evidence.



# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



## Asset Retirement Obligations (“ARO”) – new accounting standard (continued)

### Our response

- We reviewed the application of the prospective provisions applied by management for the initial implementation of the accounting standard.
- We reviewed the financial statement presentation and note disclosures to ensure it is consistent with the guidance in PS 3280.
- We discussed with management that the ARO liability will need to be monitored on an annual basis to keep track of any retirement of AROs or changes in rates used in the determination of the liability and make adjustments as necessary.

### Our findings

As noted in the *Status* section on page 4, we are completing our audit procedures over asset retirement obligations. No issues have been identified based on procedure completed of the date of this report.



# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



## Financial instruments – new accounting standard

### Background

The new standard PS 3450 *Financial Instruments*, PS 2601 *Foreign currency translation*, PS 1201 *Financial statement presentation* and PS 3041 *Portfolio Investments* are effective for the City's 2023 fiscal year. Equity instruments quoted in an active market and derivatives are required to be measured at fair value. All other financial instruments can be carried at cost/amortized cost or fair value depending on the City's accounting policy choice.

### Estimate?

No

### Our response

- We reviewed management's documentation of the process applied to analyze the appropriate recognition, measurement, presentation and disclosure of financial instruments.
- We obtained an understanding of the significant account policies applied to financial instruments to ensure they comply with the new accounting standard.
- We ensured financial instruments have been appropriately recognized and measured in accordance with the new accounting standard.
- We reviewed the financial statement presentation and note disclosures to ensure that it is consistent with the new accounting standard.

### Our findings

There were no issues noted in our testing.



# Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



## Tangible Capital Assets (“TCA”)

### Background

TCA represent a significant portion of assets of the City. The assets owned by the City include land, buildings, furniture and equipment, vehicles, water and waste system infrastructure, road infrastructure, library collection and their useful lives require estimation.

### Estimate?

Yes - the established useful lives of TCA

### Our response

- We updated our understanding of the process activities and controls over TCA.
- We obtained the TCA continuity schedule, verified its mathematical accuracy, and performed substantive procedures over additions, disposals, reclassifications, and other adjustments.
- We tested a sample of asset additions, including contributed assets in the population and considering WIP/AUC transfers, and inspected supporting documentation to determine if additions are capital in nature and amounts recorded are accurate.
- We performed an analytical review of the amortization of tangible capital assets and assessed the reasonableness of assets' useful lives.
- We reviewed the financial statement note disclosure to ensure it is complete and accurate.

### Our findings

There were no issues noted in our testing.



# Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.



## Development cost charges

### Background

### Estimate?

The City levies development cost charges on new development to pay for new or expanded infrastructure such as sewer, water, drainage, parks and roads necessary to adequately service the demands of that new development.

No

### Our response

- We updated our understanding of the process activities and controls over DCC.
- We selected a sample of DCC contributions, recalculated the total amount, agreed each factor in the calculation to supporting documentation (e.g., Council-approved rates) and agreed the amount recorded to cash receipts or letters of credit.
- We selected a sample of permits approved in 2023 and ensured that the corresponding DCC was appropriately calculated and recorded.
- We selected a sample of letters of credit held by the City and confirmed the authenticity of the letters of credit with the financial institution.
- We obtained interest allocation schedule, verified its mathematical accuracy and recalculated the average interest rate for the year by DCC category.
- We reviewed the financial statement note disclosure to ensure it is complete and accurate.

### Our findings

There were no issues noted in our testing.



# Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.



## Accumulated reserves

### Background

### Estimate?

Accumulated reserves are surpluses that have been set aside for specific purposes by the City

No

### Our response

- We updated our understanding of the process activities and controls over reserves.
- We obtained the continuity schedule, verified its mathematical accuracy, and performed substantive procedures over transfers in and transfers out.
- We reviewed the financial statement note disclosure to ensure it is complete and accurate.

### Our findings

There were no issues noted in our testing.



# Accounting policies and practices



## Significant accounting policies

- There have been no initial selections of, or changes to, significant accounting policies and practices, except for the adoption of Canadian public standard *PS 3280 Asset Retirement Obligations* (refer pages 8 to 9) and new financial instruments standards *PS 3450 Financial instruments*, *PS 2601 Foreign currency translation*, *PS 1201 Financial statement presentation* and *PS 3041 Portfolio investments* (refer page 10).
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the City's transactions in relation to the period in which they were recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



## Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the City's asset and liability carrying values



## Significant disclosures and financial statement presentation

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures, and uncertainties.





# Control observations

## Consideration of internal control over financial reporting (“ICFR”)



In planning and performing our audit, we considered ICFR relevant to the City’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## Significant deficiencies in internal control over financial reporting



A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

**We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.**



# Appendix: Audit quality - How do we deliver audit quality?

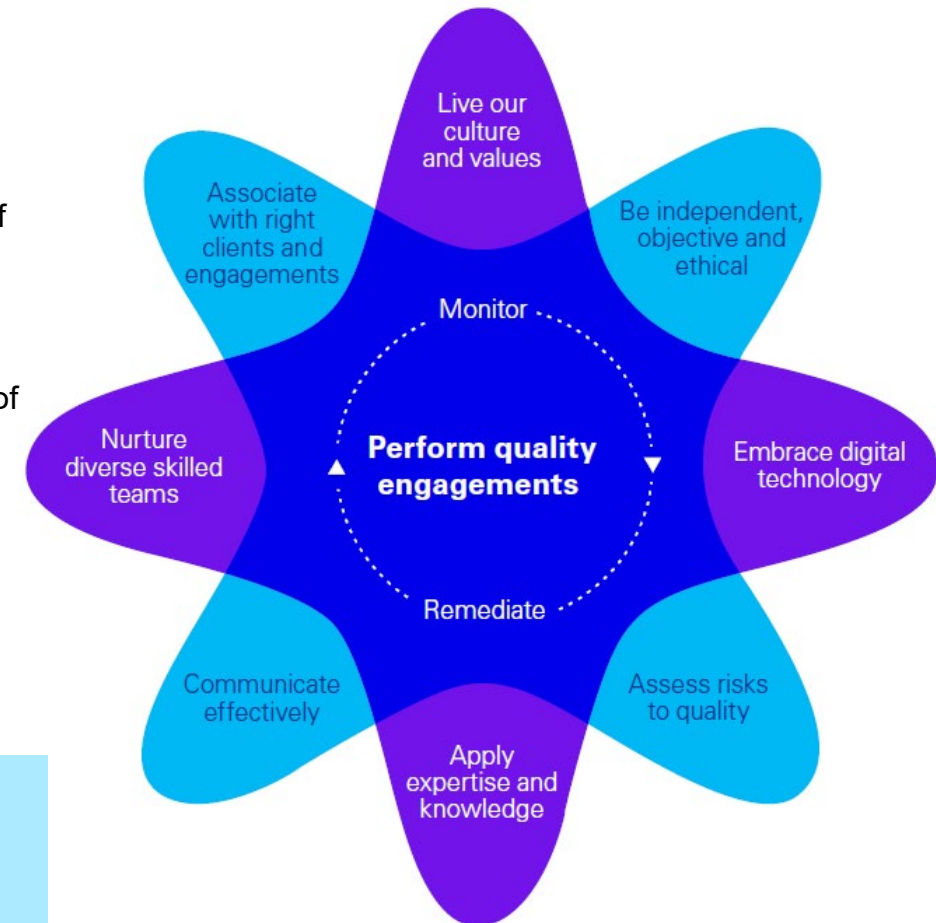
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG 2023 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



**Doing the right thing. Always.**



# Appendices

**1**

Required  
communications

**2**

Management  
representation  
letter



# Appendix 1: Required communications

## Draft auditor's report

The conclusion of our audit is set out in our draft auditor's report attached to the draft financial statements.

## Audit findings report

Represented by this report.

## Management representation letter



In accordance with professional standards, a copy of the management representation letters for the City are included in Appendix 2.

## Internal control deficiencies



We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

We did not identify any new other observations in during the audit.

## Independence



In accordance with professional standards, we have confirmed our independence on page 5.



# Appendix 2: Management representation letter

**(Letterhead of Client)**

KPMG LLP  
777 Dunsmuir Street  
P.O. Box 10426  
Vancouver, B.C. V7Y 1K3

May 7, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as “financial statements”) of Corporation of the City of Port Coquitlam (“the Entity”) as at and for the year ended December 31, 2023.

*General:*

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also 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:

*Responsibilities:*

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement contract dated October 26, 2021, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.

- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the Entity, did not intervene in the work the internal auditors performed for you.

*Internal control over financial reporting:*

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

*Fraud & non-compliance with laws and regulations:*

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

*Subsequent events:*

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

*Related parties:*

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

*Estimates:*

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

*Going concern:*

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

*Other information:*

- 11) We confirm that the final version of the 2023 Annual Report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your required procedures in accordance with professional standards.

*Non-SEC registrants or non-reporting issuers:*

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

*Approval of financial statements:*

- 14) Jeffrey Lovell has the recognized authority to take, and has taken, responsibility for the financial statements.



Yours very truly,

---

Rob Bremner, Chief Administrative Officer

---

Jeffrey Lovell, Director of Finance

---

Matthew Mydske, Manager of Accounting Services

cc: Council

## ***Attachment I – Definitions***

### ***Materiality***

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

### ***Fraud & error***

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

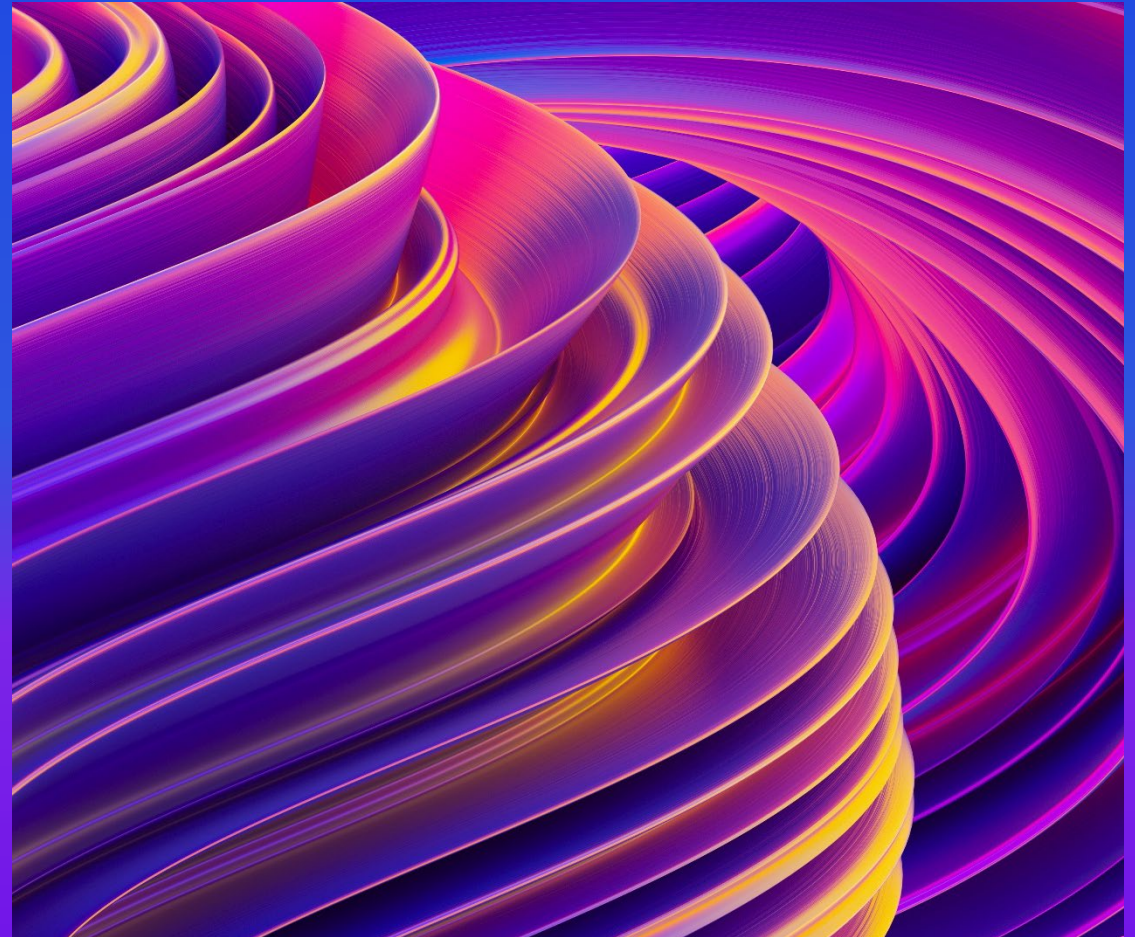
Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



<https://kpmg.com/ca/en/home.html>

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## 2023 Q4 Financial Variance and Forecast Report

### RECOMMENDATION:

*None*

### REPORT SUMMARY

This report provides financial information regarding the City's operating activities for 2023 and compares forecasted third quarter and annual actual results to the 2023 amended budget.

The year-end ongoing operating results include a positive revenue variance of \$4,851,000 and a negative expense variance of \$2,122,000 from budget to actual. The year-end forecasted net result of operating revenues after expenses is \$24,654,000 which is \$2,729,000 more than budget.

### BACKGROUND

In order to provide Committee of Council an overview of the ongoing financial activities of the City, staff measure budget to actual revenue and expense performance while also forecasting expected annual operating results. This activity helps provide staff and Committee of Council appropriate oversight of the approved financial plan throughout a given time period.

### DISCUSSION

For 2023, budgeted operating revenues less expenditures were expected to generate \$21,925,000 in funds for transferring to reserve accounts and to repay long term debt principle. Revenue results are greater than budget due to higher rates of return on the City's investments, higher penalty and fines collections, larger than budgeted grants and utility charges.

Favourable budget to actual expenses are in the Finance, Development Services, and Police Services departments, offset by higher than anticipated costs in Engineering and Public Works, Fire and Emergency Services and Recreation.

	2023 Budget	2023 Actual	Annual Budget Variance	Variance as % of Budget	2023 Q3 Forecast	2023 Q3 as % of Budget
Operating Revenues	\$125,222,100	\$130,073,092	\$4,850,992	3.87%	\$128,955,903	2.98%
Operating Expenses	\$103,297,110	\$105,419,560	(\$2,122,450)	(2.05%)	\$104,913,768	(1.57%)
Surplus / (Deficit)	<b>\$21,924,990</b>	<b>\$24,653,532</b>	<b>\$2,728,542</b>	<b>12.44%</b>	<b>\$24,042,135</b>	<b>9.66%</b>

### Revenues by Source

Total operating revenues for 2023 are \$130,073,000 and result in a \$4,851,000 or a 3.87% favourable variance from budget. The largest driver of the variance is higher than budgeted rates of return on the City's investments. Penalties and fines revenue were also greater than planned as Bylaw Services collections have been very strong throughout 2023. These are partially offset with

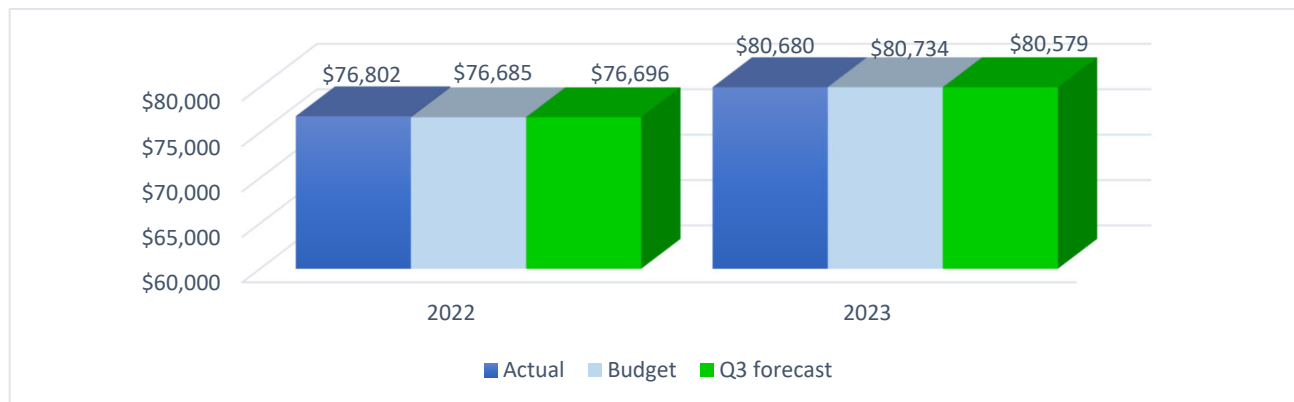
## 2023 Q4 Financial Variance and Forecast Report

legal fees. Higher than anticipated government grants and utility charges (partially offset with expenses) also contribute to the positive revenue variance.

Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show both the 2022 and 2023 budgets, actuals and Q3 forecasts.

	2023 Budget	2023 Actual	Annual Budget Variance	Variance as % of Budget	2023 Q3 Forecast	2023 Q3 as % of Budget
Taxation and Other Levies	\$80,734,080	\$80,679,770	(\$54,310)	(0.07%)	\$80,578,821	(0.19%)
Utility Charges	27,449,800	28,055,700	605,900	2.21%	28,365,795	3.34%
Sale of Services	7,965,150	8,234,990	269,840	3.39%	7,937,459	(0.35%)
Contributions	2,189,100	2,660,420	471,320	21.53%	2,615,152	19.46%
Permits and Licenses	3,011,070	3,367,030	355,960	11.82%	3,048,627	1.25%
Investment Income	2,735,537	4,939,339	2,203,802	80.56%	4,423,075	61.69%
Penalties and Fines	544,000	1,213,710	669,710	123.11%	1,121,037	106.07%
Other Revenue	593,363	922,133	328,770	55.41%	865,937	45.94%
<b>Total Operating Revenue</b>	<b>\$125,222,100</b>	<b>\$130,073,092</b>	<b>\$4,850,992</b>	<b>3.87%</b>	<b>\$128,955,903</b>	<b>2.98%</b>

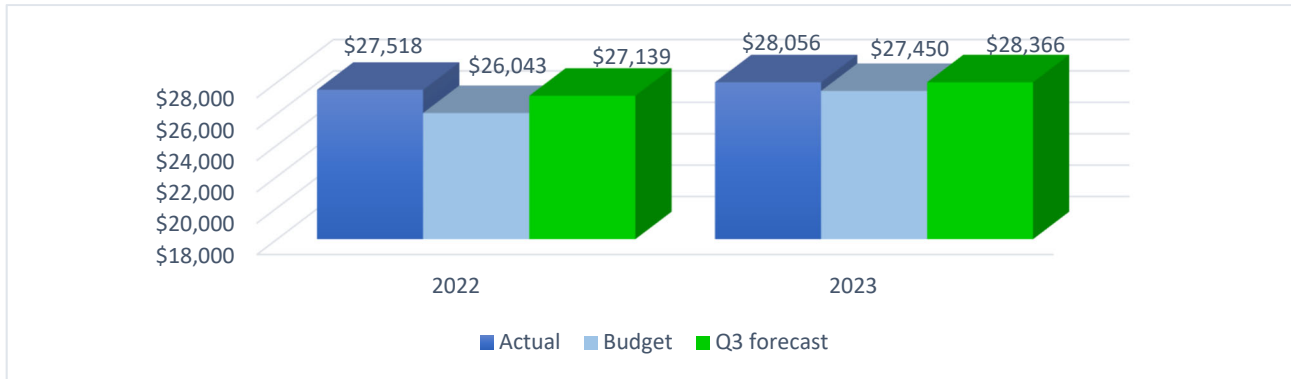
### Taxation and Other Levies



No significant variances are anticipated in this area.

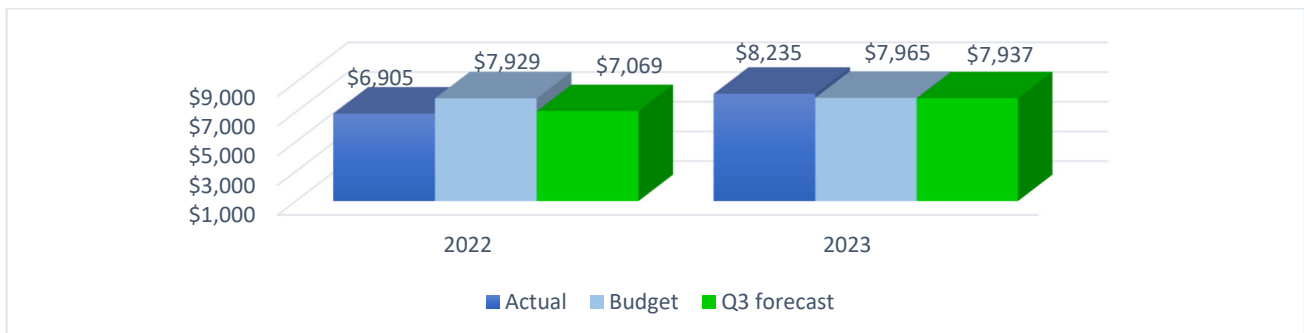
## 2023 Q4 Financial Variance and Forecast Report

### Utility Charges (Water, Sewer and Solid Waste Fees)



Due to hot, dry summer weather, higher than anticipated commercial water consumption produced a \$605,000 positive variance in utility charges. This variance was partially offset with increased bulk water purchase expenses from Metro Vancouver.

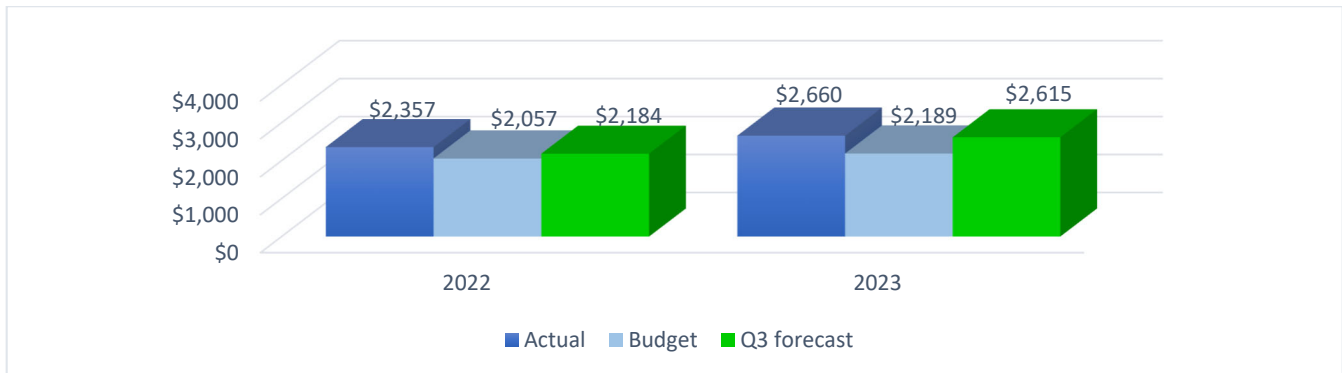
### Sales of Services



Sale of services revenue include fees paid to the City for recreation facilities and programs, advertising revenue, rental revenue and funds collected for private jobs performed by City staff for members of the community. There were no significant variances in this area.

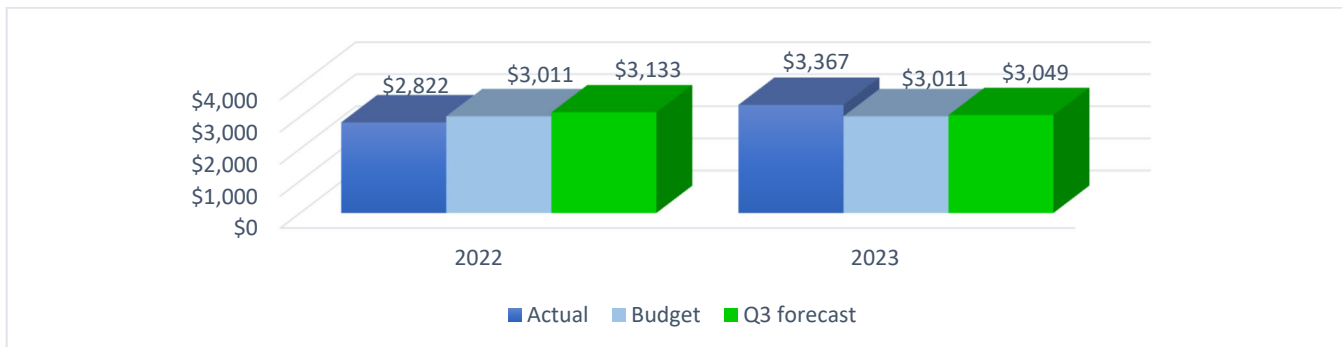
## 2023 Q4 Financial Variance and Forecast Report

### Contributions



Contributions revenue includes grants from the Federal and Provincial governments as well as funds provided to the City from other organizations to support City initiatives and events. Government grants were higher than budget as a result of the larger Local Government Climate Action Plan grant (\$245,000) replacing the Climate Action Incentive Program grant (\$64,000). Additionally, there were a larger than expected number of grants for community events and in access and inclusion which were \$114,000 greater than budget.

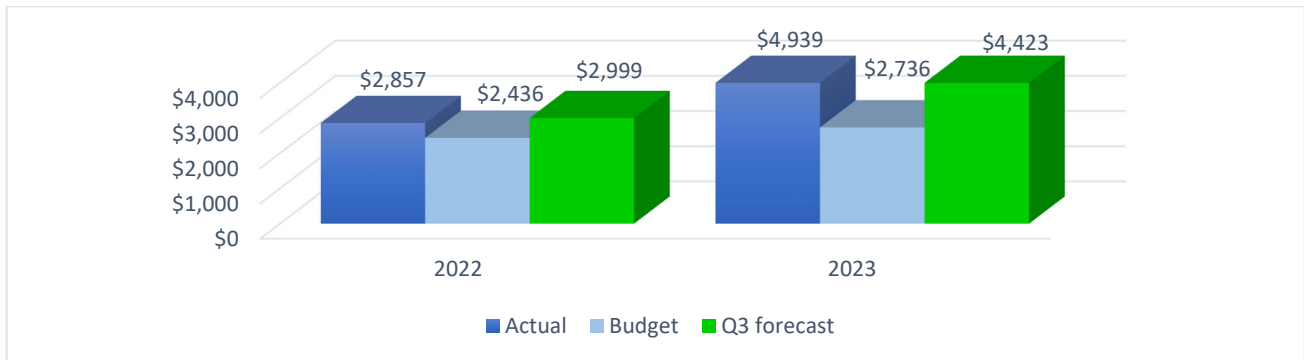
### Permits and Licenses



This revenue category includes such items as building permits, development applications and business licenses. The positive variance was due to higher than expected business licensing activity (\$194,000) and increased development engineering activity compared to budget (\$132,000).

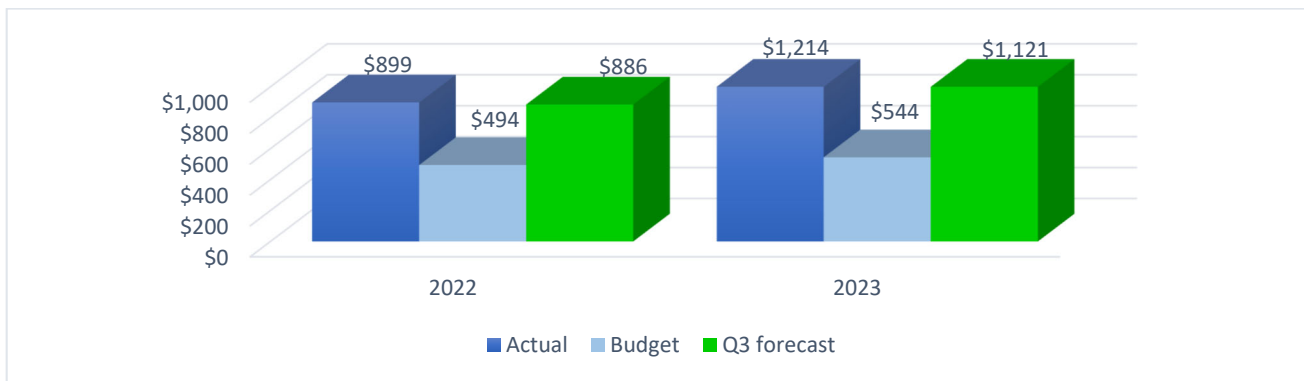
## 2023 Q4 Financial Variance and Forecast Report

### Investment Income



The favourable variance results from the increase in rates of return on the City's investments as the Bank of Canada continued to raise interest rates through 2023. A higher investment rate of return also increases interest allocated to reserve and development cost charge (DCC) funds.

### Penalties and Fines

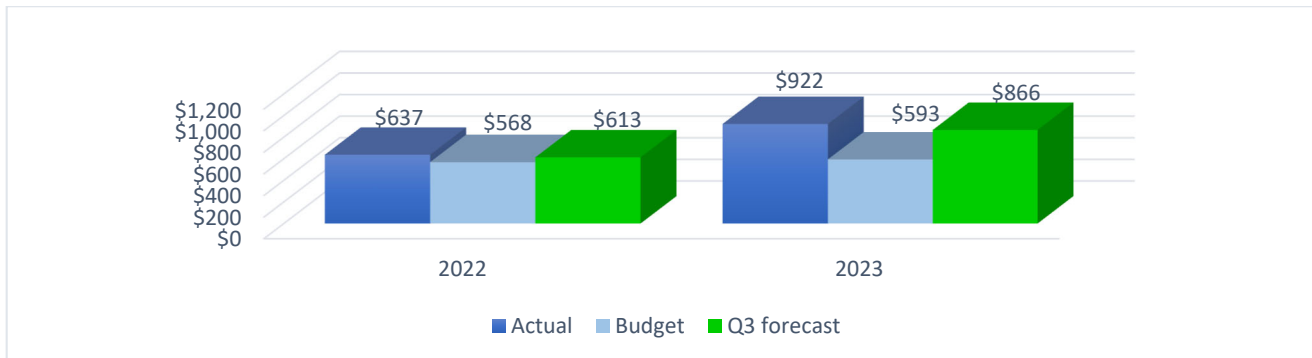


Bylaw Services revenue has been very strong through 2023 due to increased enforcement accounting for a \$382,000 positive variance to budget. Additionally, several large late payment penalties for property taxes and utilities have been levied generating a positive variance of \$263,000.



## 2023 Q4 Financial Variance and Forecast Report

### Other Revenue



This category includes miscellaneous revenues that don't fit into any other such as printing charges, digital sign revenue and rebates. Digital sign and advertising revenue were \$160,000 greater than budget. Also, the City received a \$176,000 rebate from WorkSafe BC for the Certificate of Recognition Audit. The certificate of recognition (COR) program recognizes and rewards employers who go beyond the current legal requirements, implement an effective occupational health and safety management system, and pass a WorkSafe BC certification audit.

### Expenses by Function

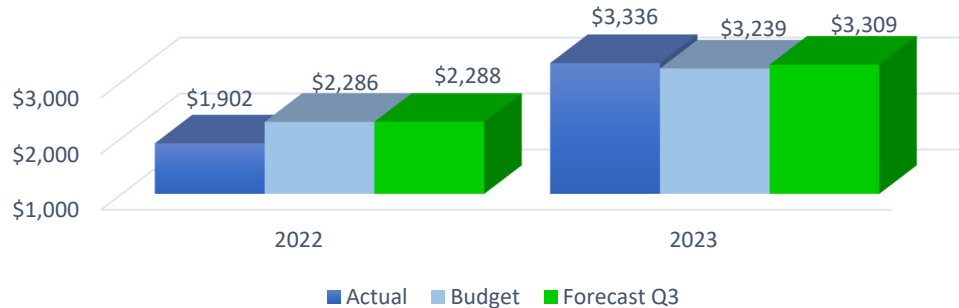
Overall, operating expenses are \$2,122,000 greater than budget for 2023 which represents a 2.05% unfavorable variance. Favourable budget to actual expense results occurred in Finance, Development Services, and Police Services. The expense reductions were offset by increased costs in Engineering and Public Works, Recreation and Fire & Emergency Services.

Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show both the 2022 and 2023 budgets, actuals and Q3 forecasts.

	2023 Budget	2023 Actual	Annual Budget Variance	Variance as % of Budget	2023 Q3 Forecast	2023 Q3 as % of Budget
Common Services	\$3,239,400	\$3,335,540	(\$96,140)	(2.97%)	\$3,308,627	(2.14%)
Office of the CAO	363,000	643,830	(280,830)	(77.36%)	631,300	(73.91%)
Community Safety and Corporate Services	5,241,100	5,139,120	101,980	1.95%	5,012,313	4.37%
Finance	2,679,710	2,533,600	146,110	5.45%	2,502,056	6.63%
Human Resources	1,260,500	1,237,680	22,820	1.81%	1,213,342	3.74%
Engineering & Public Works	11,593,600	12,544,810	(951,210)	(8.20%)	12,482,357	(7.67%)
Recreation	17,771,700	18,760,980	(989,280)	(5.57%)	17,969,072	(1.11%)
Police Services	18,105,000	17,690,410	414,590	2.29%	18,235,899	(0.72%)
Fire & Emergency Services	14,809,000	15,646,940	(837,940)	(5.66%)	15,276,215	(3.15%)
Development Services	4,047,600	3,824,340	223,260	5.52%	3,811,652	5.83%
Solid Waste Operations	4,689,500	4,452,850	236,650	5.05%	4,800,504	(2.37%)
Water Operations	10,962,700	11,105,200	(142,500)	(1.30%)	11,256,265	(2.68%)
Sanitary Sewer Operations	8,534,300	8,504,260	30,040	0.35%	8,414,167	1.41%
<b>Total Operating Expenses</b>	<b>\$103,297,110</b>	<b>\$105,419,560</b>	<b>(\$2,122,450)</b>	<b>(2.05%)</b>	<b>\$104,913,768</b>	<b>(1.57%)</b>

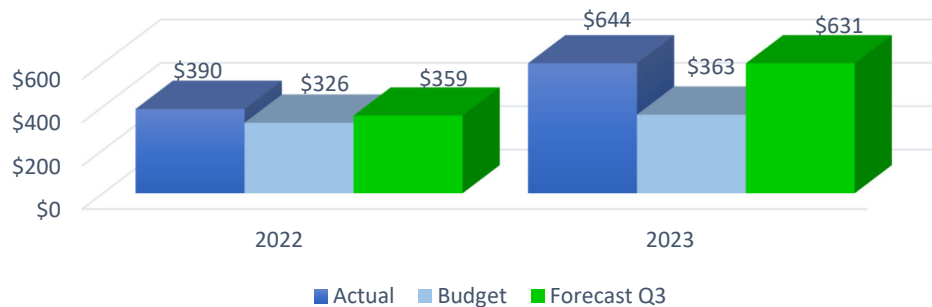
## 2023 Q4 Financial Variance and Forecast Report

### Common Services



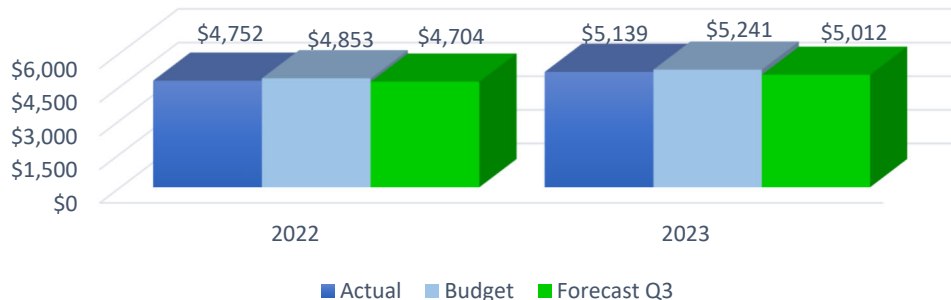
No significant variances anticipated in this area.

### Office of the CAO



The unfavorable variance is due to an unbudgeted position. This position has been included in the 2024 Financial Plan.

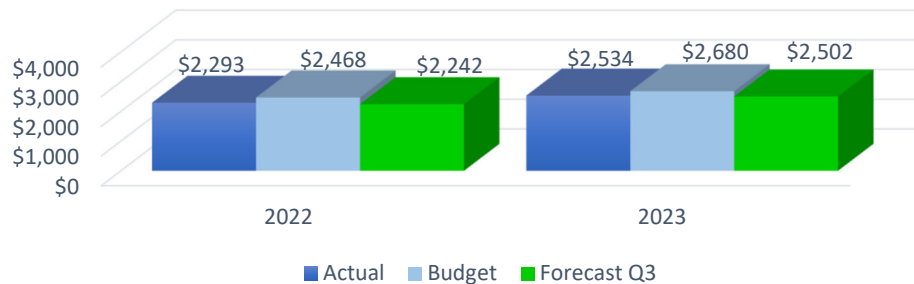
### Community Safety & Corporate Services



No significant variances anticipated in this area.

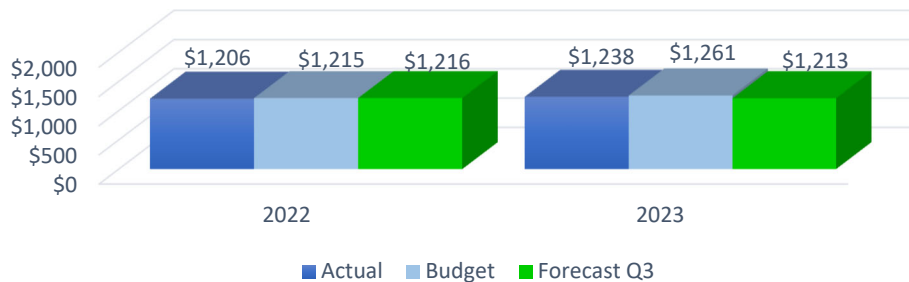
## 2023 Q4 Financial Variance and Forecast Report

### Finance



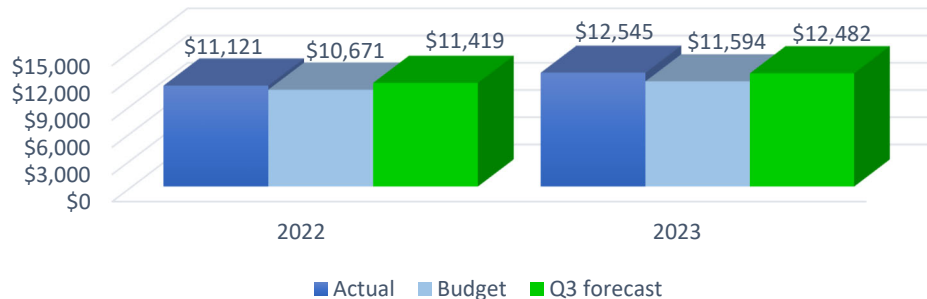
The Finance department experienced several staffing vacancies leading to a projected favorable variance of \$146,000. Savings have been partially offset by additional casual staffing required in Purchasing. Vacancies are currently recruiting.

### Human Resources



No significant variances anticipated in this area.

### Engineering and Public Works



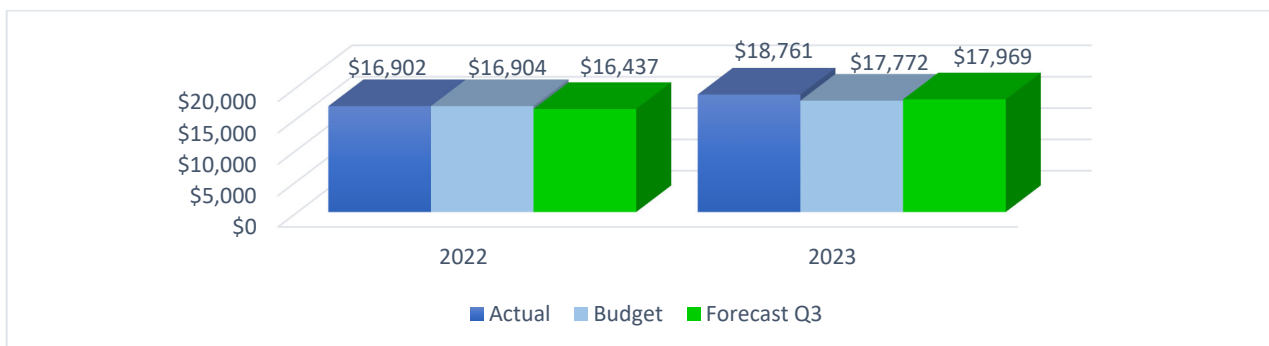
## 2023 Q4 Financial Variance and Forecast Report

The unfavorable variance is in line with what was projected during Q3 reporting and is due to a number of factors impacting department expenditures, including:

- Parks produced a negative variance by \$240,000 due to a focused vegetation removal, Japanese beetle control, two blitz's, additional planting material and additional hanging baskets for Veterans Park. Unanticipated costs also include the Aggie Park rental fence, Centennial Pool privacy fence, restoration of landscaping at PCCC left in poor condition by contractor
- Public Works fleet maintenance also produced a negative variance due to escalating supplies and materials costs by \$230,000. This also includes purchase of the new brine tank and additional ploughs for winter operations.
- Unplanned Works which is used to capture work outside of our service levels was also over budget by \$125,000.
  - Examples of such work includes: grip strips on various wooden walkways, Hazel Trembath support work, downtown cleanliness and streetlight painting; and
- Inflationary pressure on services and supplies.

Streets maintenance was slightly greater than budget. However, Snow and Ice removal costs were approximately on budget given lower than expected snow events while maintaining increased response levels.

### Recreation



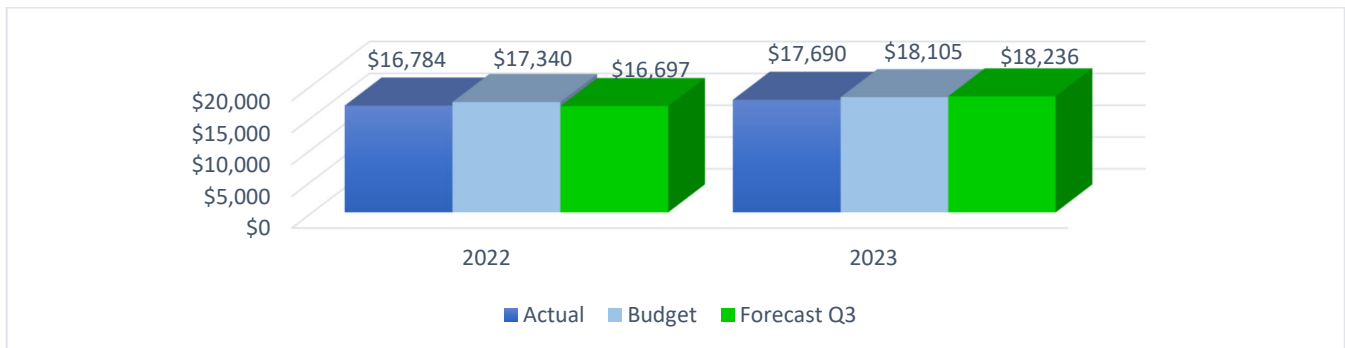
The unfavorable variance was primarily caused by events, recreation facilities and arena operations, including:

- The City put on several large, in-person public events in 2023 which led to a \$359,000 unfavorable variance. Significantly, the 100<sup>th</sup> May Days (\$138,000), Canada Day (\$86,000), Christmas light-up (\$59,000) and Remembrance Day ceremonies (\$25,000). Additional event costs were largely offset by increased revenues.

## 2023 Q4 Financial Variance and Forecast Report

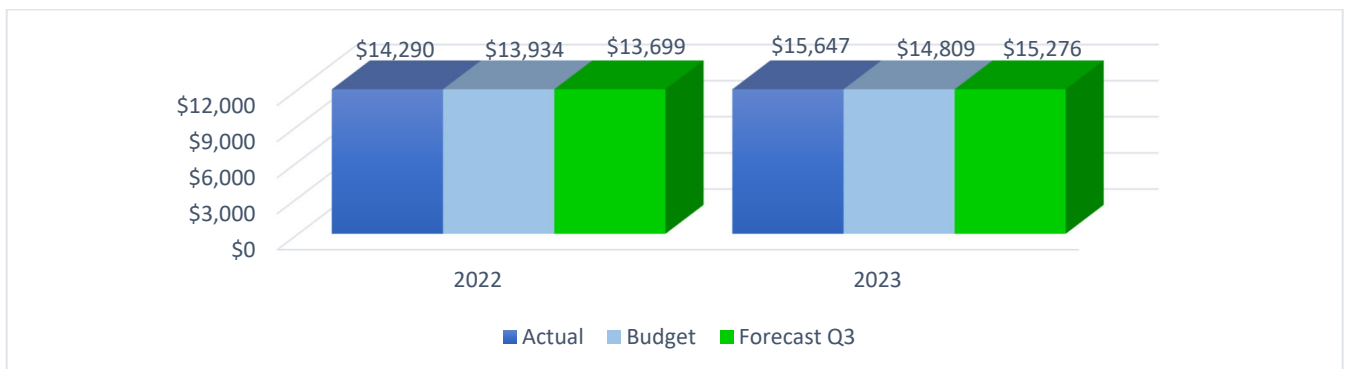
- Arena operations required additional staffing and supplies for more tournaments, high level sport games and events (\$226,000). Additional arena costs were partially offset by increased revenues.
- Recreation facilities experienced greater than anticipated contracted service costs due to a number of unforeseen repair and maintenance projects in 2023 (\$491,000).

### Police Services



Based on the final report received from the RCMP, the contract costs were \$379,000 less than budget. This was primarily due to the cost share percentage for 2023 being 30.6% versus a 31.8%, however note that vacancies also contributed.

### Fire & Emergency Services

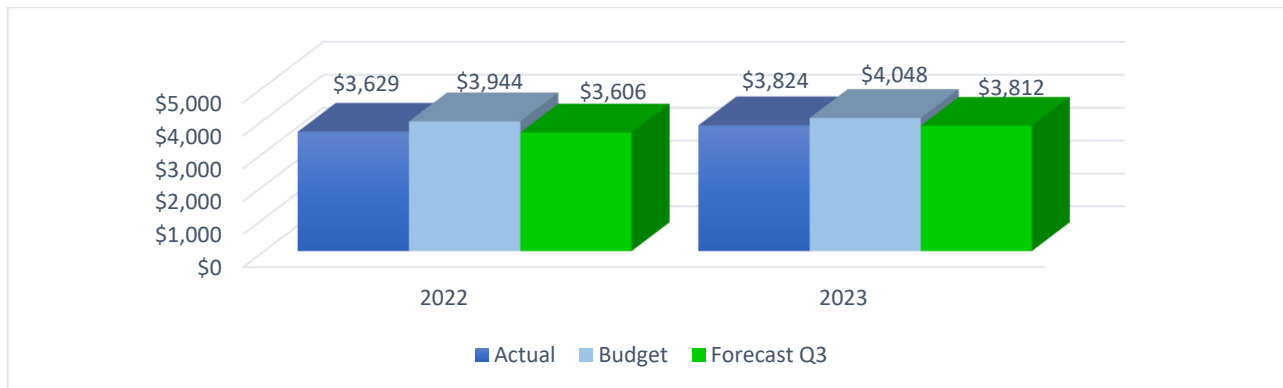


Amendments to the Employment Standards Act, compelling municipalities to now cover the costs of sick pay, has led to a \$150,000 unfavorable variance. Prior to March 2023, short term sick was funded by the IAFF union local.

## 2023 Q4 Financial Variance and Forecast Report

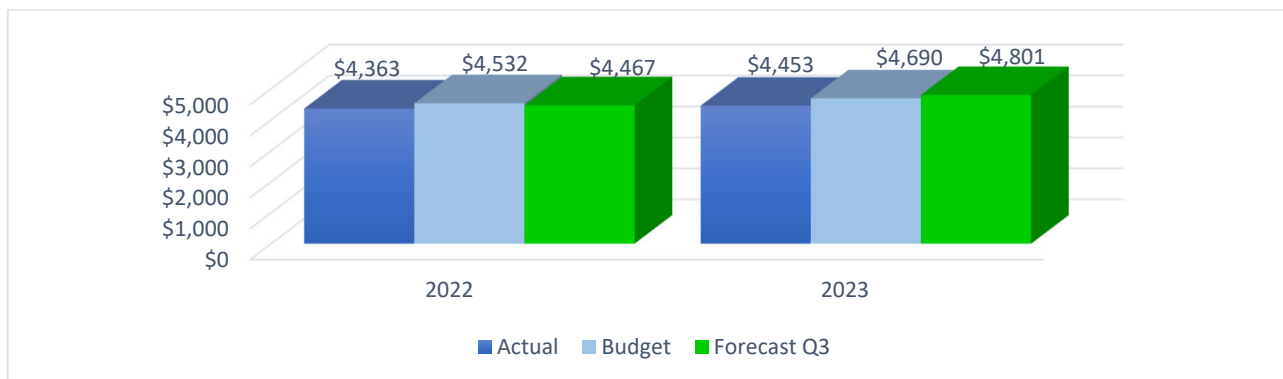
In addition, another significant driver of the variance is salary and benefit costs from the recently signed IAFF collective agreement (\$665,000) which were greater than budgeted. These higher labour costs were unanticipated in 2023, but have been accounted for in the 2024 budget.

### Development Services



The favorable variance is due to several staffing vacancies in building and development engineering that are currently being recruited. 2023 Vacancies in Development Services have now largely been filled.

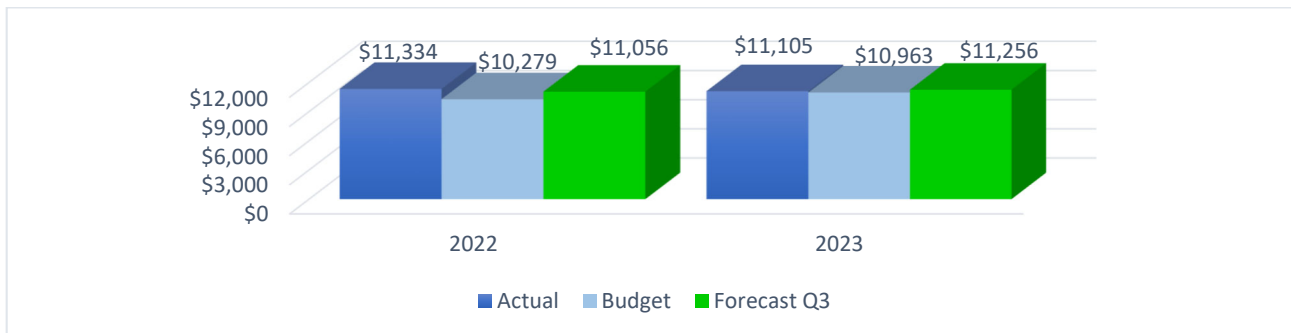
### Solid Waste Operations



No significant variances anticipated.

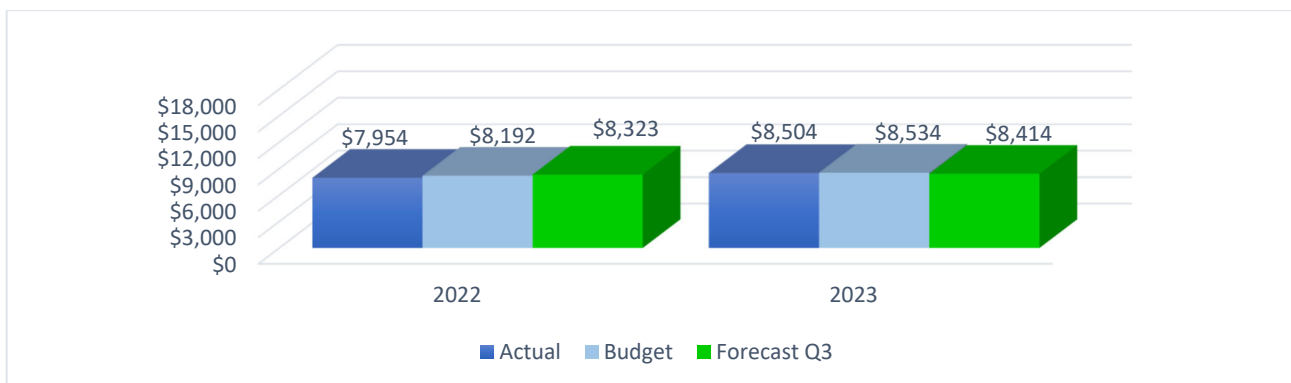
## 2023 Q4 Financial Variance and Forecast Report

### Water Operations



No significant variances anticipated.

### Sewer Operations



No significant variances anticipated.

### ONE-TIME VARIANCE ANALYSIS

The 2023 one-time operating variance summary (attachment 1) details the actual one-time project expenses compared to the budgeted amounts at December 31, 2023. Several projects have been completed in 2023, including the DCC Bylaw project, the Master Transportation Plan, the Asset Management Strategy, the Climate Change Adaptation Strategy, the Hyde Creek Facility Assessment. A number of additional projects are in progress as of the date of this report, including the Land and Development Facilitator Contract, the Skytrain Feasibility Study, the Subdivision Bylaw, the Integrated Stormwater Management Plan, Invasive Species Management (Japanese Chafer Beetle), and Sports Hall of Fame and Festival Development.

The 2023, one-time operating costs compared to budget resulted in a positive variance of \$596,000 which is due to a number of projects still being ongoing at the end of 2023. Where projects will continue into 2024, the remaining budget will be carried forward.

## 2023 Q4 Financial Variance and Forecast Report

### **INVESTMENTS**

At December 31, 2023, the City had \$211,007,000 in both short and long-term investments. The City's funds are invested in short-term cash equivalents, GICs and term deposits with chartered Canadian banks, credit unions, and the Municipal Finance Authority. These investments carry rates of return ranging from 3.25% to 6.85%. As of December 31<sup>st</sup>, 2023, the City's average return on investment was 4.85%, up from 3.04% in 2022 which has significantly increased the City's investment income and interest allocated to reserves.

Beginning in 2022, the Bank of Canada increased the overnight lending rate from a record low 0.25% in March 2022 to 5.00% in June 2023. Banks and credit unions increase their prime rates along with the Bank of Canada which enabled staff to invest City funds at higher rates of return. To ensure that cash is available for operations, staff time the maturity of investments in order to coincide with large payments and periods of lower cash flow during the year. Currently the Canadian inflation rate has dropped to 2.9%, consumer spending has slowed and the rate of unemployment has increased. The Bank of Canada has held the overnight lending rate in its policy announcements from mid-2023 onward signalling that the current fiscal tightening cycle is at its end. While the City has taken advantage of the higher rate environment by locking in some investments longer-term, there is an expectation that rate cuts will begin in summer 2024 and continue into 2025.

	Book Value	Average Maturity	Average Rate (%)
Chartered Bank	\$59,082,000	24.9 Months	5.72%
Credit Union	\$144,723,000	28.2 Months	5.53%
Municipal Finance Authority	\$7,202,000	Cashable	2.55%

### **2023 CAPITAL PLAN**

The 2023 capital projects are presented within three main categories. Neighbourhood rehabilitation (NR) is intended to replace or renew existing civil infrastructure including roads, water, sewer, storm, pump stations, bridges, and all required appurtenances. Other rehabilitation is for all other capital renewal and replacement such as facilities, parks, recreation and software. The final category is for entirely new assets. This table shows the capital budgets, forecasts and variances at December 31, 2023 for projects completed in 2023 and still in progress in 2024.

Category	2023 Budget	2023 Forecast	Variance	%
NR	\$34,621,000	\$34,621,000	-	-
Other Rehabilitation	\$39,236,000	\$39,350,000	(114,000)	(2.9%)
New	\$3,337,000	\$3,327,000	\$10,000	0.3%
Total	\$77,193,847.63	\$77,298,056.09	(104,208.46)	(0.13%)



## 2023 Q4 Financial Variance and Forecast Report

Construction costs have continued to rise, however, staff worked through 2023 to prepare amendments and adjustments to the 2024 budgets to address the uncertainty and anticipated increases. Additionally, staff will continue to review and adjust unit prices annually. As presented, staff anticipate the program being substantially delivered with an insignificant variance of 0.13%.

### Neighbourhood Rehabilitation

The NR program is made up of two subcategories: Roads and Utilities and Major Facilities. The 2023 Roads and Utilities program focussed on the downtown, central, western pocket bound by approximately Kingsway, Pitt River and the Coquitlam boundary and included the following projects:

1. Gordon Avenue: Lancaster Street to Raleigh Street;
2. Hughes Place: Patricia Avenue to north end;
3. Jervis Street: Kitchener Avenue to Gail Avenue;
4. Lancaster Street: Shaftsbury Avenue to Gordon Avenue;
5. Patricia Avenue: Hastings Street to Hughes Place; and
6. Patricia Avenue: Hughes Place to Graham Street.

The projects included road works, utility and streetlight installations, curb and gutter and sidewalk construction.

In addition to these locations, other highlights falling within the NR category and which have been completed in 2023 include: water blow off valve replacements year one, Eastern Drive PRV, streetlight expansions, flood mitigation at select locations, and several pump station designs.

### Other Rehabilitation

The other category includes capital projects relating to Information Technology software and hardware, Parks upgrades, fleet replacement and upgrades, Fire, Policing, and Recreation. The Other Rehabilitation budget includes several of the City's larger and more noteworthy projects including the Civic Center Revitalization, Gates Park Development, park playground improvements and the fleet replacement program.

### New

The new category in 2023, among others, included a new washroom at Blakeburn Lagoons, Cemetery Expansion, and a Terry Fox sculpture and exhibit.

### FINANCIAL IMPLICATIONS

The overall 2023 operating surplus is \$2,729,000. Of this surplus, \$157,000 is related to the water fund, \$257,000 to the sewer fund and \$2,315,000 to the general fund. Of the \$2,315,000 general fund surplus, \$379,000 relates to the RCMP. If the minimum balance is met, 50% of the remaining surpluses may be allocated to long-term reserves based on the City's Surplus Policy.

### **ATTACHMENTS**

Attachment 1 - 2023 One-Time Operating Variance

**Lead author(s):** Matthew Mydske

**Contributing Author:** Jason Daviduk