



Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the City of Pitt Meadows

We have audited the accompanying consolidated financial statements of the City of Pitt Meadows, which comprise the Consolidated Statement of Financial Position as at December 31, 2013, and the Consolidated Statements of Operations, Change in Net Financial Assets and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the consolidated financial position of the City of Pitt Meadows as at December 31, 2013 and its consolidated results of operations and its consolidated cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

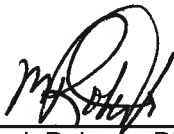
Chartered Accountants

Vancouver, British Columbia
May 13, 2014

City of Pitt Meadows
Consolidated Statement of Financial Position
As at December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash and Equivalents	\$ 351,178	\$ 360,847
Portfolio Investments (Note 2)	21,874,448	21,820,533
Accounts Receivable (Note 3)	4,721,984	4,129,877
Development Installments (Note 4)	1,012,385	495,663
	27,959,995	26,806,920
LIABILITIES		
Accounts Payable and Accrued Liabilities	1,802,544	1,145,659
Other Government Payable	2,961,670	2,671,937
Contractor Holdbacks	162,790	215,004
Prepaid Taxes	1,515,368	1,454,683
Refundable Performance Deposits	721,006	704,617
Deferred Revenue (Note 5)	287,995	272,432
Employee Benefit Obligation (Note 6)	527,500	503,300
Development Cost Charges (Note 7)	5,543,757	4,581,473
Debt (Note 8)	8,032,014	7,422,763
	21,554,644	18,971,868
NET FINANCIAL ASSETS	6,405,351	7,835,052
NON FINANCIAL ASSETS		
Tangible Capital Assets (Note 9, Schedule 1)	172,953,030	170,883,384
Inventories of Supplies	143,211	123,080
Prepaid Expenses	1,615,975	122,297
	174,712,216	171,128,761
ACCUMULATED SURPLUS (Note 10)	\$ 181,117,567	\$ 178,963,813

See accompanying Notes to the Consolidated Financial Statements.



Mark Roberts, Director of Finance



Deb Walters, Mayor

City of Pitt Meadows
Consolidated Statement of Operations
For the Year Ended December 31, 2013

	<u>2013 Budget</u> (Note 14)	<u>2013 Actual</u>	<u>2012 Actual</u>
REVENUES			
Municipal Property Taxes (Schedule 2)	\$ 15,654,757	\$ 15,443,484	\$ 15,199,525
Parcel Taxes	30,000	21,390	29,295
Private Utility Company Taxes	261,071	270,748	241,699
Water Levy	3,621,371	3,655,057	3,436,947
Sewer Levy	2,114,354	2,131,952	2,031,376
Drainage Levy	1,405,412	1,407,828	1,310,931
Solid Waste Levy	1,298,969	1,207,710	1,213,265
Dyking Levy	13,004	12,860	12,872
Sale of Services	1,899,146	1,687,192	1,701,614
Licenses, Permits, Penalties, and Fines	649,625	872,567	768,240
Investment Income	758,600	479,912	454,598
Government Grants	3,957,000	450,624	803,758
Contributions by Developers	635,900	953,400	737,967
Contributions by Others	860,229	1,895,848	1,353,394
Gain (Loss) on Disposal of TCA	(53,611)	(53,611)	12,220,961
	<u>33,105,827</u>	<u>30,436,961</u>	<u>41,516,442</u>
EXPENSES			
General Government Services	4,489,607	4,622,114	4,388,974
Protective Services	6,428,184	6,252,073	6,531,148
Transportation Services	4,103,785	3,798,646	3,777,093
Water Services	3,167,138	2,950,511	3,046,776
Sewer Services	1,970,867	1,837,951	1,654,271
Drainage Services	1,482,463	1,501,619	1,251,957
Solid Waste Services	1,459,930	1,463,008	1,438,585
Dyking Services	217,260	211,725	216,441
Recreation and Cultural Services	6,110,339	5,787,430	5,707,785
Planning Services	395,120	369,573	343,515
	<u>29,824,693</u>	<u>28,794,650</u>	<u>28,356,545</u>
Less: Internal Equipment Charges	(641,596)	(511,443)	(474,633)
	<u>29,183,097</u>	<u>28,283,207</u>	<u>27,881,912</u>
ANNUAL SURPLUS	<u>\$ 3,922,730</u>	2,153,754	13,634,530
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>178,963,813</u>	<u>165,329,283</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 181,117,567</u>	<u>\$ 178,963,813</u>

See accompanying Notes to the Consolidated Financial Statements.

City of Pitt Meadows
Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2013

	<u>2013 Budget</u> (Note 14)	<u>2013 Actual</u>	<u>2012 Actual</u>
Annual Surplus	\$ 3,922,730	\$ 2,153,754	\$ 13,634,530
Acquisition of Tangible Capital Assets	(13,594,600)	(6,949,176)	(6,576,735)
Amortization of Tangible Capital Assets	4,810,080	4,810,080	4,591,381
Proceeds on Disposal of Tangible Capital Assets	15,839	15,839	12,595,151
Loss (Gain) on Disposal of Tangible Capital Assets (Note 9)	53,611	53,611	(12,220,961)
	<u>(8,715,070)</u>	<u>(2,069,646)</u>	<u>(1,611,164)</u>
Net Use (Acquisition) of Inventories of Supplies	<u>0</u>	<u>(20,131)</u>	<u>15,397</u>
Net Use (Acquisition) of Prepaid Expenses	<u>0</u>	<u>(1,493,678)</u>	<u>15,630</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	<u><u>(4,792,340)</u></u>	<u>(1,429,701)</u>	<u>12,054,393</u>
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR		<u>7,835,052</u>	<u>(4,219,341)</u>
NET FINANCIAL ASSETS, END OF YEAR		<u><u>\$ 6,405,351</u></u>	<u><u>\$ 7,835,052</u></u>

See accompanying Notes to the Consolidated Financial Statements.

**City of Pitt Meadows
Consolidated Statement of Cash Flow
For the Year Ended December 31, 2013**

	2013 Actual	2012 Actual
OPERATING TRANSACTIONS		
Annual Surplus	2,153,754	13,634,530
Non Cash Items Included in Annual Surplus:		
Contributions from Developers and Others	(825,249)	(409,535)
Amortization	4,810,080	4,591,381
Loss (Gain) on Disposal of Tangible Capital Assets (Note 9)	53,611	(12,220,961)
Decrease (Increase) in Inventories of Supplies	(20,131)	15,397
Decrease (Increase) in Prepaid Expenses	(1,493,678)	15,630
Decrease in Non Cash Operating Items	387,182	173,633
Increase in Development Installments	(516,722)	(395,971)
Increase in Refundable Performance Deposits	16,389	172,941
Decrease in Deferred Revenue	15,563	(40,127)
Cash Provided by Operating Transactions	4,580,799	5,536,918
CAPITAL TRANSACTIONS		
Proceeds on Disposal of Tangible Capital Assets	15,839	12,595,151
Cash Used to Acquire Tangible Capital Assets	(6,695,136)	(6,547,561)
Cash Acquired (Applied) by Capital Transactions	(6,679,297)	6,047,590
INVESTING TRANSACTIONS		
Net Purchase of Portfolio Investments	(53,915)	(3,860,643)
FINANCING TRANSACTIONS		
Development Cost Charge Receipts and Interest	1,533,493	933,027
Proceeds from Long-term Debt and Temporary Borrowing	3,874,546	745,000
Repayment of Temporary Borrowing (Note 8)	(3,000,000)	(9,189,000)
Repayment of Long Term Debt	(265,295)	(179,576)
Cash Provided (Used) in Financing Transactions	2,142,744	(7,690,549)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(9,669)	33,316
CASH AND EQUIVALENTS, BEGINNING OF YEAR	360,847	327,531
CASH AND EQUIVALENTS, END OF YEAR	351,178	360,847

See accompanying Notes to the Consolidated Financial Statements.

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

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

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

In 2013, the City adopted the provisions of the public sector accounting standard "PS3410 Government Transfers". This new standard can be applied either retroactively or prospectively, and the City elected to apply the standard prospectively which resulted in no impact to the previous years. Government transfers are recognized as revenue when authorized and eligibility criteria have been met unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

In 2013, the City also adopted the provisions of the public sector accounting standard, "PS3510 Tax Revenue". The requirements of this standard did not differ from the treatment the City had previously been following and therefore, no change was required.

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

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the period. Significant areas requiring use of management estimates relate to the determination of employee benefit obligations, useful life of tangible capital assets, liabilities associated with legal claims, and collectability of accounts receivable. As such, actual results could differ from those estimates.

Revenue Recognition

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

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

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Government Transfers

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

Expense Recognition

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

Cash and Equivalents

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

Portfolio Investments

Investments, other than Municipal Finance Authority Pooled Funds which are recorded at fair market value, are amortized. Investment premiums and discounts are amortized over the term of the respective investment. Investments are written down when there is, in the opinion of management, a permanent decline in value.

Non Financial Assets

Tangible capital and other non financial assets are reported as assets as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge liabilities unless they are sold.

Tangible Capital Assets

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

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Land	No amortization
Road Infrastructure	20 to 100 years
Drainage Infrastructure	30 to 80 years
Water Infrastructure	10 to 80 years
Sewer Infrastructure	30 to 80 years
Dyking Infrastructure	No amortization
Other Infrastructure	50 to 100 years
Buildings	20 to 50 years
Land Improvements	20 to 30 years
Vehicles	5 to 20 years
Equipment and Furnishings	4 to 10 years

In the year of acquisition, amortization begins the first day of the month the asset is in service.

Contributed tangible capital assets are recorded at their fair value at the date of contribution. The contribution is also recorded as revenue.

Employee Future Benefits

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

The City also accrues sick leave, deferred vacation, supplementary vacation, vacation in year of retirement, overtime and service severance benefits. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liability under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits.

Property Tax Collections for Other Governments

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

2. PORTFOLIO INVESTMENTS

The City's portfolio of investments include bonds, deposits and notes of provincial governments and agencies, deposits and notes of chartered banks, and deposits in the Municipal Finance Authority Money Market Fund and Short Term Bond Fund.

The various instruments have stated rates of return ranging from 2.03% to 3.979% (2012 – 1.75% to 4.95%), with varying maturity dates up to August 3, 2022. The market value of the investments as at December 31, 2013 was \$21,907,500 (2012 – \$21,980,600). It is the City's practice to buy and hold investments to maturity in order to realize the stated rate of return.

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

3. ACCOUNTS RECEIVABLE

	2013	2012
Property taxes and utilities receivable	\$ 1,948,955	\$ 1,504,953
Other government receivable	2,301,978	1,901,546
General and interest receivable	471,051	723,378
Total	\$ 4,721,984	\$ 4,129,877

4. DEVELOPMENT INSTALLMENTS

Development installments represent funds due from developers and others within two years. Funds realized upon collection of these receivables can only be used for expenditures as provided by the Development Cost Charge Reserve Fund Expenditure Bylaw and the relevant sections of the Local Government Act, unless otherwise authorized by the Ministry of Community, Sport and Cultural Development.

5. DEFERRED REVENUE

	2013	2012
Business licenses	\$ 142,874	\$ 124,897
Other revenues received in advance	145,121	147,535
Total	\$ 287,995	\$ 272,432

6. EMPLOYEE BENEFIT OBLIGATION

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

- a) Non-Vested Sick Leave: Employees are entitled to a sick leave benefit of 1.5 days for each month of service which may be accumulated to a maximum of 250 days.
- b) Service Severance: Upon retirement, employees are eligible for a payout of 3 days per year of service accumulated after January 1, 1969, paid at his or her current rate of pay. Upon termination or death, employees who have completed 8 or more years of service accumulated after January 1, 1969 are eligible for a payout of 1 day per year of service paid at his or her current rate of pay.
- c) Overtime Bank: Employees may accumulate overtime hours in a bank. Upon termination, retirement or death accrued overtime is paid out at his or her current rate of pay.
- d) Deferred Vacation: Employees may defer a portion of their annual vacation entitlement. Employees in the collective bargaining unit who are entitled to 25 vacation days or more are subject to a maximum accumulation of 20 days. Exempt employees are subject to a maximum of 15 days.
- e) Supplementary Vacation: Employees are entitled to 5 days of supplementary vacation every five years. Employees in the collective bargaining unit are entitled commencing the fifteenth year of service. Exempt employees are entitled commencing the fifth year of service. The supplementary days must be used during the five year period following entitlement.

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

6. EMPLOYEE BENEFIT OBLIGATION (continued)

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

	2013	2012
Accrued Benefit Obligation, beginning of year	\$ 503,300	\$ 543,500
Current Service Cost	50,900	62,000
Interest Cost	18,600	20,800
Past Service Cost	-	6,100
Benefits Paid	(63,700)	(46,900)
Actuarial (Gain) Loss	18,400	(82,200)
Accrued Benefit Obligation, end of year	\$ 527,500	\$ 503,300

The most recent actuarial valuation of the City's employee benefit obligation was completed as at December 31, 2012.

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

	2013	2012
Discount Rate	4.10%	3.50%
Expected Future Inflation Rate	2.50%	2.50%

7. DEVELOPMENT COST CHARGES

The change in Development Cost Charges is as follows:

	2013	2012
Development Cost Charges, beginning of year	\$ 4,581,473	\$ 4,028,807
Net Developer Contributions (Refunds)	1,429,305	830,870
Interest Earnings	104,188	102,157
Project Funding and Revenue Recognized	(571,209)	(380,361)
Development Cost Charges, end of year	\$ 5,543,757	\$ 4,581,473

8. DEBT

Debt includes long-term debt and temporary borrowing as follows:

	2013	2012
Long-term debt (a)	\$ 7,299,070	\$ 4,422,763
Temporary Borrowing (b)	732,944	3,000,000
Total	\$ 8,032,014	\$ 7,422,763

a) Long-term debt:

The City obtains debt financing through the Municipal Finance Authority in accordance with the Community Charter to finance certain capital expenditures.

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

8. DEBT (continued)

The gross and outstanding amounts of the long-term debt are as follows:

	2013	2012
Civic Centre, Bylaw 2368, 3.73%, due 2035	\$ 2,403,278	\$ 2,471,440
Arena Acquisition, Bylaw 2408, 3.73%, due 2025	1,832,730	1,951,323
Facility Construction and Revitalization , Bylaw 2429, 2%, due 2033	3,063,062	-
Total	\$ 7,299,070	\$ 4,422,763

Future sinking fund and principal payments on net outstanding long-term debt over the next five years and thereafter are as follows:

Year	Amount
2014	\$ 344,458
2015	357,188
2016	365,192
2017	373,517
2018	382,175
Thereafter	5,476,540
Total	\$ 7,299,070

b) Temporary Borrowing:

The City has temporary capital financing through the Municipal Finance Authority Interim Financing program for the following capital projects:

	Authorized	2013	2012
Drainage Utility, Bylaw 2430	\$ 4,500,000	\$ 732,944	\$ -
Facility Construction and Revitalization, Bylaw 2429	7,150,000	-	3,000,000
Total	\$11,650,000	\$ 732,944	\$ 3,000,000

Regular principal payments are not required, but funds borrowed under this program must either be repaid or converted to long term borrowing through a debenture issue within five years. The outstanding balance bears interest at approximately prime less 1.25%, which is paid monthly.

9. TANGIBLE CAPITAL ASSETS

Schedule 1 details Tangible Capital Asset cost and accumulated amortization information. As at December 31, 2013, the City held \$3,163,590 in assets under construction that were not yet amortized (2012 - \$1,380,609)

During the year the assets valued at \$254,040 (2012 - \$29,174) were contributed to the City and recorded as revenue.

During fiscal 2012, the City incurred a gain of \$12.3 million on the disposal of two parcels of property.

**City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013**

10. ACCUMULATED SURPLUS

Accumulated Surplus includes Equity in Tangible Capital Assets, Current Fund Surplus and Statutory Reserves as follows:

	2013	2012
Unappropriated Balance		
Current Fund Surplus	\$ 13,730	\$ 206,765
Appropriated Surplus		
Statutory Operating Reserves	2,898,082	1,957,574
Statutory Capital Reserves	13,284,739	13,338,853
	16,182,821	15,296,427
Investment in Tangible Capital Assets	164,921,016	163,460,621
Total Accumulated Surplus	\$181,117,567	\$178,963,813

11. SEGMENTED INFORMATION

For reporting purposes, City activities have been aggregated into functional segments based on the services each activity provides. The Consolidated Schedule of Segment Disclosure (Schedule 3) reports the revenues and expenses that are directly attributable to each functional segment. The revenues and expenses that cannot be directly attributable or allocated on a reasonable basis to individual segments are reported in the unallocated segment. The following describes the services included in each segment:

General Government Services

The General Government segment includes administration, legislative, financial, human resources, information technology, economic development and sustainability services.

Protective Services

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

Transportation Services

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

Utility, Solid Waste and Dyking Services

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

Recreation and Cultural Services

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

Planning Services

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

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

11. SEGMENTED INFORMATION (continued)

Unallocated

The Unallocated segment includes the following revenues and expenses that cannot be directly attributable or reasonably allocated to a segment: municipal property taxation and penalties and interest charged thereon, taxes in lieu, return on investments, and interest paid on development cost charge funds and tax prepayment accounts.

12. MUNICIPAL PENSION PLAN

The municipality and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 62 contributors from the City of Pitt Meadows.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City of Pitt Meadows paid \$385,168 (2012 - \$368,811) for employer contributions while employees contributed \$324,957 (2012 - \$317,172) to the Plan in fiscal 2013.

13. CONTINGENT LIABILITIES AND COMMITMENTS

- a) The City is a member of the Municipal Insurance Association (MIA), which operates under a reciprocal insurance exchange agreement. The main purposes of the exchange agreement are: (1) to pool the risk of third party liability claims against member municipalities (approximately 170) in order to allow for stable financial planning related to those liability claims; and (2) to engage in broad risk management strategies to reduce accidents or occurrences that may result in liability claims against the City. The City is assessed an annual premium by MIA based on factors such as population, administrative costs, premium tax and re-insurance costs. MIA is subject to financial oversight by the Provincial Government.
- b) The City self insures for certain potential financial losses arising from the penetration of water into building envelopes ("leaky buildings") and acts of terrorism, for any claims made after January 1st, 2002.
- c) The City has cost sharing agreements with the District of Maple Ridge to provide services in a more efficient and cost effective manner. These agreements cover the provision of all parks and leisure services, and police housing and support services. The costs are shared on the basis of proportionate population, and Council can terminate the agreement(s) by providing four months to one year's notice.

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

13. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

- d) The City has a long-term service agreement with another organization for the provision of fire and public works dispatch services. This agreement has an annual cost of approximately \$34,000 and will expire on December 31, 2014.
- e) The City has been named defendant in a number of claims that are currently pending. In determining their estimated exposure the City has relied upon their understanding of the claims, including activities undertaken by the other parties, as well as discussions with legal counsel. In those cases where an unfavourable outcome is likely, a provision for anticipated costs has been accrued. In the opinion of management, the amount of any loss from these claims cannot be reasonably estimated, nor can the likelihood of their outcomes be known at this time. Therefore, management has made no provision for these claims and any future settlement will be accounted for in the year of settlement.
- f) As at December 31, 2013 there were various property assessment appeals pending. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City has made no specific provision for these appeals as the outcome is indeterminable.
- g) The City is a member of E-Comm, an organization comprised predominately of member municipalities, for the purpose of providing emergency dispatch services. The City is represented on the board, and as a Class 'A' shareholder has voting rights should the organization want to incur additional debt. The E-Comm facility was constructed using debt as a financing mechanism and members are liable for a proportionate share of that debt. This debt is repaid by members through annual fees charged by E-Comm. Should E-Comm dissolve, members would be liable for a proportionate share of any residual debt. Alternatively should a member choose to opt out of E-Comm, they would be liable for a proportionate share of debt at the time of withdrawal.
- h) On September 15, 2009 the City agreed to an Offer to Lease for approximately 12,200 square feet of space at 12059 Harris Road, Pitt Meadows for the purpose of relocating the Pitt Meadows Library in 2011. The lease commenced March 1, 2012, ninety days after the fixturing period, for a term of ten years. The annual minimum rent is \$151,000 and is subject to annual CPI increases in the second five year period of the term.
- i) In October, 2010 the City signed an Offer to Lease for approximately 9,500 square feet of space in a senior's residential facility for the purposes of operating a Senior's Centre. Construction of the facility began in 2011, and the lease commenced in January 2013. The term of the lease is forty years plus a 20 year renewal option. The rent for the initial 40 year term is \$1,549,506, prepaid at the commencement of the lease in 2013.
- j) In February, 2011 the City signed an Operating and Maintenance Agreement with Nustadia Recreation Inc. for the operation and maintenance of the Pitt Meadows Arenas. The agreement was effective May 1, 2011, with an initial term of five years and four optional renewal periods. An annual management fee of \$100,000 is payable under the agreement (adjusted annually for inflation), with payments due in equal monthly installments.
- k) The City has a long-term service agreement with the Province of British Columbia for the provision of police services by the Royal Canadian Mounted Police with an annual cost of approximately \$3.3 million. The current agreement commenced April 1, 2012 with an expiry date of March 31, 2032.

City of Pitt Meadows
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2013

13. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

- l) In March 2013 the City was the recipient of funds under the Green Municipal Fund (Project 10297) – Loan and Grant Agreement in the amount of \$3,141,602 in loan proceeds and \$378,320 in grant proceeds. A portion of the funds have been used to repay the 2012 \$3,000,000 balance of the temporary borrowing for the Facility Construction and Revitalization, Bylaw 2429.

14. BUDGET

The budget amounts which are presented for comparative purposes reflect the statutory balanced budget as adopted by Council on February 5, 2013 adjusted for amortization and other items for comparability with the actual results.

The following reconciles the balanced statutory budget and the budget surplus reported on the Consolidated Statement of Operations.

	2013 Budget
Surplus as per Financial Plan Bylaw No. 2586, 2013	\$ -
Add: Budgeted Capital Expenditures	
General Government Services	806,300
Protective Services	24,700
Transportation Services	2,210,200
Water Services	1,112,000
Sewer Services	945,000
Drainage Services	6,527,900
Recreation and Cultural Services	1,968,500
Budgeted Reduction in Debt Principal	263,551
Budgeted Transfer to Own Reserves	7,166,711
Gain on Disposal of Tangible Capital Assets (Actual)	(53,611)
	20,971,251
Less: Budgeted Transfer from Own Reserves	9,337,440
Budgeted Proceeds from Borrowing	2,901,000
Amortization Expense (Actual)	4,810,081
	17,048,521
Budget Surplus, as per Consolidated Statement of Operations	\$ 3,922,730

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

City of Pitt Meadows
 Consolidated Schedule of Tangible Capital Assets and Accumulated Amortization
 For the Year Ended December 31, 2013

Schedule 1

Asset Category	2013									
	Cost					Amortization				
	Balance Beginning of Year	Additions	Disposals	Balance End of Year	Balance Beginning of Year	Amortization	Disposals	Balance End of Year	2013	2012
Buildings	\$ 31,209,544	\$ 1,276,582	\$ 4,568	\$ 32,481,558	\$ 9,615,103	\$ 1,098,426	\$ 4,569	\$ 10,708,960	\$ 21,772,598	\$ 21,594,441
Drainage Infrastructure	25,694,637	2,069,204	1,032	27,762,809	9,008,182	448,110	1,032	9,455,260	18,307,549	16,686,454
Dyking Infrastructure	12,026,612	-	-	12,026,612	-	-	-	-	12,026,612	12,026,612
Equipment and Furnishings	4,400,551	393,401	170,679	4,623,273	2,711,161	387,301	170,608	2,927,854	1,695,419	1,689,389
Land	51,250,042	-	-	51,250,042	-	-	-	-	51,250,042	51,250,042
Land Improvements	8,635,565	187,362	-	8,822,927	1,704,978	348,286	-	2,053,264	6,769,663	6,930,586
Leasehold Improvements	1,302,970	-	-	1,302,970	97,723	130,297	-	228,020	1,074,950	1,205,247
Other Infrastructure	5,371,722	-	-	5,371,722	521,934	91,553	-	613,487	4,758,235	4,849,788
Road Infrastructure	43,028,847	1,165,618	390,815	43,803,650	18,547,500	1,239,658	363,535	19,423,623	24,380,027	24,481,348
Sewer Infrastructure	13,413,853	256,390	23,027	13,647,216	4,682,021	193,433	20,626	4,854,828	8,792,388	8,731,831
Vehicles	4,465,576	435,120	147,905	4,752,791	2,122,654	342,207	147,905	2,316,956	2,435,835	2,342,924
Water Infrastructure	30,756,778	1,165,499	423,361	31,498,916	11,662,057	530,809	383,662	11,809,204	19,689,712	19,094,722
TOTAL	\$ 231,556,697	\$ 6,949,176	\$ 1,161,387	\$ 237,344,486	\$ 60,673,313	\$ 4,810,080	\$ 1,091,937	\$ 64,391,456	\$ 172,953,030	\$ 170,883,384

City of Pitt Meadows
Consolidated Schedule of Municipal Property Taxes and Other Tax Levies
For the Year Ended December 31, 2013

Schedule 2

Schedule of Municipal Property Taxes:

	<u>2013 Budget</u>	<u>2013 Actual</u>	<u>2012 Actual</u>
Real Property Taxes			
Residential	\$ 9,651,951	\$ 9,601,469	\$ 9,232,696
Utilities	233,644	222,641	223,674
Major Industry	122,321	122,321	119,001
Light Industry	695,244	754,385	671,332
Business	4,333,593	4,098,516	4,292,573
Recreational/Seasonal	226,575	221,018	219,569
Farm	439,513	451,264	438,153
	<u>15,702,841</u>	<u>15,471,614</u>	<u>15,196,998</u>
Prior Years' Re-assessments	- 48,084	- 28,130	2,527
Total Municipal Property Taxes	<u>\$ 15,654,757</u>	<u>\$ 15,443,484</u>	<u>\$ 15,199,525</u>

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

	<u>2013</u>	<u>2012</u>
Municipal Property Taxes	<u>\$ 15,443,484</u>	<u>\$ 15,199,525</u>
Levies for Other Authorities:		
Provincial School Taxes	7,868,205	7,879,608
Greater Vancouver Transit Authority	1,480,019	1,552,768
British Columbia Assessment Authority	236,225	239,977
Greater Vancouver Regional District	223,660	214,446
Municipal Finance Authority of British Columbia	726	742
	<u>9,808,835</u>	<u>9,887,541</u>
Total Tax Levies	<u>\$ 25,252,319</u>	<u>\$ 25,087,066</u>

City of Pitt Meadows
Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2013

Schedule 3

	2013 Actual						2013 Budget		
	General Government Services	Protective Services	Transportation Services	Utility, Solid Waste and Dyking Services	Recreation and Cultural Services	Planning Services	Unallocated	Consolidated	Consolidated (Note 14)
REVENUES									
Municipal Property and Other Taxes	-	-	-	-	-	-	\$ 15,735,622	\$ 15,735,622	\$ 15,945,828
Utility, Solid Waste and Dyking Levies	-	-	-	8,415,407	-	-	-	8,415,407	8,453,110
Sale of Services	356,704	57,199	109,490	1,100	1,151,944	10,755	-	1,687,192	1,899,146
Licenses, Permits, Penalties and Fines	-	235,086	1,292	16,273	-	433,249	-	872,567	649,625
Return on Investments	-	-	-	-	-	-	186,667	479,912	758,600
Grants and Contributions	111,997	18,048	545,966	1,767,989	449,545	148,150	258,167	3,299,872	5,453,129
Gain (Loss) on Disposal of TCA (Note 9)	-	-	11,512	42,099	-	-	-	53,611	53,611
	<u>468,701</u>	<u>310,333</u>	<u>645,236</u>	<u>10,158,680</u>	<u>1,601,489</u>	<u>592,154</u>	<u>16,660,368</u>	<u>30,436,961</u>	<u>33,105,827</u>
EXPENSES									
Salaries and Benefits	2,324,424	1,335,719	1,261,743	829,639	-	339,486	-	6,091,011	6,308,952
Contracted Services	1,013,820	4,549,777	517,938	2,252,523	4,455,281	23,697	-	12,813,036	13,407,741
Supplies, Materials and Equipment	372,158	210,010	487,911	314,385	30,970	6,390	-	1,421,824	1,517,963
Purchase of Water and Sewer Levy	-	-	-	3,395,914	-	-	-	3,395,914	3,533,828
Amortization	648,927	156,567	1,531,054	1,172,353	1,301,179	-	-	4,810,080	4,810,081
Interest Charges	262,785	-	-	-	-	-	-	262,785	246,138
	<u>4,622,114</u>	<u>6,252,073</u>	<u>3,798,646</u>	<u>7,964,814</u>	<u>5,787,430</u>	<u>369,573</u>	<u>-</u>	<u>28,794,650</u>	<u>29,824,693</u>
Less: Internal Equipment Charges	-	-	-	-	-	-	(511,443)	(511,443)	(641,596)
	<u>4,622,114</u>	<u>6,252,073</u>	<u>3,798,646</u>	<u>7,964,814</u>	<u>5,787,430</u>	<u>369,573</u>	<u>511,443</u>	<u>28,283,207</u>	<u>29,183,097</u>
ANNUAL SURPLUS	<u>\$ (4,153,413)</u>	<u>\$ 5,941,740</u>	<u>\$ (3,153,410)</u>	<u>\$ 2,193,866</u>	<u>\$ (4,185,941)</u>	<u>\$ 222,581</u>	<u>\$ 17,171,811</u>	<u>\$ 2,153,754</u>	<u>\$ 3,922,730</u>

**City of Pitt Meadows
Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2013**

Schedule 3 (continued)

	2012 Actual						2012 Budget		
	General Government Services	Protective Services	Transportation Services	Utility, Solid Waste and Dyking Services	Recreation and Cultural Services	Planning Services	Unallocated	Consolidated	Consolidated
REVENUES									
Municipal Property and Other Taxes	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,470,519	\$ 15,470,519	\$ 15,313,330
Utility Solid Waste and Dyking Levies	-	-	-	8,005,391	-	-	-	8,005,391	8,150,611
Sale of Services	309,101	62,820	114,865	3,743	1,197,973	13,112	-	1,701,614	1,819,000
Licenses, Permits, Penalties and Fines	-	205,736	2,276	10,243	-	347,547	202,438	768,240	607,562
Return on Investments	-	-	-	-	-	-	556,755	556,755	677,000
Grants and Contributions	222,793	52,630	747,832	399,210	912,739	20,000	539,915	2,895,119	1,711,115
Gain (Loss) on Disposal of TCA (Note 9)	12,220,961	-	-	-	-	-	-	12,220,961	12,220,961
	<u>12,752,855</u>	<u>321,186</u>	<u>864,973</u>	<u>8,418,587</u>	<u>2,110,712</u>	<u>380,659</u>	<u>16,769,627</u>	<u>41,618,599</u>	<u>40,499,579</u>
EXPENSES									
Salaries and Benefits	2,090,810	1,349,372	1,212,560	773,698	22,849	320,460	-	5,769,749	6,086,606
Contracted Services	1,043,361	4,786,573	548,658	1,875,945	4,377,426	16,092	-	12,648,055	11,857,484
Supplies, Materials and Equipment	345,127	247,425	530,672	375,491	23,243	6,963	-	1,528,921	1,671,560
Purchase of Water and Sewer Levy	-	-	-	3,433,837	-	-	-	3,433,837	3,523,215
Amortization	533,673	147,778	1,485,203	1,140,460	1,284,267	-	-	4,591,381	4,591,381
Interest Charges	478,160	-	-	8,599	-	-	-	486,759	10,000
	<u>4,491,131</u>	<u>6,531,148</u>	<u>3,777,093</u>	<u>7,608,030</u>	<u>5,707,785</u>	<u>343,515</u>	<u>-</u>	<u>28,458,702</u>	<u>27,740,246</u>
Less: Internal Equipment Charges	-	-	-	-	-	-	(474,633)	(474,633)	(596,434)
	<u>4,491,131</u>	<u>6,531,148</u>	<u>3,777,093</u>	<u>7,608,030</u>	<u>5,707,785</u>	<u>343,515</u>	<u>(474,633)</u>	<u>27,984,069</u>	<u>27,143,812</u>
ANNUAL SURPLUS	<u>\$ 8,261,724</u>	<u>\$ (6,209,962)</u>	<u>\$ (2,912,120)</u>	<u>\$ 810,557</u>	<u>\$ (3,597,073)</u>	<u>\$ 37,144</u>	<u>\$ 17,244,260</u>	<u>\$ 13,634,530</u>	<u>\$ 13,355,767</u>