

The Corporation of the
CITY OF WHITE ROCK



Finance and Audit Committee
AGENDA

Monday, May 10, 2021, 5:00 p.m.

City Hall Council Chambers

15322 Buena Vista Avenue, White Rock, BC, V4B 1Y6

***Live Streaming/Telecast:** Please note that all Committees, Task Forces, Council Meetings, and Public Hearings held in the Council Chamber are being recorded and broadcasted as well included on the City's website at: www.whiterockcity.ca

The City of White Rock is committed to the health and safety of our community. In keeping with Ministerial Order No. M192 from the Province of British Columbia, City Council meetings will take place without the public in attendance at this time until further notice.

T. Arthur, Director of Corporate Administration

Pages

1. CALL TO ORDER

Councillor Chesney, Chairperson

2. MOTION TO CONDUCT THE FINANCE AND AUDIT COMMITTEE
MEETING WITHOUT THE PUBLIC IN ATTENDANCE

RECOMMENDATION

WHEREAS COVID-19 has been declared a global pandemic;

WHEREAS the City of White Rock has been able to continue to provide the public access to the meetings through live streaming;

WHEREAS holding public meetings in the City Hall Council Chambers, where all the audio/video equipment has been set up for the live streaming program, would not be possible without breaching physical distancing restrictions due to its size, and holding public meetings at the White Rock Community Centre would cause further financial impact to City Operations due to staffing resources and not enable live streaming;

WHEREAS Ministerial Orders require an adopted motion in order to hold public meetings electronically, without members of the public present in person at the meeting;

THEREFORE BE IT RESOLVED THAT the Finance and Audit Committee

(including all members of Council) authorizes the City of White Rock to hold the May 10, 2021 meeting to be video streamed and available on the City's website, and without the public present in the Council Chambers.

3. ADOPTION OF AGENDA

RECOMMENDATION

THAT the Finance and Audit Committee adopt the agenda for May 10, 2021 as circulated.

4. ADOPTION OF MINUTES

4

RECOMMENDATION

THAT the Finance and Audit Committee adopt the minutes of the March 8, 2021 meeting as circulated.

5. DRAFT 2020 CONSOLIDATED FINANCIAL STATEMENTS

10

Corporate report dated May 10, 2021 from the Director of Financial Services titled "Draft 2020 Consolidated Financial Statements".

RECOMMENDATION

THAT the Finance and Audit Committee approve and accept on behalf of City Council, the Draft 2020 Consolidated Financial Statements as presented in the May 10, 2021 corporate report from the Director of Financial Services, titled "Draft 2020 Consolidated Financial Statements".

6. AUDIT FINDINGS REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

45

Corporate report dated May 10, 2021 from the Director of Financial Services titled "Audit Findings Report for the Year Ended December 31, 2020".

Brandon Ma, Engagement Partner - KPMG and Aanu Adeleye, Engagement Senior Manager- KPMG, to introduce the report submitted by KPMG LLP titled "Audit Findings Report for the year ended December 31, 2020".

RECOMMENDATION

THAT the Finance and Audit Committee receive this report submitted by KPMG LLP, titled "Audit Findings Report for the year ended December 31, 2020."

7. WHITE ROCK ANNUAL RATES BYLAW 2021, NO. 2382

72

Corporate report dated May 10, 2021 from the Director of Financial Services titled "White Rock Annual Rates Bylaw 2021, No. 2382".

RECOMMENDATION

THAT the Finance and Audit Committee endorse the proposed "White Rock Annual Rates Bylaw, 2021, No. 2382."

8. **WHITE ROCK DRAINAGE UTILITY USER FEE BYLAW, 2004, NO. 1739, AMENDMENT NO. 14, 2021 NO. 2381** 77
- Corporate report dated May 10, 2021 from the Director of Financial Services titled "White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021 No. 2381".
- RECOMMENDATION**
THAT the Finance and Audit Committee endorse the proposed "*White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381*".
9. **FEES AND CHARGES BYLAW 2020, NO. 2369, AMENDMENT NO. 2, 2021 NO. 2383** 81
- Corporate report dated May 10, 2021 from the Director of Financial Services titled "Fees and Charges Bylaw 2020, No. 2369, Amendment No. 2, 2021 No. 2383".
- RECOMMENDATION**
THAT the Finance and Audit Committee endorse the proposed amendment to the "*Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383*".
10. **CONCLUSION OF THE MAY 10, 2021 FINANCE AND AUDIT COMMITTEE MEETING**



Finance and Audit Committee

Minutes

March 8, 2021, 5:00 p.m.

City Hall Council Chambers

15322 Buena Vista Avenue, White Rock, BC, V4B 1Y6

PRESENT: Mayor Walker
Councillor Chesney
Councillor Fathers
Councillor Johanson
Councillor Kristjanson
Councillor Manning
Councillor Trevelyan

STAFF: Guillermo Ferrero, Chief Administrative Officer
Tracey Arthur, Director of Corporate Administration
Jim Gordon, Director of Engineering and Municipal Operations
Carl Isaak, Director of Planning and Development Services
Jacquie Johnstone, Director of Human Resources
Colleen Ponzini, Director of Financial Services
Eric Stepura, Director of Recreation and Culture
Ed Wolfe, Fire Chief
Chris Zota, Manager of Information Technology
Debbie Johnstone, Deputy Corporate Officer
Shannon Johnston, Manager of Budgets and Accounting

1. CALL TO ORDER

Councillor Chesney, Chairperson

The Chairperson called the meeting to order at 5:00 p.m.

2. **MOTION TO CONDUCT THE FINANCE AND AUDIT COMMITTEE MEETING WITHOUT THE PUBLIC IN ATTENDANCE**

Motion Number: 2021-F&A-045 It was MOVED and SECONDED

WHEREAS COVID-19 has been declared a global pandemic;

WHEREAS the City of White Rock has been able to continue to provide the public access to the meetings through live streaming;

WHEREAS holding public meetings in the City Hall Council Chambers, where all the audio/video equipment has been set up for the live streaming program, would not be possible without breaching physical distancing restrictions due to its size, and holding public meetings at the White Rock Community Centre would cause further financial impact to City Operations due to staffing resources and not enable live streaming;

WHEREAS Ministerial Orders require an adopted motion in order to hold public meetings electronically, without members of the public present in person at the meeting;

THEREFORE BE IT RESOLVED THAT the Finance and Audit Committee (including all members of Council) authorizes the City of White Rock to hold the March 8, 2021 meeting to be video streamed and available on the City's website, and without the public present in the Council Chambers.

Motion CARRIED

3. **ADOPTION OF AGENDA**

Motion Number: 2021-F&A-046 It was MOVED and SECONDED

THAT the Finance and Audit Committee adopt the agenda for March 8, 2021 as circulated.

Motion CARRIED

4. **ADOPTION OF MINUTES**

Motion Number: 2021-F&A-047 It was MOVED and SECONDED

THAT the Finance and Audit Committee adopt the minutes of the February 22, 2021 meeting as circulated

Motion CARRIED

5. OPPORTUNITY FOR PHONE-IN AND / OR WRITTEN COMMENTS / SUBMISSIONS / QUESTIONS IN REGARD TO THE 2021 – 2025 DRAFT FINANCIAL PLAN

- a. The Director of Corporate Administration to read a statement regarding Public Comment process.
- b. The Director of Corporate Administration will state submissions that have been received.
- c. The Chairperson will invite those in attendance, via telephone participation, that want to speak to the draft Financial Plan to present their comments / questions.
- d. The Chairperson will invite those wanting to speak further in regard to the draft Financial

Plan with new information to present their comments / questions.

As of 8:30 a.m. on Wednesday, March 3, 2021 there has been **one (1)** submission.

Note: Submissions received between 8:30 a.m. March 3, 2021 and 12:00 p.m. March 8, 2021 will be presented "On Table" at the meeting.

Author	Date Received	Item #
C. Curtis	Feb 28/21	C-1

In addition to the one (1) further written submission included in the agenda package, there have been **thirty-eight (38)** "On-Table" submissions regarding the Financial Plan. They were provided to Council for review earlier this afternoon and are also now posted on the City website for public view.

At this time the Chairperson called for the registered speakers to be given the opportunity to speak:

- K. Jones, White Rock, stated support for reducing taxes (no increase in homeowner taxes) and noted concerns / request to remove from the current year budget the following: \$250,000 + \$500,000 for Maccaud Park, continued rebuild of Johnston Road (Thrift Avenue to Russell Avenue) this should be paid for by property owners of that section of the street of by

development in the area, \$1M for all abilities playground for this year, pier restoration completion - unlikely all funds will be in for this year (project can be phased over future years), \$150,000 - \$200,000 each section replacement Christmas tree lights along promenade and pier, \$142,000 + funds Centennial Park retaining wall and landscaping of the oval, \$244,000 exterior of the arena (repair rather than replacement, \$200,000 bus stop accessibility (review in future) and \$908,000 pavement overlay.

- G. Wolgemuth, White Rock, stated agreement with the previous caller and would prefer a zero based budget, further noted concerns with the following noted items: \$250,000 additional parks staff, \$1M all abilities playground (no location and no design) now funds have been split up, we don't have a Utility Manager in place any longer, \$350,000 enclosure for antique fire truck, pickleball courts were set aside and they are now being considered again, regarding Community Amenity Contributions (CACs), there has not yet been anything put into a reserve for Affordable Housing, concern with staying with the plan, last year closing the parking was a loss of revenue and spending for sidewalks is needed.

Note: Following comments made by the two (2) registered speakers the Chief Administrative Officer clarified the suggestions, with the exception of the \$250,000 for parks all noted are in regard to capital projects (all ability playground, pier restoration, pavement overlay etc,) where removing them would not impact taxation and further that Community Amenity Contributions (CAC's) cannot be used to reduce taxation.

Following the Director of Financial Services providing a PowerPoint on the 2021 - 2025 Draft Financial Plan (noted as Item 6) for Public Consultation there was a further call for the public to call in at this time should they want to comment on the Draft Financial Plan.

- G. Wolgemuth, White Rock, noted concerns in regard to carry overs, staff are a large expenditure (overstaffed), the amount of inflation vs. budget which is much higher, large drainage project that impacts Semiahmoo First Nation and City of Surrey, the Pier improvements, waste vehicles (can use CAC's), and City Hall where does that stand - \$3 M for City Hall but no direction. Would like Council to consider contributions to reserves - if Council were to decide to spend less on capital projects could we not then put less in reserves.
- D. Stanoga, White Rock, stated does not agree with higher taxes, in agreement with zero % tax increase, CAC's can be used for many projects and sees a potential cost savings, utilization of the COVID grant the City

received and although there is additional tax base for next year with new builds does not seem to be help with the tax rate.

- K. Jones, White Rock, would like to see zero % tax increase for this year.

It was determined that there were no further speakers at this time.

Motion Number: 2021-F&A-048 It was MOVED and SECONDED

THAT the Finance and Audit Committee direct staff to investigate how to phase or spread the spending over more years (new projects and postpone) without risking infrastructure to achieve a zero % tax increase.

Motion DEFEATED

**Councillors Chesney, Fathers, Johanson, Manning, Trevelyan
and Mayor Walker voted in the negative**

Motion Number: 2021-F&A-049 It was MOVED and SECONDED

THAT the Finance and Audit Committee receive the written and verbal submissions provided, including "On-Table" information provided with available staff comments, regarding the 2021 - 2025 Draft Finance Plan.

Motion CARRIED

6. 2021-2025 DRAFT FINANCIAL PLAN FOR PUBLIC CONSULTATION

Corporate report dated March 8, 2021 from the Director of Financial Services titled "2021-2025 Draft Financial Plan for Public Consultation".

The Director of Financial Services provided a PowerPoint on the 2021 - 2025 Draft Financial Plan for Public Consultant was presented under Item 5.

Motion Number: 2021-F&A-050 It was MOVED and SECONDED

THAT the Finance and Audit Committee direct staff to prepare:

1. The consolidated 2021 – 2025 Financial Plan Bylaw; and
2. The corresponding 2021 Tax Rates Bylaw.

Motion CARRIED

7. PLANNING TECHNICIAN BUDGET REQUEST

Corporate report dated March 8, 2021 from the Director of Planning and Development Services titled "Planning Technician Budget Request".

Motion Number: 2021-F&A-051 It was MOVED and SECONDED

THAT the Finance and Audit Committee approve hiring a regular full-time Planning Technician, with redirected funding and reserves used for 2021 and funding for 2022 and future years through taxation revenue.

Motion CARRIED

8. CITY OWNED LAND FOR POTENTIAL AFFORDABLE HOUSING

Corporate report dated March 8, 2021 from the Director of Planning and Development Services titled "City Owned Land for Potential Affordable Housing".

Motion Number: 2021-F&A-052 It was MOVED and SECONDED

THAT the Finance and Audit Committee:

1. Receive the March 8, 2021, corporate report from the Director of Planning and Development Services, titled "City Owned Land for Potential Affordable Housing" for discussion in proposing options for Council's consideration;
2. Direct staff to include consideration of a future affordable housing site(s) on City-owned land as part of the forthcoming Facilities Master Plan.

Motion CARRIED

Councillor Johanson voted in the negative

9. CONCLUSION OF THE MARCH 8, 2021 FINANCE AND AUDIT COMMITTEE MEETING

The Chairperson concluded the meeting at 6:38 p.m.



Councillor Chesney, Chairperson

Tracey Arthur, Director of Corporate Administration

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: May 10, 2021

TO: Finance and Audit Committee

FROM: Colleen Ponzini, Director, Financial Services

SUBJECT: Draft 2020 Consolidated Financial Statements

RECOMMENDATION

THAT the Finance and Audit Committee approve the Draft 2020 Consolidated Financial Statements.

EXECUTIVE SUMMARY

The Finance and Audit Committee is required to accept the City's 2020 Financial Statements on behalf of City Council. Attached, as Appendix A, are the Draft 2020 Financial Statements for submission to the Finance and Audit Committee.

PREVIOUS COUNCIL DIRECTION

Not applicable.

INTRODUCTION/BACKGROUND

The annual financial statements are prepared in accordance with Section 167 of the *Community Charter*. Section 98 of the *Community Charter* requires that the audited annual financial statements be a mandatory component of the annual report, which is to be prepared before June 30 each year.

The 2020 Financial Statements, including the associated report from the City's auditors, KPMG LLP, are attached as Appendix A. The Financial Statements are prepared in accordance with Canadian Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. KPMG LLP has issued an unqualified audit report on the 2020 Financial Statements.

CONCLUSION

It is recommended that the Finance and Audit Committee receive and accept the 2020 Financial Statements as presented.

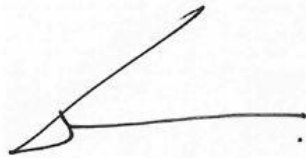
Respectfully submitted,



Colleen Ponzini, CPA, CGA
Director, Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendation of this corporate report.



Guillermo Ferrero
Chief Administrative Officer

Appendix A: Draft 2020 Financial Statements

Financial Statements of

**THE CORPORATION OF THE
CITY OF WHITE ROCK**

And Independent Auditors' Report thereon

Year ended December 31, 2020

DRAFT - May 4, 2021

MAYOR AND COUNCIL

I am pleased to present to you the financial statements for the City of White Rock for the fiscal year ended December 31, 2020 to meet the requirements of Section 167 of the Community Charter ("Charter").

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada and meet the requirements of the Ministry of Municipal Affairs and Housing.

The City maintains a system of internal controls for the purpose of financial statement reliability and protection of City assets. The system includes expending funds in accordance with the Council approved budget; appropriate receipt of monies paid to the municipality; safekeeping of City funds; and ensuring accurate and full accounting of all financial transactions. A review of these internal controls has been performed by the City's external auditors and management has received a report on their findings.

KPMG LLP, the City's independent external auditors, have examined these financial statements of the City, in accordance with Canadian Generally Accepted Auditing Standards and in their opinion as expressed in the attached audit report, these financial statements, prepared by management, present fairly the financial position of the City and the results of its operation for 2020.

FINANCIAL OVERVIEW

2020 Financial Position

The Statement of Financial Position provides a snapshot of the City's financial assets, liabilities, non-financial assets and accumulated surplus as at December 31, 2020. Information for 2019 is provided for comparison purposes. The following is an abbreviated version of the Statement of Financial Position contained in the City's 2020 Financial Statements.

Summary of Statement of Financial Position

As at December 31, 2020

(Expressed in thousands of dollars)

	2020	2019
Financial assets:		
Cash and investments	\$ 127,773	\$ 111,400
Accounts receivable	8,946	12,184
	136,719	123,584
Liabilities:		
Accounts payable, accrued liabilities and refundable deposits	23,991	23,941
Debt	22,626	23,329
Deferred revenue	29,101	28,434
	75,718	75,704
Net financial assets	61,001	47,880
Non-financial assets	157,495	157,416
	\$ 218,496	\$ 205,296
Accumulated surplus:		
Financial equity	\$ 85,284	\$ 72,229
Investment in non-financial equity	133,212	133,067
	\$ 218,496	\$ 205,296

As at December 31, 2020, the financial assets of the City totaled \$137 million, an increase of approximately \$13 million over the prior year. The overall increase relates to monies set aside in reserves and development cost charges for future capital work. Liabilities have remained constant at \$76 million with a \$0.7 million decrease in debt offset by an increase in deferred revenues largely from receipt of development cost charges. Overall, the City's net financial assets of approximately \$61 million indicates a healthy financial position for the 2020 fiscal year-end.

Non-financial assets, primarily tangible capital assets, totaled \$157 million in 2020. During 2020, the City invested approximately \$6 million to replace and maintain existing infrastructure and equipment. Offsetting the 2020 capital additions was approximately \$6 million representing the annual amortization of existing tangible capital assets and the net amount written off on disposal of tangible capital assets taken out of service.

The major projects in 2020 related to the annual transportation infrastructure program, land improvements, and the water and sewer / drainage infrastructure replacement programs. In addition, the City received \$0.7 million in contributed tangible capital assets relating to City infrastructure through development.

The City's accumulated surplus increased by approximately \$13 million to \$218 million. Of this total, financial equity, including unrestricted operating surplus and reserves make up \$85 million and investment in non-financial assets make up \$133 million.

2020 Operations

The Statement of Operations provides an overview of the City's annual revenues, expenses and surplus resulting from operations throughout 2020. The 2020 budget and 2019 figures are provided for comparison purposes. The following is an abbreviated version of the Statement of Operations contained in the City's 2020 Financial Statements.

Summary of Statement of Operations

Year ended December 31, 2020

(Expressed in thousands of dollars)

	Budget 2020	2020	2019
Revenue:			
Property taxes and other levies	\$ 25,021	\$ 24,966	\$ 23,924
Sale of services and other revenue	18,115	14,926	25,883
Grants and contributions	13,141	6,184	5,383
Utility fees and charges	11,283	11,362	10,748
	67,560	57,438	65,938
Expenses:			
General government	9,033	7,401	7,409
Protective services	12,159	12,395	11,117
Transportation, engineering and operations	7,860	6,783	6,439
Parks, recreation and culture	11,521	9,177	10,752
Utility operations	9,832	8,482	7,977
	50,405	44,238	43,694
Accumulated surplus	17,155	13,200	22,244
Accumulated surplus, beginning of year	205,296	205,296	183,052
Accumulated surplus, end of year	\$ 222,451	\$ 218,496	\$ 205,296

For 2020, operating revenues totaled approximately \$57 million; \$9 million less than the previous year which is largely due to the impacts of the COVID-19 pandemic. Increases in rates and utility usage were offset by decreases in parking and recreational revenues as the City shut services to mitigate the pandemic. Included in the revenues is a \$3.7 million COVID-19 Safe Restart grant provided by the Province to assist with shortfalls resulting from the pandemic. The 2020 revenues are \$10 million less than budget mainly due to the pandemic and capital grant funding the City was trying to secure for the White Rock Pier.

Operating expenses totaled approximately \$44 million, approximately \$1 million more than the previous year and \$6 million less than the 2020 budget. The year over year increase is a combination of increases due to annual salary adjustments and additional staffing resources approved for 2020 offset by decreases from recreation and cultural programs that were shut down due to the pandemic. The pandemic also impacted total expenses as the City adjusted its workforce and capital program to address emergent issues.

The net annual surplus of \$13 million primarily represents an increase in financial equity (reserves) and additional investment in non-financial assets (primarily tangible capital assets).

2020 Net Financial Assets

The Statement of Change in Net Financial Assets presents the financial resources, clear of liabilities including debt, that are available for future investment.

Summary of Change in Net Financial Assets

Year ended December 31, 2020

(Expressed in thousands of dollars)

	Budget 2020	2020	2019
Annual surplus	\$ 17,155	\$ 13,200	\$ 22,244
Exclude non-cash items:			
Amortization of tangible capital assets	8,819	6,405	6,751
Net gain / loss of disposal of assets and contributed to tangible capital assets	-	(903)	(189)
Use of inventory and prepaids	-	975	821
	8,819	6,477	7,383
Include cash items:			
Capital expenses	(42,778)	(5,854)	(19,569)
Proceeds on disposal of assets	-	367	40
Acquisition of inventory and prepaids	-	(1,069)	(975)
	(42,778)	(6,556)	(20,504)
Change in net financial assets	(16,804)	13,121	9,123
Net financial assets, beginning of year	47,880	47,880	38,757
Net financial assets, end of year	\$ 31,076	\$ 61,001	\$ 47,880

In 2020, the City had budgeted to decrease its net financial assets by \$17 million to invest in capital infrastructure that was to be funded by annual revenues, grants, and reserves. The delay of capital work to 2021, mainly due to the pandemic, has resulted in a \$13 million increase to the City's net financial assets.

Future Outlook

The City of White Rock is committed to providing high levels of civic services to our citizens and businesses. Maintaining high service levels requires planning and a commitment to financially sustainable practices. In support of the City's Strategic Plan and its strategic goals, the City continues to refine, develop, and implement financial policies that promote sound financial practices and long-term financial sustainability.

Respectfully submitted,

Colleen Ponzini, CPA, CGA
Director of Financial Services



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

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of The Corporation of the City of White Rock

Opinion

We have audited the financial statements of The Corporation of the City of White Rock (the "City"), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the 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 financial position of the City as at December 31, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.



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

Chartered Professional Accountants

Vancouver, Canada
May 10, 2021

THE CORPORATION OF THE CITY OF WHITE ROCK

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash and cash equivalents (note 2)	\$ 127,772,639	\$ 111,400,431
Accounts receivable (note 3)	8,946,234	12,183,802
	136,718,873	123,584,233
Liabilities		
Accounts payable and accrued liabilities (note 4)	11,039,468	11,357,197
Refundable performance deposits (note 2(b))	12,785,980	12,584,597
Capital lease obligations (note 6)	164,718	-
Debt (note 7)	22,626,177	23,328,618
Deferred revenue (note 8)	29,101,355	28,434,092
	75,717,698	75,704,504
Net Financial Assets	61,001,175	47,879,729
Non-Financial Assets		
Tangible capital assets (note 9)	156,425,967	156,440,877
Prepaid expenses	884,797	742,851
Inventories of supplies	184,267	232,598
	157,495,031	157,416,326
Accumulated surplus (note 10)	\$ 218,496,206	\$ 205,296,055

Commitments and contingencies (note 13)

See accompanying notes to financial statements.

COLLEEN PONZINI, CPA, CGA
Director of Financial Services

THE CORPORATION OF THE CITY OF WHITE ROCK

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (notes 1(b) and 19)	2020	2019
Revenue:			
Property taxes:			
General purposes	\$ 23,683,900	\$ 23,631,761	\$ 22,578,634
Regional library levy	977,800	975,183	963,402
Business improvement levy	337,000	336,779	356,190
	24,998,700	24,943,723	23,898,226
Receipts in lieu of taxes	22,400	22,356	25,564
Development cost charges (note 8(a))	1,214,800	61,005	598,562
Sanitary sewer fees and parcel tax	3,537,106	3,562,975	3,444,316
Drainage user fees	2,657,800	2,658,487	2,531,498
Water user fees	5,087,600	5,139,529	4,772,497
Sales of services and other revenue (note 16)	18,115,334	14,926,479	25,882,629
Government grants (note 17)	11,925,700	5,459,271	4,571,934
Developers' contributions of tangible capital assets (note 9(b))	-	663,861	212,917
	67,559,440	57,437,686	65,938,143
Expenses:			
General government	9,032,710	7,401,407	7,409,060
Protection services	12,158,632	12,395,323	11,116,870
Transportation, engineering and operations	7,859,936	6,782,642	6,438,768
Parks, recreation and cultural services	11,521,122	9,177,189	10,752,082
Solid waste services	1,099,000	1,057,036	866,587
Sanitary sewer system	3,480,163	2,655,801	2,499,576
Drainage system	945,100	857,446	808,161
Water system	4,307,600	3,910,691	3,803,230
	50,404,263	44,237,535	43,694,334
Annual surplus	17,155,177	13,200,151	22,243,809
Accumulated surplus, beginning of year	205,296,055	205,296,055	183,052,246
Accumulated surplus, end of year	\$ 222,451,232	\$ 218,496,206	\$ 205,296,055

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF WHITE ROCK

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (notes 1(b) and 19)	2020	2019
Annual surplus	\$ 17,155,177	\$ 13,200,151	\$ 22,243,809
Acquisition of tangible capital assets	(42,778,000)	(5,853,630)	(19,568,528)
Developers' contributions of tangible capital assets	-	(663,861)	(212,917)
Amortization of tangible capital assets	8,819,000	6,404,914	6,751,247
(Gain) loss on disposal of tangible capital assets	-	(239,580)	23,850
Proceeds on disposal of tangible capital assets	-	367,067	39,910
	(16,803,823)	13,215,061	9,277,371
Acquisition of prepaid expenses	-	(884,797)	(742,851)
Acquisition of inventories of supplies	-	(184,267)	(232,598)
Use of prepaid expenses	-	742,851	609,061
Consumption of inventories of supplies	-	232,598	211,835
Change in net financial assets	(16,803,823)	13,121,446	9,122,818
Net financial assets, beginning of year	47,879,729	47,879,729	38,756,911
Net financial assets, end of year	\$ 31,075,906	\$ 61,001,175	\$ 47,879,729

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF WHITE ROCK

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Annual surplus	\$ 13,200,151	\$ 22,243,809
Items not involving cash:		
Amortization	6,404,914	6,751,247
(Gain) loss on disposal of tangible capital assets	(239,580)	23,850
Developers' contributions of tangible capital assets	(663,861)	(212,917)
Changes in non-cash operating working capital:		
Accounts receivable	3,237,568	1,285,289
Prepaid expenses	(141,946)	(133,790)
Inventories of supplies	48,331	(20,763)
Accounts payable		
and accrued liabilities	(317,729)	(1,723,723)
Refundable performance deposits	201,383	(635,479)
Deferred revenue	667,263	4,166,253
Net change in cash provided by operating activities	22,396,494	31,743,776
Capital activities:		
Cash used to acquire tangible capital assets	(5,605,331)	(19,568,528)
Proceeds on disposal of tangible capital assets	367,067	39,910
Net change in cash used in capital activities	(5,238,264)	(19,528,618)
Financing activities:		
Principal payments on debt	(702,441)	(680,272)
Principal payments on capital lease obligations	(83,581)	(4,478)
Net change in cash used in financing activities	(786,022)	(684,750)
Net change in cash and cash equivalents	16,372,208	11,530,408
Cash and cash equivalents, beginning of year	111,400,431	99,870,023
Cash and cash equivalents, end of year	\$ 127,772,639	\$ 111,400,431
Non-cash transactions:		
Acquisition of tangible capital assets under capital lease	\$ 248,299	\$ -

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements

Year ended December 31, 2020

The Corporation of the City of White Rock (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, businesses and visitors of the incorporated area.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus. The economic conditions and the City’s response to the pandemic had a material impact on the City’s operating results in 2020. The City temporarily closed civic facilities, managed workforce challenges, including the implementation of systems and processes to facilitate remote work, and workforce adjustments, such as delayed hiring and reallocation of staff resources. This affected both revenues and expenses for the City and included mitigation measures to reduce the overall financial impact. The primary impact was on parking services, recreation and culture, parks, bylaw enforcement, and general government services. The situation is still dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time.

1. Significant accounting policies:

The City follows Canadian Public Sector Accounting Standards as prescribed by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada, including the following significant policies:

(a) Basis of presentation:

These financial statements present the resources and operations including all accounts and funds of the City. All inter-fund transactions, assets and liabilities have been eliminated.

(b) Budget reporting:

The budget figures reported in the statement of operations and statement of changes in net financial assets represent the 2020 component of White Rock Financial Plan (2020-2024) Bylaw, 2020, No. 2330 Amendment No. 1, 2020, No. 2340 adopted by the City Council on May 4, 2020.

(c) Cash and cash equivalents:

Cash and cash equivalents include short-term highly liquid investments with maturity dates within three months of acquisition that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(d) Revenue:

Revenue is recorded on the accrual basis and is recognized when it is earned and measurable. Revenue relating to future periods, including prepaid property taxes, government grants and certain facility upgrade contributions, are reported as deferred revenue and recognized as revenue when earned.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Development cost charges ("DCCs"):

DCCs collected under the City's Development Cost Charge Bylaw ("DCC Bylaw"), plus interest earned thereon, are recorded as deferred revenue. DCCs are recognized as revenue when related tangible capital assets are acquired.

(f) Deferred revenue:

Deferred revenues represent the receipt of funds for which the provision of services occurs in the future. These revenues may only be used in the conduct of certain services, in the completion of specific work, or for the purchase of tangible capital assets. These amounts will be recognized as revenues in the year in which the expenditures are incurred.

(g) Refundable performance deposits:

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

(h) Capital lease obligation:

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs e.g., insurance, maintenance costs etc. The discount rate used to determine the present value of the lease payments is the City's interest rate implicit in the lease.

(i) Expenses:

Expenses are recorded on the accrual basis and are recognized as they are incurred. This is upon the receipt of goods or services and/or the creation of a legal obligation. Interest expense on debt and capital lease obligations is accrued to the end of the reporting period.

(j) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreements 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.

(k) Debt:

Debt is recorded net of repayments and actuarial adjustments.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(l) Non-financial assets:

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

(i) Tangible capital assets:

Tangible capital assets are initially recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	3 to 100
Buildings and facilities	2 to 50
Machinery and equipment	2 to 25
Roads and sidewalks	10 to 50
Sanitary sewer infrastructure	10 to 80
Storm sewer infrastructure	5 to 80
Water system infrastructure	4 to 80

Leasehold improvements are amortized using the lesser of the remaining term of the lease, including all renewal terms, or the life of the asset.

Annual amortization is charged commencing when the asset is available for use. Assets under construction are not amortized until the asset is put into productive use.

(ii) Contributions of tangible capital assets:

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

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization:

The City does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(v) Leased tangible capital assets:

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.

(vi) Inventories of supplies:

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

(m) Employee future benefits:

(i) The City and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer defined benefit pension plan. The City's contributions are expensed as incurred.

(ii) Sick leave and post-employment benefits also accrue to the City's employees. 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 liabilities under these benefit plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

(n) Use of accounting estimates:

The preparation of 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 these financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Areas requiring the use of management estimates relate to the determination of the value of developer contributed assets, useful lives of tangible capital assets for amortization, valuation of receivables, accrued sick and other post-employment benefits and provision for contingencies. Adjustments, if any, will be reflected in the financial statements in the period of settlement or change in the amount of the estimate.

(o) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of government for which it is appropriate to separately report financial information. The City has provided definitions of segments used by the City, as well as, presented financial information in segmented format (note 21).

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(p) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material, or a 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.

2. Cash and cash equivalents:

	2020	2019
Cash balances	\$ 123,528,131	\$ 103,214,873
Cash equivalents:		
Money market securities and term deposits maturing within 90-days of inception	-	3,976,701
Municipal Finance Authority Money Market Fund	4,244,508	4,208,857
	<u>\$ 127,772,639</u>	<u>\$ 111,400,431</u>

During the year ended December 31, 2020, cash equivalents including the Municipal Finance Authority Money Market Fund, have annual yields of 0.89% (2019 - 1.86% to 2.35%).

- (a) Included in cash and cash equivalents is an amount of \$12,532,028 (2019 - \$8,416,789) that can only be used for the acquisition of tangible capital assets as provided for by the DCC Bylaw.
- (b) Included in cash and cash equivalents is an amount of \$12,785,980 (2019 - \$12,584,597) which consists of refundable performance deposits.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Accounts receivable:

	2020	2019
Property taxes	\$ 1,757,625	\$ 1,768,832
Water user fees	1,419,170	1,293,864
Government grants	1,071,503	1,092,236
Amounts receivable secured by letters of credit (a)	2,415,733	4,625,743
Insurance proceeds	-	1,232,054
Loan receivable	7,000	10,500
Other	2,275,203	2,160,573
	\$ 8,946,234	\$ 12,183,802

(a) Included in accounts receivable are amounts receivable secured by letters of credit of \$2,415,733 (2019 - \$4,625,743) that can only be used for the acquisition of tangible capital assets as provided for by the DCC Bylaw (note 8(a)).

4. Accounts payable and accrued liabilities:

	2020	2019
Trade accounts payable and other	\$ 5,581,833	\$ 5,707,845
Due to governments and agencies	3,080,164	2,979,080
Post-employment benefits (note 5)	1,540,864	1,605,503
Other payroll liabilities	836,607	1,064,769
	\$ 11,039,468	\$ 11,357,197

5. Post-employment benefits:

The City provides certain post-employment and sick leave benefits to its employees. These benefits include accumulated non-vested sick leave, post-employment gratuity and time-in-lieu benefits, and certain vacation benefits.

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,755,977	\$ 1,582,900
Current service cost	145,837	138,600
Interest cost	47,236	53,000
Benefits paid	(274,537)	(113,285)
Actuarial loss	183,093	94,762
Balance, end of year	\$ 1,857,606	\$ 1,755,977

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Post-employment benefits (continued):

	2020	2019
Accrued benefit obligation, beginning of year	\$ 1,857,606	\$ 1,755,977
Unamortized net actuarial loss	(316,742)	(150,474)
Accrued benefit liability, end of year	\$ 1,540,864	\$ 1,605,503

Actuarial gains and losses are amortized over the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises. In 2020, the expected average remaining service period of the related employee group is 11 years (2019 - 11 years). Post-employment liabilities are included in accounts payable and accrued liabilities (note 4).

The significant actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2020	2019
Discount rate	2.00%	2.60%
Expected future inflation rate	2.50%	2.50%
Expected wage and salary increases	2.58% to 5.90%	2.58% to 5.90%

6. Capital lease obligation:

The City has financed certain equipment by entering into three capital leasing arrangements. Two of the arrangements expire on June 30, 2025, and the third arrangement expires on June 30, 2027. The leases are repayable in monthly blended installments of \$3,075 including principal and interest. Minimum lease payments due under the capital leases are:

Year ending December 31:		
2021	\$	36,897
2022		36,897
2023		36,897
2024		36,897
2025		21,215
Thereafter		8,299
Minimum capital lease payments		177,102
Less amounts representing interest (2.85%)		12,384
	\$	164,718

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. Debt:

	2020	2019
Debentures, net of repayments and actuarial adjustments	\$ 22,626,177	\$ 23,328,618

The City issues debt instruments through the Municipal Finance Authority ("MFA") to finance certain capital acquisitions. Repayments and actuarial adjustments are netted against related long-term debts. Details are as follows:

Bylaw number	Purpose	Maturity date	Interest rate	Refinancing year *	Authorized amount	Sinking fund credits	2020	2019
1667	Sanitary Sewers-Local Improvement	2023	5.95%	n/a	\$ 224,580	\$ 175,506	\$ 49,074	\$ 63,900
2098	Water Utility Acquisition Advance Payment	2046	2.60%	2026	14,250,000	1,163,498	13,086,502	13,392,554
2163	Water System Infrastructure Construction	2027	2.80%	n/a	440,000	118,633	321,367	362,086
2163	Water System Infrastructure Construction	2047	2.80%	2027	5,779,000	375,452	5,403,548	5,532,416
2178	Water System Infrastructure Construction	2027	3.15%	n/a	1,662,000	448,110	1,213,890	1,367,696
2178	Water System Infrastructure Construction	2047	3.15%	2027	400,000	25,988	374,012	382,932
2179	Water Treatment Facilities Construction	2048	3.15%	2028	2,274,850	97,066	2,177,784	2,227,034
						\$ 25,030,430	\$ 2,404,253	\$ 22,626,177
								\$ 23,328,618

* During the refinancing year, the City will have the option to retire part or all of the debt early or refinance the borrowing at a new interest rate.

Total interest on the debt for the year ended December 31, 2020 was \$694,606 (2019 - \$694,606).

As a condition of these borrowings, a portion of the debt proceeds is withheld by the MFA in a Debt Reserve Fund. Amounts withheld for this purpose are as follows:

Bylaw number	Purpose	Debt reserve fund
1667	Sanitary Sewers - Local Improvement	\$ 2,246
2098	Water Utility Acquisition Advance Payment	142,500
2163	Water System Infrastructure Construction	62,190
2178	Water System Infrastructure Construction	20,620
2179	Water Treatment Facilities Construction	22,749
		\$ 250,305

These cash deposits are included as part of accounts receivable in the Statement of Financial Position.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. Debt (continued):

Principal payments on the outstanding debt over the following five years and thereafter are as follows:

2021	\$ 725,341
2022	748,996
2023	773,431
2024	780,652
2025	805,830
Thereafter	18,791,927
	\$ 22,626,177

8. Deferred revenue:

	2020	2019
Property taxes	\$ 3,218,594	\$ 3,383,933
Contributions for future capital works	3,731,110	3,098,841
Development cost charges (a)	14,947,761	13,042,532
Utility service connections	1,151,750	1,434,950
Deferred revenue - facility upgrades	428,121	471,096
Deferred revenue - building permits	4,386,140	5,873,470
Other	1,237,879	1,129,270
	\$ 29,101,355	\$ 28,434,092

(a) Development cost charges:

	Highways	Drainage	Parkland	Sanitary	Water	Total
Balance, beginning of year	\$ 3,049,192	\$ 2,732,485	\$ 5,427,016	\$ 754,750	\$ 1,079,089	\$ 13,042,532
Add:						
Amounts received	428,795	339,832	683,244	137,229	196,455	1,785,555
Investment income	42,265	39,637	74,646	9,863	14,268	180,679
Deduct:						
Acquisition of tangible capital assets	14,800	26,205	-	20,000	-	61,005
Balance, end of year	\$ 3,505,452	\$ 3,085,749	\$ 6,184,906	\$ 881,842	\$ 1,289,812	\$ 14,947,761

The balance as of December 31, 2020 includes \$2,415,733 (2019 - \$4,625,743) in amounts receivable secured by letters of credit.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Tangible capital assets:

	Land	Land improvements	Buildings and facilities	Machinery and equipment	Roads and sidewalks	Sanitary sewer infrastructure	Storm sewer infrastructure	Water system infrastructure	Assets under construction	Total
Cost:										
Balance, beginning of year	\$ 17,312,185	\$ 24,216,491	\$ 42,436,153	\$ 14,003,181	\$ 45,533,121	\$ 21,090,317	\$ 23,380,339	\$ 36,333,615	\$ 2,568,985	\$ 226,874,387
Additions	-	458,136	407,287	943,097	977,775	311,041	316,958	376,163	2,727,034	6,517,491
Transfers	-	83,645	61,801	186,359	36,534	139,549	170,692	437,658	(1,116,238)	-
Disposals	(1,800)	(59,883)	(49,000)	(1,063,317)	(65,310)	(43,066)	(27,853)	(70,185)	-	(1,380,414)
Balance, end of year	\$ 17,310,385	\$ 24,698,389	\$ 42,856,241	\$ 14,069,320	\$ 46,482,120	\$ 21,497,841	\$ 23,840,136	\$ 37,077,251	\$ 4,179,781	\$ 232,011,464
Accumulated amortization:										
Balance, beginning of year	\$ -	\$ 6,805,942	\$ 15,970,784	\$ 7,034,108	\$ 21,425,130	\$ 7,197,157	\$ 9,570,777	\$ 2,429,612	\$ -	\$ 70,433,510
Amortization expense	-	1,091,846	1,410,577	1,156,801	1,044,189	322,106	334,237	1,045,158	-	6,404,914
Disposals	-	(44,855)	(49,000)	(994,672)	(52,773)	(20,137)	(24,709)	(66,781)	-	(1,252,927)
Balance, end of year	\$ -	\$ 7,852,933	\$ 17,332,361	\$ 7,196,237	\$ 22,416,546	\$ 7,499,126	\$ 9,880,305	\$ 3,407,989	\$ -	\$ 75,585,497
Net book value, end of year	\$ 17,310,385	\$ 16,845,456	\$ 25,523,880	\$ 6,873,083	\$ 24,065,574	\$ 13,998,715	\$ 13,959,831	\$ 33,669,262	\$ 4,179,781	\$ 156,425,967
Net book value, beginning of year	\$ 17,312,185	\$ 17,410,549	\$ 26,465,369	\$ 6,969,073	\$ 24,107,991	\$ 13,893,160	\$ 13,809,562	\$ 33,904,003	\$ 2,568,985	\$ 156,440,877

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction have not been amortized. Amortization of these assets will commence when the asset is put into productive use.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of developers' contributions of tangible capital assets received during the year ended December 31 was comprised of:

	2020	2019
Roads and sidewalks	\$ 464,171	\$ 120,283
Sanitary sewers	50,569	-
Storm sewers	100,356	-
Water system	48,765	92,634
Developers' contributions of tangible capital assets	\$ 663,861	\$ 212,917

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including totem poles, sculptures and paintings located at City sites and public display areas. These assets are not reflected in the financial statements.

(e) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the year. The City disposed of assets as part of planned replacement capital projects in the year.

(f) Leased tangible capital assets:

The City has leased radio equipment for RCMP and Fire operations. Total cost of the leased assets is \$248,299. As at December 31, 2020, \$89,213 of accumulated amortization has been recorded, with \$19,283 of amortization related to the current fiscal year.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

10. Accumulated surplus:

	Reserves established by bylaw (note 12(a))	Other reserves (note 12(b))	Other surplus funds	Investment in tangible capital assets (note 11)	Total
General Fund	\$ 26,632,385	\$ 20,955,235	\$ 5,919,425	\$ 92,197,198	\$ 145,704,243
Sanitary Sewer Fund	-	14,164,233	1,107,116	14,030,398	29,301,747
Drainage Fund	-	9,973,496	751,317	14,854,938	25,579,751
Water Fund	-	4,787,906	993,200	12,129,359	17,910,465
Total for 2020	\$ 26,632,385	\$ 49,880,870	\$ 8,771,058	\$ 133,211,893	\$ 218,496,206
Total for 2019	\$ 20,804,694	\$ 43,321,852	\$ 8,102,569	\$ 133,066,940	\$ 205,296,055

Included in the water fund investment in tangible capital assets is an adjustment in the amount of \$4,942 (2019 - \$425,777) for unspent debt proceeds which have been earmarked for use in future years (note 11).

11. Investment in tangible capital assets:

	2020	2019
Tangible capital assets (note 9)	\$ 156,425,967	\$ 156,440,877
Deduct:		
Capital lease obligations (note 6)	(164,718)	-
Debt (note 7)	(22,626,177)	(23,328,618)
Deferred revenue - facility upgrades (note 8)	(428,121)	(471,096)
Add:		
Unspent debt proceeds (note 10)	4,942	425,777
	\$ 133,211,893	\$ 133,066,940

12. Reserves:

(a) The following reserves were established, by bylaw, in accordance with BC municipal legislation:

	2020	2019
General Fund:		
Land sale reserve	\$ 413,013	\$ 101,846
Equipment replacement reserve	5,339,079	4,724,133
Capital works, machinery and equipment reserve	6,547,194	5,609,236
Local improvement reserve	33,665	33,110
Community amenity reserve	14,299,434	10,336,369
	\$ 26,632,385	\$ 20,804,694

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. Reserves (continued):

(b) The following additional reserve amounts are set aside for specific purposes:

	2020	2019
General Fund:		
Infrastructure reserve	\$ 4,656,217	\$ 4,209,679
Roadworks reserve	4,407,146	3,644,835
Secondary suite service fee reserve	1,189,107	909,601
Density bonus/amenity contribution reserve	214,634	236,483
Incomplete asset improvement projects	3,272,500	3,009,800
COVID-19 Safe Restart Reserve	2,586,388	-
Other reserves	4,629,243	5,594,326
	20,955,235	17,604,724
Sanitary Sewer Fund:		
Infrastructure reserve	13,055,437	12,209,702
Terry Road local improvement reserve	39,096	52,184
Incomplete asset improvement projects	1,069,700	1,068,700
	14,164,233	13,330,586
Drainage Fund:		
Infrastructure reserve	7,069,996	5,905,003
Operating reserve	25,000	25,000
Incomplete asset improvement projects	2,878,500	2,518,400
	9,973,496	8,448,403
Water Fund:		
Infrastructure reserve	4,026,448	3,419,468
Debt retirement reserve	24,058	18,571
Operating reserve	737,400	500,100
	4,787,906	3,938,139
	\$ 49,880,870	\$ 43,321,852

13. Commitments and contingencies:

(a) Borrowing liability:

The City has a contingent liability with respect to debentures of the Metro Vancouver Sewerage and Drainage District and the Metro Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

(b) Third party claims:

There are various lawsuits and claims pending by and against the City. The outcome of these claims is undeterminable, and it is the opinion of management that final determination of these claims will not materially affect the financial statements of the City.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

13. Commitments and contingencies (continued):

(c) Lease commitments:

The City entered into a 5-year agreement, initially ended July 31, 2008, to lease certain parcels of real property from The Burlington Northern and Santa Fe Railway Company. Under the terms of this agreement, the City is committed to annual rent payments as well as the costs of all taxes, utilities, insurance, repairs and maintenance of the leased premises. This is accounted for as an operating lease. This agreement provides for renewal options consisting of 5 additional 5-year terms. In April 2018, the City exercised its third option to renew this lease for the 5-year term ending July 31, 2023. During this period, the City is committed to annual base rent payments of \$472,500.

The City has also entered into various leases for office and other operating equipment.

Total annual commitments for the next five years, net of applicable taxes are approximately as follows:

2021	\$ 471,592
2022	475,331
2023	495,505
2024	515,405
2025	509,951
Thereafter	4,043,741
	<u>\$ 6,511,525</u>

(d) Agreements and contractual commitments:

In addition to the leases described in note 13(c), the City has entered into various agreements and contracts for services and construction with periods ranging from one to 5-years, including the following:

	Total contractual commitment	Total contractual commitment remaining at year end
Marine Drive retaining wall stabilization	\$ 1,717,610	\$ 548,054
Solid waste recycling trucks	838,569	838,569
Solid waste residential collection vehicles	1,131,801	1,131,801
Janitorial services	1,240,481	206,747

The City records the capital costs incurred to the end of the year on incomplete projects as tangible capital assets under construction. The City's 5-year financial plan is amended as necessary to reflect the carryover of the required expenditure budgets and the financing of these obligations to the following year.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

13. Commitments and contingencies (continued):

(e) Debt agreement with the MFA:

The City issues debt instruments through the MFA. As a condition of these borrowings the City is required to execute demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The debt agreement with the MFA provides that if at any time the scheduled payments provided for in the agreement are not sufficient to meet the MFA's obligations in respect to such borrowing, the resulting deficiency becomes the joint and several liability of the City and all other participants to the agreement through the MFA. The City is similarly liable on a contingent basis for the debt of other municipalities secured through the MFA. Details of the contingent demand notes are as follows:

Bylaw number	Purpose	2020	2019
1667	Sanitary Sewers - Local Improvement	\$ 7,364	\$ 7,364
2098	Water Utility Acquisition Advance Payment	180,771	180,771
2163	Water System Infrastructure Construction	104,802	104,802
2178	Water System Infrastructure Construction	88,549	88,549
2179	Water Treatment Facilities Construction	36,988	36,988
		\$ 418,474	\$ 418,474

These contingent demand loans are not recorded in the City's financial statements as they are not likely to be paid.

(f) E-Comm Emergency Communications for British Columbia Incorporated:

The City is a shareholder of E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm"). The City receives services for the regional 9-1-1 call centre for Metro Vancouver Regional District and the Wide Area Radio network from E-Comm. The City has two Class A shares (of a total 35 Class A and 20 Class B shares issued and outstanding as at December 31, 2020).

As a Class A shareholder, the City is committed to paying levies for services received under a cost-sharing formula to fund operating and capital costs of the E-Comm operations. In addition, the City is contingently liable to cover its proportionate share of such costs should any member be unable to fulfill its funding obligations. Annual levy amounts fluctuate based on various factors under the cost sharing formula.

(g) Municipal Insurance Association of British Columbia (the "Association"):

The City is a participant in the Association. Should the Association pay out claims in excess of premiums received, it is possible that the City, along with the other participants, would be required to contribute towards the deficit. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

14. Pension plan:

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteesd pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. The Plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local government and 160 contributors from the City.

Every 3-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 as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be at December 31, 2021 with results available in 2022. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City paid \$1,269,600 (2019 - \$1,224,200) for employer contributions to the Plan in fiscal 2020.

15. Collections for other governments:

The City collects certain taxation revenue on behalf of other government bodies. These funds are excluded from the City's financial statements as they are not revenue of the City. Such taxes collected and remitted to other government bodies during the year are as follows:

	2020	2019
Province of British Columbia - school tax	\$ 11,671,297	\$ 12,644,936
South Coast BC Transportation Authority - TransLink tax	2,612,455	2,418,125
Other regional bodies	963,477	864,395
	<u>\$ 15,247,229</u>	<u>\$ 15,927,456</u>

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

16. Sales of services and other revenue:

	2020	2019
Parking	\$ 2,206,698	\$ 2,590,243
Parks, recreation and cultural services	745,032	1,725,394
Licences and permits	2,737,882	2,441,300
Solid waste services	1,569,079	1,547,475
Utility service connection fees	647,672	567,315
Community amenity contributions	3,386,000	8,430,000
Interest and penalties	1,433,641	2,586,756
Contributions toward tangible capital asset improvements	450,882	4,254,141
Other	1,749,593	1,740,005
	\$ 14,926,479	\$ 25,882,629

17. Government grants:

Government grant revenue is comprised of the following government transfers:

	2020	2019
Federal	\$ 157,061	\$ 2,453,684
Provincial	5,302,210	2,118,250
	\$ 5,459,271	\$ 4,571,934

18. Contractual rights:

The City's contractual rights arise from rights to receive payments under lease, license, rental, grant and other agreements. The City has contractual rights to receive the following amounts in the next 5-years and thereafter:

2021	\$ 359,346
2022	296,431
2023	260,426
2024	268,870
2025	2,200
Thereafter	5,800
	\$ 1,193,073

The City is entitled to receive revenue from certain other grants and agreements which is difficult to quantify. The contractual rights from these agreements have not been included in the amounts noted above.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

19. Budget figures:

The original budget, Bylaw 2330, was approved by Council on March 9, 2020. The amended budget figures included in these financial statements were approved by Council through the adoption of an amended annual bylaw, Bylaw 2340, on May 4, 2020 and reflect more current estimates on revenues and expenditures.

	Original budget	Amended budget	Change
Revenues	\$ 69,127,240	\$ 67,942,240	\$ (1,185,000)
Less: internal adjustments	(382,800)	(382,800)	-
	68,744,440	67,559,440	(1,185,000)
Expenses	49,885,763	51,132,963	1,247,200
Less: internal adjustments	(728,700)	(728,700)	-
	49,157,063	50,404,263	1,247,200
Annual surplus per statement of operations	19,587,377	17,155,177	(2,432,200)
Add:			
Amortization	9,288,000	8,819,000	(469,000)
Transfers from reserves	857,949	17,852,149	16,994,200
	10,145,949	26,671,149	16,525,200
	29,733,326	43,826,326	14,093,000
Less:			
Capital expenditures	(28,685,000)	(42,778,000)	(14,093,000)
Debt principal repayments	(702,426)	(702,426)	-
Internal adjustments	(345,900)	(345,900)	-
	(29,733,326)	(43,826,326)	(14,093,000)
Approved budget	\$ -	\$ -	\$ -

20. Comparative information:

Certain comparative information has been reclassified to conform to these financial statement presentations adopted for the current year.

21. Segmented information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens, visitors and many others. In compliance with *PS2700, Segment Disclosures*, certain financial information is required to be reported for major activities involving these services. Each of these major activities is comprised of various City departments and/or divisions as noted below.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

21. Segmented information (continued):

General Government - Mayor and Council, Chief Administrative Officer, Corporate Administration, Communications, Financial Services, Human Resources, Planning and Development, and Information Services. These departments are responsible for many legislative, operational and administrative support services including but not limited to City Council, bylaw and procedural matters, levying and collecting property taxes, hiring City staff, supporting the City's information technology infrastructure, preparing land use plans and approving new development in the City.

Protection Services - Police, Fire, Building and Bylaw Enforcement (non-parking related). These departments are responsible for ensuring public safety and security, preventing crimes as well as enforcing various laws.

Transportation, Engineering and Municipal Operations - Public Works, Engineering and Parking. These areas are responsible for providing and maintaining the systems that enable the community to use transportation facilities such as roads, sidewalks and parking lots. This category also includes management and administrative services of the City's Engineering and Municipal Operations Department.

Parks, Recreation and Cultural Services - These areas are responsible for providing, facilitating the development of, and maintaining high quality parks, recreation facilities and cultural services such as the public library.

Solid Waste Services - These services include the City's garbage collection, green waste collection and recycling programs.

Sanitary Sewer System - These services include the provision and maintenance of all systems related to the distribution and disposal of sanitary sewage.

Drainage System - These services include the provision and maintenance of all systems involving the distribution of storm water run-off in the City.

Water System - These services include the provision and treatment of water supply, as well as, the provision and maintenance of all other systems involving the distribution of water.

THE CORPORATION OF THE CITY OF WHITE ROCK

Notes to Financial Statements (continued)

Year ended December 31, 2020

21. Segmented information (continued):

	General Government	Protection Services	Transportation, Engineering and Operations Services	Parks, Recreation and Cultural Services	Solid Waste Services	Sanitary Sewer System	Drainage System	Water System	Adjustments	2020	2019
Revenue:											
Property taxes:											
General purposes	\$ 23,631,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,631,761	\$ 22,578,634
Regional library levy	-	-	-	975,183	-	-	-	-	-	975,183	963,402
Business improvement levy	336,779	-	-	-	-	-	-	-	-	336,779	356,190
	23,968,540	-	-	975,183	-	-	-	-	-	24,943,723	23,898,226
Receipts in lieu of taxes	22,356	-	-	-	-	-	-	-	-	22,356	25,564
Development cost charges	-	-	14,800	-	-	20,000	26,205	-	-	61,005	598,562
Sanitary sewer fees and parcel tax	-	-	-	-	-	3,592,415	-	-	(29,440)	3,562,975	3,444,316
Drainage user fees	-	-	-	-	-	-	2,658,487	-	-	2,658,487	2,531,498
Water user fees	-	-	-	-	-	-	-	5,323,314	(183,785)	5,139,529	4,772,497
Sales of services and other revenue:											
Parking	-	-	2,206,698	-	-	-	-	-	-	2,206,698	2,590,243
Parks, recreation, and cultural services	-	-	-	745,032	-	-	-	-	-	745,032	1,725,394
Licenses and permits	29,460	2,708,422	-	-	-	-	-	-	-	2,737,882	2,441,300
Solid waste services	-	-	-	-	1,569,079	-	-	-	-	1,569,079	1,547,475
Utility service connection fees	-	-	-	-	-	236,550	228,550	182,572	-	647,672	567,315
Community amenity contributions	3,386,000	-	-	-	-	-	-	-	-	3,386,000	8,430,000
Interest and penalties	1,331,821	-	-	-	-	51,860	20,000	29,960	-	1,433,641	2,586,756
Contributions toward tangible capital asset improvements	-	-	349,415	57,613	-	12,389	21,538	9,927	-	450,882	4,254,141
Other	2,788,458	153,539	654,519	42,975	32,069	8,034	-	110,660	(2,040,661)	1,749,593	1,740,005
Government grants	5,047,398	308,410	26,619	73,413	-	1,152	2,279	-	-	5,459,271	4,571,934
Developers' contributions of tangible capital assets	-	-	464,171	-	-	50,569	100,356	48,765	-	663,861	212,917
	36,574,033	3,170,371	3,716,222	1,894,216	1,601,148	3,972,969	3,057,415	5,705,198	(2,253,886)	57,437,686	65,938,143
Expenses:											
Salaries, wages and benefits	4,782,638	5,705,206	2,619,092	2,722,471	635,165	298,266	397,114	1,382,306	(1,131,563)	17,410,695	17,419,667
Contracted services	1,244,196	6,018,741	2,072,388	3,538,872	729,118	2,372,198	581,125	869,284	(611,195)	16,814,727	15,722,050
Supplies and other	1,128,464	273,216	338,029	943,681	136,071	89,691	97,792	400,731	(511,128)	2,896,547	3,106,703
Amortization	272,094	406,840	1,770,451	2,149,430	76,510	322,106	334,237	1,073,246	-	6,404,914	6,751,247
Interest	16,046	-	-	-	-	13,363	-	681,243	-	710,652	694,667
	7,443,438	12,404,003	6,799,960	9,354,454	1,576,864	3,095,624	1,410,268	4,406,810	(2,253,886)	44,237,535	43,694,334
Annual surplus (deficit)	\$ 29,130,595	\$ (9,233,632)	\$ (3,083,738)	\$ (7,460,238)	\$ 24,284	\$ 877,345	\$ 1,647,147	\$ 1,298,388	\$ -	\$ 13,200,151	\$ 22,243,809

THE CORPORATION OF THE CITY OF WHITE ROCK

Unaudited Statement of the COVID-19 Safe Restart Grant

Year ended December 31, 2020

The COVID-19 Safe Restart Grant was received November 2020 from the Province of British Columbia. A requirement of the COVID-19 Safe Restart Grant is to include a schedule to the financial statements presenting the amount of funding received, use of funds and year-end balance of unused funds. A schedule will continue to be reported annually until funds are fully drawn down.

	2020
COVID-19 Safe Restart Grant received	\$ 3,769,000
COVID-19 Safe Restart Grant funds used:	
Decreased revenues:	
Parking services	(1,309,179)
Recreation and culture	(778,400)
Miscellaneous	(68,544)
	(2,156,123)
Decreased expenses:	
Parking services	14,747
Recreation and culture	851,687
General government	218,756
Miscellaneous	60,038
	1,145,228
Increased expenses:	
Parks and facilities	(239,847)
Recoveries:	
Provincial Government Emergency Management BC	68,130
Total COVID-19 Safe Restart Grant funds used	(1,182,612)
Year end COVID-19 Safe Restart Grant funds available as at December 31, 2020	\$ 2,586,388

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: May 10, 2021

TO: Finance and Audit Committee

FROM: Colleen Ponzini, Director, Financial Services

SUBJECT: Audit Findings Report for the Year ended December 31, 2020

RECOMMENDATION

THAT the Finance and Audit Committee receive this report submitted by KPMG LLP, titled "Audit Findings Report for the year ended December 31, 2020."

EXECUTIVE SUMMARY

This report is provided by the City's Auditors, KPMG LLP.

CONCLUSION

The Audit Findings Report for the year ended December 31, 2020 as presented in Appendix A has been prepared and submitted by KPMG LLP.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Colleen Ponzini".

Colleen Ponzini
Director, Financial Services

Comments from the Chief Administrative Officer

This corporate report is provided for information purposes.

A handwritten signature in black ink, appearing to read "Guillermo Ferrero".

Guillermo Ferrero
Chief Administrative Officer

Appendix A: Audit Findings Report for the year ended December 31, 2020



The Corporation of the City of White Rock

Audit Findings Report for the year ended
December 31, 2020

KPMG LLP

Dated May 4, 2021 for the Finance and Audit Committee meeting on
May 10, 2021

kpmg.ca/audit



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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.



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This Audit Findings Report is intended solely for the information and use of the Finance and Audit Committee, Council, and Management of the Corporation of the City of White Rock 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 Audit Findings 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.

Executive summary

Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of the Finance and Audit Committee (the “Committee”), in your review of the results of our audit of the financial statements of the Corporation of the City of White Rock (the “City”) as at and for the year ended December 31, 2020. This Audit Findings Report builds on the Audit Plan dated November 30, 2020.

What’s new in fiscal 2020

There have been significant changes in fiscal 2020 which impacted financial reporting and our audit:

- COVID-19 pandemic; and
- New auditing standard for estimates.

See pages 5 to 6 further details

Changes from the audit plan

In our audit plan, we determined materiality to be \$1,500,000, based on budgeted total expenses. As the actual expenses was lower than the budgeted total expenses, we revised materiality accordingly. The following revised amounts have been determined:

- Materiality - \$1,300,000; and
- Audit misstatement posting threshold - \$65,000

Materiality has been set at approximately 3% of actual expenses and the audit misstatement posting threshold has been set at 5% of materiality, consistent with our audit plan. Our audit was performed using revised materiality.

There have been no other significant changes regarding our audit from the Audit Planning Report previously provided to you.

Finalizing the audit

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:

- Receipt of legal letter confirmation;
- Completing our discussions with the Committee;
- Obtaining the signed management representation letter;
- Obtaining evidence of Council’s acceptance of the financial statements; and
- Completing subsequent event review procedures up to the date of Council’s acceptance of the financial statements.

We will update Committee on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report, a draft of which is attached to the draft financial statements, will be dated upon the completion of any remaining procedures.

Areas of audit focus

Our audit is risk-focused. We have not identified any significant risks. However, as part of our audit, we identified areas of audit focus which include:

- Tangible capital assets;
- Revenue recognition and deferred revenue;
- Expenses, including payroll;
- Valuation of post-employment benefits;
- Recreation management system conversion;
- Contingencies; and
- Presumed risk of management override of controls.

See pages 7 to 13 for further details.

Executive summary (continued)

Adjustments and differences

Adjustments and differences include disclosure and presentation items. Professional standards require that we request of management and the Committee that all identified differences be corrected.

Uncorrected differences

We identified a presentation and disclosure misstatement related to the presentation of the amended annual budget as a basis of comparison on the statement of operations and the statement of changes in net financial assets. This misstatement is not considered material to the financial statements.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

See Appendix 2 - *Management Representation Letter* for further details.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

See page 15 for further details.

Control and other observations

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

See page 16 for further details.

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, 2020 up to the date of this report.

Current developments

There have been no significant updates to the current developments materials which were provided to you in our Audit Planning Report.

What's new in 2020

COVID-19 pandemic

Area of impact	Key observations
Risk assessment	<ul style="list-style-type: none">- We performed a thorough risk assessment specifically targeted at the impacts of the COVID-19 pandemic as described in our audit plan, which also, included an assessment of fraud risk factors. No issues or additional areas were identified.
Working remotely	<ul style="list-style-type: none">- We used virtual work rooms, video conferencing, and internally-shared team sites to collaborate in real-time, both amongst the audit team as well as with management.- We used secure technologies to conduct walkthroughs, perform tests of controls and substantive tests.
Financial reporting	<ul style="list-style-type: none">- We obtained an understanding of any changes to process activities and controls that have been implemented due to remote working arrangements. We noted that there were no significant changes to financial processes or controls of the City with respect to financial reporting.- We reviewed management's assessment of the implications of COVID-19 to the City's operations and the financial effects. The impacts on financial reporting included: reductions in parking revenue, parks, recreation and cultural services revenue, and parks, recreation and cultural services expenses. These impacts have been reflected in the financial statements. We noted that there were no other items of significant impact to the financial statements.- We reviewed the accounting treatment for the COVID-19 Safe Restart grant received by the City and noted that it was appropriately recognized as revenue. We agreed the amount received to the cash received and the grant letter from the Province of BC.- Management has included additional disclosure in the notes to the financial statements (within note 1) with respect to the effect of the COVID-19 pandemic for fiscal year 2020 and the nature of any potential future impact to the City. We reviewed the note disclosure and concur that management has appropriately disclosed the impact of COVID-19 on the City's operations.

What's new in 2020 (continued)

New auditing standard

Standard	Key observations
CAS 540, Auditing Accounting Estimates and Related Disclosures	<ul style="list-style-type: none">- This new audit standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”.- The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team.- We performed more granular risk assessments based on the elements making up each accounting estimate such as the method, the assumptions used, the data used and the application of the method.- We considered the potential for management bias.- We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response. The higher the level of response, the more persuasive the audit evidence was needed.- We performed a review of the estimate used to determine the prior year provision for contingencies balance to assess whether the estimation methodology remains appropriate for the 2020 year-end. There were no issues noted in our audit of the estimate of the provision for contingencies.

Areas of audit focus

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
Tangible capital assets ("TCA")	No	Yes – the established useful lives of tangible capital assets for purposes of depreciation and valuation of contributed assets. No estimation uncertainty with a risk of material misstatement that was more than remote was identified.

Our audit approach

We performed the following procedures:

- We updated our understanding of the process activities and controls over TCA, including the year-end process around identifying assets for impairment.
- We obtained the TCA continuity schedule and verified its mathematical accuracy.
- We tested TCA additions, including contributed assets, through inspection of supporting documentation to determine if capital in nature and amounts recorded are accurate.
- We tested TCA dispositions including inspection of supporting documentation and assessed appropriateness of the gain or loss recorded.
- We reviewed the reasonableness of estimated useful lives and amortization recognized.
- We assessed management's assessment of impairment for TCA .
- We reviewed the financial statement note disclosure.

Significant findings

- No significant issues were noted in the audit testing completed.

Areas of audit focus (continued)

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
Revenue recognition and deferred revenue	No	No

Our audit approach

We performed the following procedures:

- We updated our understanding of the process activities over revenues and contributions received, amounts spent as well as deferral of unspent amounts.
- We evaluated the design and implementation of controls over contributions received and expenditures incurred, as well as management's review of related balances.
- We reviewed the accounting treatment for significant new revenue agreements, including community amenity charges ("CAC"), to determine whether restrictions exist and how the funds should be recognized into revenue and/or deferred.
- We performed substantive procedures, including vouching and review of supporting documentation related to contributions received, as well as, expenses incurred, to ensure that revenues and expenses are appropriately recognized, and deferred contributions are appropriately recorded.
- We reconciled permits to new development cost charges ("DCC") recorded in the year and inspected bylaws showing appropriation for the specified purpose.
- We reviewed the year-end DCC fund balances and assessed whether any funds had negative balances.

Significant findings

- No significant issues were noted in the audit testing completed.

Areas of audit focus (continued)

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
Expenses, including payroll	No	No

Our audit approach

We performed the following procedures:

- We updated our understanding of the process activities and controls for expenses, including payroll.
- We analyzed the change in payroll expense relative to the prior year based on changes in head count and pay rates. We also performed testing over head counts and pay rates changes to supporting documentation.
- We performed a search for unrecorded liabilities and tested whether sample expenses were recorded in the appropriate fiscal year.

Significant findings

- No significant issues noted in the audit testing completed.

Areas of audit focus (continued)

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
Valuation of post-employment benefits	No	Yes – the actuarial valuation of post-employment benefits. No estimation uncertainty with a risk of material misstatement that was more than remote was identified.

Our audit approach

We performed the following procedures:

- We updated our understanding of the process activities and controls over employee future benefits.
- We obtained the actuarial report prepared by George & Bell Consulting and agreed the liability amount in the report to the amount recorded by the City.
- We performed an analytical review over the amounts recorded.
- We assessed the reasonableness of the significant assumptions used in the valuation, including changes in assumptions from the prior year.
- We performed testing over the data provided by the City to George & Bell Consulting to supporting documentation.
- We reviewed the financial statement note disclosure.

Significant findings

- No significant issues were noted in the audit testing completed.

Areas of audit focus (continued)

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
Recreation management system conversion (CLASS to PerfectMind)	No	No

Our audit approach

In 2020, the City's legacy recreation management system, CLASS, was replaced with a new system, PerfectMind. As PerfectMind serves as the basis for the recording and recognition of parks, recreation, and culture revenues streams going forward, we considered the impact of the system conversion on the City's financial reporting and the financial statements as a whole. We performed the following procedures:

- We reviewed the City's conversion procedures and controls around verifying the accurate and complete data transfer to PerfectMind.
- We obtained an understanding of the financial reporting processes and controls impacted by the conversion to the new system.
- We performed testing over the data transferred from CLASS to PerfectMind to test whether the information was accurately imported into the new system at the time of conversion.
- We performed substantive audit procedures over the revenue recorded within PerfectMind as part of the financial statement audit.

Significant findings

- No significant issues were noted in the audit testing completed.

Areas of audit focus (continued)

Area of audit focus	New or changed from Audit Planning Report?	Estimate?
Contingencies	No	Yes – There are various lawsuits or claims pending against and by the City. Management and the City's external legal counsel assess the outcome of such claims and any impact on the financial statements. Provisions for contingencies are recorded when appropriate. Estimation uncertainty with a risk of material misstatement that was more than remote was identified.

Our audit approach

In addition to the additional procedures noted in the section "What's new in 2020", we performed the following procedures:

- We discussed legal claims with management as well as reviewed legal invoices and Council meeting minutes.
- We obtained written confirmation from the City's external legal counsel in testing whether amounts have been accrued for outcomes which are likely and where the contingent loss amount is estimable at year end.
- We reviewed the financial statement note disclosure.

Significant findings

- No significant issues were noted in the audit testing completed.

Audit risks

Professional requirements

Fraud risk from management override of controls

Why is this significant?

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.

Our audit approach

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.
- Evaluating the business rationale of significant unusual transactions.

Significant findings

There were no significant issues noted in our testing.

Data & Analytics in the audit

We have integrated Data & Analytics (“D&A”) into our audit approach. Use of innovative D&A allows us to analyze greater quantities of data, dig deeper and deliver more value from our audit. We believe that D&A improves both the quality and effectiveness of our audit by allowing us to analyze large volumes of financial information quickly, enhancing our understanding of your business as well as enabling us to design procedures that better target risks. We have summarized our use of D&A in the audit as follows:

Area of audit focus	D&A tools and routines	Our results
Journal entry testing	<ul style="list-style-type: none">— We used KPMG data analytics software (IDEA) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.	There were no significant issues noted in our testing.

Significant accounting policies and practices



Significant accounting policies

- There were no initial selections of or changes to the new significant accounting policies and practices.
- 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.



Financial statement presentation and disclosure

- 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.
- As requested by the Ministry of Municipal Affairs and Housing, the supplementary information contained within the financial statements includes an unaudited schedule for the COVID-19 Safe Restart Grant received by the City in 2020. The schedule shows the amount of funding received, the eligible costs incurred, and the remaining grant balance at December 31, 2020.

Control and other observations

In accordance with professional standards, we are required to communicate to the Committee significant deficiencies in internal control over financial reporting ("ICFR") that we identified during our audit.

The purpose of our audit is to express an opinion on the financial statements. Our audit included consideration of ICFR 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 ICFR.

The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to the Committee and to meet professional standards.

We did not note any significant deficiencies in internal controls.

Appendices

Appendix 1: Required communications

Appendix 2: Management representation letter



Appendix 1: Required communications

Engagement letter

The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter provided to management.

Draft auditors' report

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

Independence

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

Management representation letter

In accordance with professional standards, a copy of the management representation letter is included in Appendix 2.

Audit findings report

Represented by this report.

Appendix 2: Management representation letter

MANAGEMENT REPRESENTATION LETTER

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

May 10, 2021

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements of the Corporation of the City of White Rock (the "City") as at and for the period ended December 31, 2020.

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 letter dated November 30, 2020, 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 all financial records and documentation and other matters, including:
 - (i) the names of all related parties and information regarding all relationships and transactions with related parties; and
 - (ii) 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 City 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, 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 City'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 City's ability to continue as a going concern.

Misstatements

- 11) The effect of the presentation and disclosure misstatement described in **Attachment II** is immaterial to the financial statements as a whole.

Other information

- 12) We confirm that the final version of 2020 Annual Report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the City 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).

- 14) We also confirm that the financial statements of the City will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Guillermo Ferrero, Chief Administrative Officer

Colleen Ponzini, Director, Financial Services

Shannon Johnston, Manager, Budgets & Accounting

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.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

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.

Attachment II – Summary of Audit Misstatements Schedule(s)

Summary of Presentation and Disclosure Misstatements Year ended December 31, 2020

1. Amended Budget

Public Sector Accounting Standards requires the statement of operations and the statement of changes in net financial assets present a comparison of the results for the accounting period with those originally planned. Management presented the amended budget as the basis for this comparison. The original annual budget has been included in the notes to the financial statements, which provided information related to the difference between the original and amended budget. The presentation difference is not considered material to the financial statements given that the original annual budget information is provided in the notes to the financial statements.



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KPMG member firms around the world have 227,000 professionals, in 146 countries.



THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: May 10, 2021

TO: Finance and Audit Committee

FROM: Colleen Ponzini, Director, Financial Services

SUBJECT: White Rock Annual Rates Bylaw, 2021, No. 2382

RECOMMENDATION

THAT the Finance and Audit Committee endorse the proposed “White Rock Annual Rates Bylaw, 2021, No. 2382.”

EXECUTIVE SUMMARY

This corporate report introduces the White Rock Annual Rates Bylaw, 2021, No. 2382 to the Finance and Audit Committee for endorsement and for Council adoption as per section 197 of the *Community Charter* which requires each year, after adoption of the financial plan, but before May 15, that the City’s property tax rates bylaw must be adopted.

As local governments are still operating under the authority of Emergency Program Order M192, Council may do three readings and adopt the White Rock Annual Rates Bylaw, 2021, No.2382 in the same day.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
2021-F&A-050 March 8, 2021	THAT the Finance and Audit Committee direct staff to prepare: 1. The consolidated 2021 – 2025 Financial Plan Bylaw; and 2. The corresponding 2021 Tax Rates Bylaw.

INTRODUCTION/BACKGROUND

The White Rock Annual Rates Bylaw, 2021, No. 2382 includes the City’s 2021 property tax rates that are based on the taxation revenues that were included in the White Rock Financial Plan (2021 – 2025 Financial Plan Bylaw, 2021, No. 2377) and the final property values for the year.

FINANCIAL IMPLICATIONS

Not applicable.

LEGAL IMPLICATIONS

Section 197 of the Community Charter requires each year, after adoption of the five-year financial plan, but before May 15, that the City’s property tax rates bylaw must be adopted.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

Not applicable.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

Not applicable.

CLIMATE CHANGE IMPLICATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES

Not applicable.

OPTIONS / RISKS / ALTERNATIVES

Not applicable.

CONCLUSION

It is recommended that White Rock Annual Rates Bylaw, 2021, No. 2382 proceed to Council for three readings and adoption.

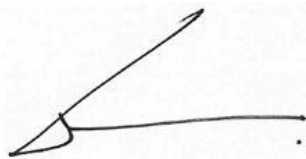
Respectfully submitted,



Colleen Ponzini, CPA, CGA
Director of Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendation(s) of this corporate report.



Guillermo Ferrero
Chief Administrative Officer

Appendix A: White Rock Annual Rates Bylaw, 2021, No. 2382

**THE CORPORATION OF THE
CITY OF WHITE ROCK
BYLAW 2382**



A bylaw for the levying of rates on land and
improvements and to provide for the payment of taxes
and user fees for the year 2021

The Council of the City of White Rock, in open meeting assembled, enacts as follows:

1. Definitions

“Collector” means the municipal officer assigned responsibility as collector of taxes for the municipality.

2. The following rates are hereby imposed and levied for the year 2021:

2.1. For all lawful general purposes of the municipality, on the assessed value of land and improvements taxable for general municipal purposes, rates appearing in Column A of Schedule 1 attached hereto and forming a part hereof.

2.2. For the purposes of the Fraser Valley Regional Library, on the applicable assessed value of land and improvements taxable for that purpose, the rates appearing in Column B of Schedule 1 attached hereto and forming a part hereof.

2.3. For the purposes of the Metro Vancouver Regional District, on the applicable assessed value of land and improvements taxable for that purpose, the rates appearing in Column C of Schedule 1 attached hereto and forming a part hereof.

2.4. For the purposes of the White Rock Business Improvement Association, on the applicable assessed value of land and improvements taxable for that purpose, the rates appearing in Column D of Schedule 1 attached hereto and forming a part hereof.

3. Property taxes and other fees and charges levied on the property tax notice are due and payable on July 2, 2021. On July 3, 2021 the City Collector shall add to the current year unpaid taxes and other fees and charges levied on the property tax notice, for each parcel and its improvements on the property tax roll, 5% of the amount that remains unpaid after July 2, 2021. On August 17, 2021 the City Collector shall add to the current year unpaid taxes and other fees and charges levied on the property tax notice, for each parcel and its improvements on the property tax roll, an additional 5% of the amount that remains unpaid after August 16, 2021.

- | | |
|--------------------------------|--------|
| RECEIVED FIRST READING on the | day of |
| RECEIVED SECOND READING on the | day of |
| RECEIVED THIRD READING on the | day of |
| ADOPTED on the | day of |

MAYOR

CITY CLERK

Schedule "A"

Tax Rates (Dollars of tax per \$1,000 Taxable Value)

	A	B	C	D
Property Class	Municipal General Purposes	Fraser Valley Regional Library Purposes	Metro Vancouver Regional District Purposes	Business Improvement Area
01 Residential	2.49172	0.09906	0.05835	N/A
02 Utilities	15.40109	0.61228	0.20422	N/A
05 Light Industry	4.28465	0.17034	0.19838	N/A
06 Business/Other	4.28465	0.17034	0.14295	0.758
08 Seasonal/Recreation	1.69144	0.06724	0.05835	N/A

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: May 10, 2021

TO: Finance and Audit Committee

FROM: Colleen Ponzini, Director, Financial Services

SUBJECT: White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381

RECOMMENDATION

THAT the Finance and Audit Committee endorse the proposed “White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381.”

EXECUTIVE SUMMARY

This corporate report introduces White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381 to the Finance and Audit Committee for endorsement and for Council adoption as per section 194 of the *Community Charter*. These fees are included on the City’s annual property tax notices and as such the rates need to be in place at the same time as the property tax rates.

As local governments are still operating under the authority of Emergency Program Order M192, Council may do three readings and adopt the White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381 in the same day.

PREVIOUS COUNCIL DIRECTION

Not applicable.

INTRODUCTION/BACKGROUND

White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No.14, 2021, No. 2381 sets out 2021 drainage utility fees based on the drainage fee revenues included in White Rock Financial Plan (2021 – 2025 Financial Plan Bylaw, 2021, No. 2377, and the methodology noted in Schedule A of Bylaw No. 2381.

Although 4.5% more in revenues will be generated by the proposed new fees, this Bylaw only incorporates a 4.2% increase in the drainage fee rate mostly due to the stratification of three multi-family dwellings this year.

FINANCIAL IMPLICATIONS

Not applicable.

LEGAL IMPLICATIONS

Not applicable.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

Not applicable.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

Not applicable.

CLIMATE CHANGE IMPLICATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES

Not applicable.

OPTIONS / RISKS / ALTERNATIVES

Not applicable.

CONCLUSION

It is recommended that White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381 proceed to Council for three readings and adoption.

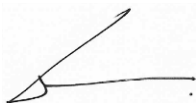
Respectfully submitted,



Colleen Ponzini, CPA, CGA
Director, Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendation of this corporate report.



Guillermo Ferrero
Chief Administrative Officer

Appendix A: White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381

**THE CORPORATION OF THE
CITY OF WHITE ROCK
BYLAW 2381**



A bylaw to amend the White Rock Drainage Utility
User Fee Bylaw, 2004, No. 1739

The Council of the City of White Rock, in open meeting assembled, enacts as follows:

1. Schedule “A” attached to and forming part of the “White Rock Drainage Utility User Fee Bylaw, 2004 No. 1739”, is hereby deleted and replaced by Schedule “A” attached hereto and forming part of this Bylaw.
2. This bylaw may be cited as “White Rock Drainage Utility User Fee Bylaw, 2004, No. 1739, Amendment No. 14, 2021, No. 2381.”

RECEIVED FIRST READING on the	day of
RECEIVED SECOND READING on the	day of
RECEIVED THIRD READING on the	day of
ADOPTED on the	day of

MAYOR

CITY CLERK

Schedule “A”

Drainage Utility Fees

A fee is based upon parcel size, a runoff factor calculated for each Land Zoning and a city-wide annual rate.

A fee is calculated as follows:

$$A \times R \times \text{rate} = \text{drainage utility fee (but subject to the minimum fee)}$$

Where:

A is - the gross area of a parcel* (square metres) and,

R is - the runoff factor established for a parcel based on the following land use zoning:

R	Land Zoning
0.25	RE-1, RE-2, and RS-1 parcels with an area equal to or greater than 2,000 square metres
0.45	RS-4, RE-3, RT-1, RT-2, CD-7, CD-24, and RS-1 parcels with an area less than 2,000 square metres
0.60	RS-2, CD-10, CD-26, CD-51, CD-59
0.65	RS-3, RI-1, RI-2, RM-1, CD-9, CD-25, CD-27, CD-28, CD-30, CD-31, CD-32, CD-35, CD-39, CD-40, CD-41
0.70	RM-2, CD-11, CD-13, CD-15, CD-21, CD-34
0.75	RM-3, RM-4, CD-4, CD-5
0.80	P-3
0.90	P-1, P-2, CR-3, CR-4, CD-3, CD-6, CD-8, CD-14, CD-18, CD-19, CD-20, CD-36, CD-46, CD-48, CD-54, CD-56, CD-57
0.95	CR-1, CR-2, CR-5, CR-6, CD-2, CD-16, CD-17, CD-23, CD-29, CD-58, CD-61

“Rate” is – the annual charge established by the Council of the City, being \$1.6294 per square meter of parcel area.

The minimum drainage utility fee for any property is \$52.50.

* If a parcel has been subdivided into strata units to accommodate residential or commercial uses each unit created will be charged an equal share of the user fee calculated for that parcel.

e.g. A parcel has been developed to create 10 strata units. Each unit owner pays 1/10 of the Fee calculated for the parcel.

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: May 10, 2021

TO: Finance and Audit Committee

FROM: Colleen Ponzini, Director, Financial Services

SUBJECT: Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383

RECOMMENDATION

THAT the Finance and Audit Committee endorse the proposed amendment to the “Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383.”

EXECUTIVE SUMMARY

To better support customers, the City is working towards implementing additional online options for customer interactions with the City. The City has implemented eApply options within Tempest for dog and business licenses. The next phase includes the ability to apply for different development and engineering permits and to allow customers the option to pay property taxes or water utility bills via the City’s eCommerce website.

In the past, residents were unable to pay for property taxes and water utility bills by credit card and the City has processed a limited number of development and engineering permit fees by credit card. Credit card payments cost the City on average approximately 2.2% of the value of the purchase which can be substantial as the City’s annual tax and utility revenues are in the range of \$40M. If the fees were not recovered, the City’s expenses could increase by approximately \$880K if all customers were to take advantage of the convenience of using their credit card. To provide customers with the option to pay by credit card, staff are introducing an amendment to the Fees and Charges bylaw that would allow for a 2% service fee charge for payments accepted by credit card for the aforementioned fees. Customers will continue to have the option to pay by traditional methods (Cash, Cheque or Debit).

PREVIOUS COUNCIL DIRECTION

Not applicable.

INTRODUCTION/BACKGROUND

Currently, the City allows the following payments to be made by credit card:

- parking permits & decals
- bylaw and parking fines
- dog licenses
- business licenses
- recreation registration fees

- other miscellaneous type payments, such as garbage stickers or recycling boxes and a limited number of development and engineering fees.

These payments were permitted by credit card as they are generally small amounts, and it encourages compliance and improves the overall customer experience by having the option to pay online or by credit card. The fees for these smaller payments have been absorbed by the City and are currently included in Department budgets.

Traditionally, municipal governments have been reluctant to accept credit cards as a payment method for property tax, utility and development and engineering fees because of the high transaction costs associated with accepting credit cards. To expand options for customers to allow credit cards to be used for these types of payments will result in significant increases in the City's credit card processing fees. Additionally, in the case of property tax payments, the City is collecting fees on behalf of other agencies and cannot recoup credit card processing fees from the other agencies.

A review of practices by neighboring cities for charge applied for credit card fee payments ranges from 1.75% to 2.2%. On average the City's cost for processing credit card fees is approximately 2.2%. Staff are proposing that our service fee be set to 2%, the small difference to be absorbed by the City. Actual costs can be reviewed annually to determine if the fee needs to be adjusted.

Customers will continue to have the option of paying by traditional methods (cash, cheque, or debit). Additionally, for property tax notices and utility bills customers have the option of paying through their financial institution either in person, or through online or telephone banking. For businesses, e.g. developers, being able to pay fees or apply for permits online at their convenience, rather than having to commute to City Hall, in many cases would easily justify a 2% credit card service fee. For example, a Road and Right of Way permit fee is \$224 and would incur a \$4.93 credit card service fee.

To expand the City's offering of eApply options, online and in person payment options with minimal impact on operation budgets the Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383, proposes a credit card processing service fee for the following types of transactions:

Department	Fees and Charges
Finance	Property taxes and utility bills.
Development Services	Any building or development related fee or charge.
Engineering and Operations	Any engineering or operations related fee or charge (does not include miscellaneous items such as garbage stickers or recycling boxes).

FINANCIAL IMPLICATIONS

There should be minimal impact to operating budgets, however, analysis will be carried out annually to determine the impact of offering these payment options and adjustments to the fee can be made if required. Capital costs for starting to implement eApply options and apply credit card fees are included in the current financial plan. The City already owns the online payment portal that can support online payments for property taxes, utility bills and development and engineering fees and charges.

LEGAL IMPLICATIONS

Not applicable.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

Staff would work with Communications to ensure customers are aware of any new options for credit card payments and the associated fees. Built into the online payment portal are messages that are displayed to customers clearly outlining the fees to be charged and that they can opt to pay by other methods (Cash, cheque, or debit).

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

This is a multi-departmental project. Information Technology, Financial Service, Planning and Development Services and Engineering and Municipal Operations will be working together on implementing the new payment methods.

CLIMATE CHANGE IMPLICATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES

This project falls under the “Manage the delivery of City services efficiently and effectively” strategic priority by allowing the City to expand its eApply and payment options for customers.

OPTIONS / RISKS / ALTERNATIVES

The following options are available for Council’s consideration:

1. Endorse the proposed Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383.
2. Not endorse the proposed Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383 and allow for the eApply and online payment options with the potential for significant credit card processing fees to be incurred by the City.
3. Not endorse the proposed Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383 and maintain the current practice.

CONCLUSION

The proposed Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383 will allow the City to move forward with eApply options and to expand options for customers to pay by credit card for property taxes, utility bills and development and engineering fees and charges without incurring significant increases in credit card processing fees.

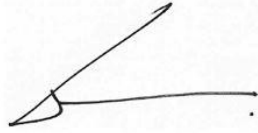
Respectfully submitted,



Colleen Ponzini, CPA, CGA
Director of Financial Services

Comments from the Chief Administrative Officer

I concur with the recommendation of this corporate report.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a small dot.

Guillermo Ferrero
Chief Administrative Officer

Appendix A: Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383

**THE CORPORATION OF THE
CITY OF WHITE ROCK
BYLAW 2383**



**A Bylaw to amend Schedule “F” of the Fees and Charges Bylaw, 2020, No. 2369
in regards to Credit Card Service Fees.**

The Council of the City of White Rock, in open meeting assembled, enacts as follows:

1. The fee “Credit Card Service Fee” under **Schedule “F” FINANCIAL SERVICES** of the Fees and Charges Bylaw, 2020, No. 2369, be added as follows:

Credit Card Service Fee

2% of the total charge in addition to the applicable fee or charge for the following payments made by credit card. This fee is non-refundable.

Department

Finance: Property tax notices or utility bills

Development Services: Building or development related fees and charges

Engineering and Operations: Engineering or operations related fees and charges
(excluding miscellaneous items such as garbage stickers or recycling boxes)

This Bylaw may be cited for all purposes as the “Fees and Charges Bylaw, 2020, No. 2369, Amendment No. 2, 2021, No. 2383”

RECEIVED FIRST READING on the _____ day of _____

RECEIVED SECOND READING on the _____ day of _____

RECEIVED THIRD READING on the _____ day of _____

RECEIVED FINAL READING on the _____

MAYOR

CITY CLERK