



Independent Auditor's Report

To the Mayor and Council of the City of Mission

Opinion

We have audited the financial statements of the City of Mission (the "City"), which comprise the Statement of Financial Position as at December 31, 2022 and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2022 and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally-accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally-accepted auditing standards we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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, British Columbia
May , 2023

City of Mission

Management's Responsibility for Financial Reporting

December 31, 2022

The accompanying financial statements of the City of Mission (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards, as established by the Public Sector Accounting Board. A summary of significant accounting policies are described in the notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion of the City's financial statements.



Michael Younie
Chief Administrative Officer



Doug Stewart CPA, CGA
Director of Finance

Date: May 1, 2023

City of Mission

Statement of Financial Position

As at December 31, 2022

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 25,041,391	\$ 66,955,308
Accounts receivable (Note 3)	16,005,193	9,348,359
Loan receivable (Note 4)	72,975	82,227
Investments (Note 5)	135,175,206	92,295,113
	<u>176,294,765</u>	<u>168,681,007</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	17,283,322	19,214,745
Deposits (Note 8)	14,065,393	11,386,312
Landfill closure and post-closure liabilities (Note 9)	5,042,591	4,997,251
Long-term debt (Note 10)	14,783,053	2,852,648
Deferred revenue	6,617,874	6,939,634
Restricted revenue (Note 11)	26,154,220	27,324,327
Employee future benefits (Note 12)	1,873,840	1,788,817
	<u>85,820,293</u>	<u>74,503,734</u>
Net Financial Assets	<u>90,474,472</u>	<u>94,177,273</u>
Non-Financial Assets		
Tangible capital assets (Schedule 1)	570,560,836	528,468,831
Inventories of supplies	882,421	820,525
Prepaid expenses	603,791	612,929
	<u>572,047,048</u>	<u>529,902,285</u>
Accumulated Surplus (Note 14)	<u>\$ 662,521,520</u>	<u>\$ 624,079,558</u>



Doug Stewart CPA, CGA
Director of Finance

Paul Horn
Mayor

The accompanying notes and schedules are an integral part of these financial statements.

City of Mission

Statement of Operations and Accumulated Surplus

For the year ended December 31, 2022

	Budget (Note 15)	2022	2021
Revenues			
Taxation (Note 15)	\$ 42,443,200	\$ 42,687,710	\$ 39,456,050
Sales of services & regulatory fees	34,701,950	39,452,152	38,354,622
Government transfers (Note 16)	3,659,249	8,937,550	14,508,034
Restricted revenue recognized (Note 11)	6,462,199	7,875,375	1,521,082
Investment income	1,246,827	3,338,286	1,851,591
Other revenue	2,405,429	2,671,444	2,411,960
Developer contributions in-kind capital (Schedule 1)	7,048,690	20,191,276	26,303,366
(Loss) / gain on disposal of tangible capital assets	(422,236)	(205,658)	1,362,210
Total Revenues	97,545,308	124,948,135	125,768,915
Expenses			
Bylaw enforcement	812,423	590,977	529,146
Cemetery	265,899	283,447	254,773
Development services	4,540,722	4,298,059	3,697,238
Engineering & public works	8,803,211	11,015,406	9,826,544
Fire rescue services	6,137,173	6,071,475	5,669,026
General government & administration	10,331,234	13,632,435	10,733,548
Parks, recreation & culture services	11,422,160	12,008,932	10,903,863
Police services	14,436,049	13,937,846	12,777,329
Transit services	3,508,797	2,761,414	2,584,243
Drainage utility	2,490,541	2,545,367	2,633,484
Sewer utility	4,338,073	4,275,252	4,060,910
Solid waste	5,091,726	5,439,044	5,195,680
Water utility	4,472,720	4,665,496	4,538,027
Municipal forest	4,159,212	4,981,023	4,565,636
Total Expenses	80,809,940	86,506,173	77,969,447
Annual Surplus	16,735,368	38,441,962	47,799,468
Accumulated Surplus, Beginning of Year	624,079,558	624,079,558	576,280,090
Accumulated Surplus, End of Year	\$ 640,814,926	\$ 662,521,520	\$ 624,079,558

The accompanying notes and schedules are an integral part of these financial statements.

City of Mission

Statement of Change in Net Financial Assets

For the year ended December 31, 2022

	Budget	2022	2021
Annual Surplus	\$ 16,735,368	\$ 38,441,962	\$ 47,799,468
Acquisition of tangible capital assets, including developer contributions in-kind	(25,736,134)	(52,858,235)	(44,078,745)
Amortization of tangible capital assets	11,478,977	10,545,794	10,368,594
Loss/(gain) on disposal of tangible capital assets	-	205,658	(1,362,210)
Net sale proceeds, tangible capital assets	80,000	14,778	2,329,072
	<u>2,558,211</u>	<u>(3,650,043)</u>	<u>15,056,179</u>
Purchase of inventories of supplies and land	-	(1,719,819)	(1,445,790)
Consumption and sale of inventories of supplies and land	-	1,657,923	1,493,396
Net change of inventories of supplies and land	-	(61,896)	47,606
Purchase of prepaids	-	(306,089)	(388,542)
Use of prepaids	-	315,227	319,404
Net change in prepaids	-	9,138	(69,138)
Increase in Net Financial Assets	2,558,211	(3,702,801)	15,034,647
Net Financial Assets, Beginning of Year	94,177,273	94,177,273	79,142,626
Net Financial Assets, End of Year	<u>\$ 96,735,484</u>	<u>\$ 90,474,472</u>	<u>\$ 94,177,273</u>

The accompanying notes and schedules are an integral part of these financial statements.

City of Mission

Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Cash Flows from Operating Transactions		
Annual surplus	\$ 38,441,962	\$ 47,799,468
Items Not Involving Cash		
Amortization of tangible capital assets	10,545,794	10,368,594
Restricted revenue recognized	(7,875,374)	(1,521,081)
Loss/(gain) on disposal of tangible capital assets	205,658	(1,362,210)
Developer contributions in-kind capital	(20,191,276)	(26,303,366)
Employee future benefit expense	394,094	421,848
Change in Non-Cash Operating Items		
Receivables	(6,656,834)	1,748,445
Accounts payable and accrued liabilities	(1,931,423)	(1,288,726)
Landfill closure and post-closure liability	45,340	173,710
Deposits	2,679,081	1,963,053
Deferred revenue	(321,759)	1,942,174
Benefit payment	(309,071)	(238,321)
Inventories of supplies and land	(61,896)	47,606
Loan receivable	9,252	9,093
Prepaid expenses	9,138	(69,135)
Net Change in Cash from Operating Transactions	\$ 14,982,686	\$ 33,691,152
Cash Flows from Investing Transactions		
Purchase of investments	\$ (65,737,022)	\$ (67,196,829)
Proceeds from sale investments	22,856,929	39,035,068
Net Change in Cash from Investing Transactions	\$ (42,880,093)	\$ (28,161,761)
Cash Flows from Financing Transactions		
Long-term debt principal repaid	\$ (569,593)	\$ (549,447)
Debt proceeds	12,500,000	-
Restricted revenue collections and interest earnings	6,705,268	7,801,229
Net Change in Cash from Financing Transactions	\$ 18,635,675	\$ 7,251,782
Cash Flows from Capital Transactions		
Proceeds from sale of tangible capital assets	\$ 14,778	\$ 2,329,072
Cash used to acquire tangible capital assets	(32,666,959)	(17,775,381)
Net Change in Cash from Capital Transactions	\$ (32,652,181)	\$ (15,446,309)
Net Change in Cash and Cash Equivalents	\$ (41,913,913)	\$ (2,665,136)
Cash and Cash Equivalents, Beginning of Year	66,955,308	69,620,444
Cash and Cash Equivalents, End of Year	\$ 25,041,395	\$ 66,955,308

The accompanying notes and schedules are an integral part of these financial statements.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

The City of Mission (the "City") is a municipality in the Province of British Columbia, and operates under provisions of the *Local Government Act* and the *Community Charter*. The principal activities of the City include the provision of local government services to residents and businesses.

The *Community Charter* requires local governments to annually adopt a five year financial plan, wherein the total proposed expenditures and transfers to other funds for the year must not exceed the total of the proposed funding sources and transfers from other funds for the year. Budget information presented in the financial statements reflects the budget for the year 2022 of the City of Mission's 2022-2026 five year financial plan, adopted by Council Bylaw #6071-2021, adjusted for the differences between legislated budgeting requirements and accounting policies as required by Canadian public sector accounting standards (see Note 15).

1. Significant Accounting Policies

The financial statements of the City are prepared by management in accordance with Canadian public sector accounting standards ("PSAS").

a. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and becomes measurable. Expenses are recognized as they are incurred and become measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts as at the date of the financial statements, and that affect the reported amount of related revenues and expenses during the reporting period. As such, actual results could differ from the estimates. Areas requiring the greatest degree of estimation include employee future benefits, assessment of contingent liabilities, liabilities for contaminated sites, landfill closure and post-closure liabilities, allowance for doubtful accounts receivable, and the estimated useful lives of tangible capital assets.

c. Cash and Cash Equivalents

Cash and cash equivalents includes short-term investments with maturity dates within ninety days of acquisition and highly liquid investments in money market instruments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. These are valued at cost which approximates market value.

d. Investments

Investments are recorded at cost. Investments are written down when there has been, in the opinion of management, a decline in market value that is not temporary.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

1. Significant Accounting Policies (continued)

e. Non-Financial Assets

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

f. Tangible Capital Assets

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

Asset Category	Useful Life Range
Buildings and improvements	5 to 50 years
Drainage infrastructure	20 to 100 years
Information technology infrastructure*	3 to 80 years
Land	not amortized
Land improvements	35 to 50 years
Landfill infrastructure	10 to 50 years
Parks infrastructure	8 to 50 years
Recycling depot (regional)	5 to 20 years
Sewage conveyance infrastructure (local)	25 to 100 years
Sewage treatment plant (regional)	2 to 100 years
Transportation infrastructure	10 to 80 years
Vehicles and equipment	5 to 20 years
Water distribution infrastructure (local)	10 to 100 years
Water supply infrastructure (regional)	4 to 75 years

* Includes underground conduit structure housing fiber optic cables

In the year of acquisition or disposal, amortization is prorated based on the number of days that the tangible capital asset is in service or use in the year. Assets under construction are not amortized until they are put into service.

Tangible capital assets received from developers through property development activities are recorded at their fair value at the date of receipt and are recorded as revenue.

In cases where debt is directly used to acquire tangible capital assets, the City capitalizes the interest paid on this debt only during the construction or development phase and discloses this amount under Schedule 1 - Tangible Capital Assets.

g. Inventories of Supplies and Land

Inventories of supplies and land are valued at cost.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

1. Significant Accounting Policies (continued)

h. Deferred Revenue

Deferred revenue consists of prepaid property taxes and utility fees, and various other amounts that have been collected for which the related services have yet to be performed. The City recognizes these revenues in the period to which they relate or the related services are performed.

i. Restricted Revenue

Revenues or receipts that are restricted by legislation or that contain stipulations that create a liability are deferred and reported as restricted revenues. When qualifying expenses are incurred and/or stipulations are met, restricted revenues are recognized as revenues in the period which this occurs.

j. Employee Future Benefits

The City and its employees make contributions to the Municipal Pension Plan (the "Plan"), and the employees accrue benefits under this Plan based on service. As the Plan is a multi-employer plan, the City's contributions are expensed when incurred.

In addition to the Plan, sick leave and other retirement benefits accrue to the City's employees. The costs of these benefits are actuarially determined based on years of service, estimated retirement age, and expected future salary and wage levels. The obligations under these benefit plans are accrued based on the projected benefits earned as the employees render the services necessary to earn the future benefits.

k. Contaminated sites

A liability for remediation of a contaminated site is recognized when the site is no longer in productive use or an unexpected event occurs and the following criteria are satisfied: an environmental standard exists; contamination exceeds the standard; the City is either directly responsible or has accepted responsibility for remediation; it is expected that future economic benefits will be given up and a reasonable estimate of the liability can be made.

l. Revenue Recognition - Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized, and the taxable event occurs. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Through BC Assessment's appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes may have been included in initial estimates when recording revenue; to the extent that adjustments result from the appeals process, they are recognized at the time they are awarded.

m. Government Transfers

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

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

1. Significant Accounting Policies (continued)

m. Government Transfers (continued)

recognized as revenue in the statement of operations as the stipulations are met.

2. Cash and Cash Equivalents

	<u>2022</u>	<u>2021</u>
Cash	\$ 17,966,135	\$ 66,955,308
Cashable term deposits	7,075,256	-
	<u>\$ 25,041,391</u>	<u>\$ 66,955,308</u>

Current interest rates on cash balances are based on prevailing bank rates, and range from 0.80% to 4.95% (0.72% to 0.95% in 2021). Cashable term deposits are comprised of Canadian bank GICs and BC Credit Union term deposits, which are cashable either immediately or within 30 days of issue. Interest bearing investments in 2022 had interest rates ranging from 1.50% to 4.80% (0.95% to 2.25% in 2021).

3. Accounts Receivable

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 1,460,946	\$ 1,548,831
Other governments	5,978,020	2,264,556
Development cost charges receivable	891,626	-
Interest receivable	3,248,466	1,895,321
Taxes and utilities receivable	4,426,135	3,639,651
	<u>\$ 16,005,193</u>	<u>\$ 9,348,359</u>

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

4. Loan receivable

Loan receivable consists of a mortgage that was extended to the Mission Regional Chamber of Commerce in 2001 for the construction of their facility on City owned land. This mortgage matures in April 2030 and is secured by the underlying building and has an annual interest rate of 3.49% that compounds semi-annually.

5. Investments

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Accrual and step-up notes	\$ 23,500,000	\$ 22,088,650	\$ 12,000,000	\$ 11,846,200
Fixed term deposits	72,066,887	72,035,199	47,223,078	47,275,993
MFA Short-Term Bond Fund	18,392,959	17,346,136	19,942,503	19,942,503
MFA Mortgage Bond Fund	2,047,221	1,984,469	-	-
Government and agencies bonds	19,168,139	18,324,504	13,129,532	13,288,182
	\$ 135,175,206	\$ 131,778,958	\$ 92,295,113	\$ 92,352,878

Accrual and step-up notes are comprised of fixed income structured deposits with various Canadian financial institutions, with maturities in years 2027 through 2032 (2028 through 2031 in 2021), with interest rates ranging from 1.88% to 5.35% (1.88% to 2.37% in 2021).

Fixed term deposits are comprised of Canadian bank GICs and BC Credit Union term deposits that mature in years 2023 through 2027 (2022 through 2027 in 2021), with interest rates ranging from 1.45% to 5.25% (0.70% to 3.42% in 2021). The MFA Short-Term Bond Fund, consists of government and corporate bonds, with interest rates up to 3.05% (up to 4.11% in 2021). The MFA Mortgage Bond Fund, consists of high quality, first priority commercial mortgages, with interest rates up to 3.27% (nil in 2021) The government and agencies bonds are comprised of municipal, provincial, and federal investments that mature in years 2023 through 2028, with yields of 1.01% to 3.35% (1.01% to 2.58% in 2021).

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

6. Municipal Finance Authority Debt Reserve Cash Deposits and Demand Notes

The City issues debt instruments through the Municipal Finance Authority ("MFA") of British Columbia. As a condition of these borrowings, a portion of the debt proceeds are withheld by the MFA in a debt reserve fund as cash deposits. These debt reserve funds may be used by the MFA if they do not have sufficient funds to meet the debt payment obligations of the participating municipalities. The City also executes demand notes in connection with each debt issue whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature. The balances of the demand notes, which are not reported elsewhere in these financial statements, and the cash deposits are as follows:

	<u>2022</u>	<u>2021</u>
Cash Deposits		
General	\$ 150,873	\$ 147,576
Sewer utility	126,281	-
	<u>\$ 277,154</u>	<u>\$ 147,576</u>
Demand Notes		
General	\$ 264,877	\$ 264,877
Sewer utility	351,632	-
	<u>\$ 616,509</u>	<u>\$ 264,877</u>

7. Accounts Payable and Accrued Liabilities

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 6,067,042	\$ 8,599,183
Due to governments and agencies	8,359,049	7,920,327
Other payroll liabilities	2,857,231	2,695,235
	<u>\$ 17,283,322</u>	<u>\$ 19,214,745</u>

8. Deposits

	<u>2022</u>	<u>2021</u>
Building Permit Security	\$ 1,553,980	\$ 1,016,259
Construction & Engineering	10,434,071	8,295,724
Other	2,077,342	2,074,329
Total	<u>\$ 14,065,393</u>	<u>\$ 11,386,312</u>

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

9. Landfill Liability

The City's landfill site is regulated by the Province of British Columbia and, as such, the City is subject to certain design, operating, closure and post-closure obligations at the site.

The costs associated with landfill closure and post-closure care are recognized over the operating life of the landfill site in accordance with PS 3270. The City has estimated and recognized a liability of \$5,042,591 as at December 31, 2022 (\$4,997,251 in 2021), for future estimated closure and post-closure costs at the landfill site. The estimated total expenses for closure and post-closure care are approximately \$28.3 million, with approximately \$23.2 million remaining to be recognized.

The landfill closure and post-closure care liability is based on the discounted costs associated with the phased closure of various landfill cells and environmental monitoring for 200 years after the landfill is closed. Approximately 76% of the landfill's capacity remains, and the landfill is predicted to reach capacity around 2061. The discount rate used to estimate the liability as at December 31, 2022 is 3.18% (2.89% in 2021).

Approximately 87% of landfill closure costs will be incurred while the landfill is still in operation with costs associated with the closure being charged against the liability when they are incurred. To date \$927,589 (\$927,589 in 2021) has been spent on progressive closure costs.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

10. Long-Term Debt

The City does not carry any debt for other entities. All existing long-term debt is repayable in Canadian dollars. Details of the City's interest expenses are as follows:

	2022	2021
Long-term debt interest - general operations	\$ 123,690	\$ 134,778
Long-term debt interest - sewer utility	139,817	-
Total long-term debt interest	\$ 263,507	\$ 134,778

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

Bylaw Number	Debt Issue	Purpose	Year Issued	Year of Maturity	Interest Rate	Principal outstanding 2022	Principal outstanding 2021
General Debt							
3761	95	Leisure Centre/Sports Park/Water Park	2005	2025	0.91%	\$ 600,361	\$ 788,939
3523	99	Leisure Centre/Sports Park/Water Park	2006	2026	1.53%	1,682,692	2,063,709
Subtotal - General						2,283,053	2,852,648
6031	158	Fraser River Secondary Sewer Crossing	2022	2042	4.09%	12,500,000	-
Subtotal - Sewer Utility						12,500,000	-
Total Long-Term Debt						\$ 14,783,053	\$ 2,852,648

The following estimated principal amounts are payable over the next five years and thereafter:

	General	Sewer	Total
2023	\$ 333,811	\$ 442,013	\$ 775,824
2024	333,811	442,013	775,824
2025	333,811	442,013	775,824
2026	211,565	442,013	653,578
2027	-	442,013	442,013
2028 and thereafter	-	6,630,202	6,630,202
	\$ 1,212,998	\$ 8,840,267	\$ 10,053,265
Actuarial adjustments	1,070,055	3,659,733	4,729,788
	\$ 2,283,053	\$ 12,500,000	\$ 14,783,053

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

11. Restricted Revenue

	Cedar Valley Environmental Management Plan	Development Cost Charges	Park Land Acquisition	2022	2021
Opening balance	\$ 52,427	\$ 20,570,326	\$ 6,701,574	\$27,324,327	\$21,044,179
Interest income	1,326	534,042	155,281	690,649	354,583
Fees collected	-	4,437,769	1,576,850	6,014,619	7,446,646
Subtotal - collections	1,326	4,971,811	1,732,131	6,705,268	7,801,229
Expenditures incurred	-	(5,758,788)	(2,116,587)	(7,875,375)	(1,521,081)
Ending balance	\$ 53,753	\$ 19,783,349	\$ 6,317,118	\$26,154,220	\$27,324,327

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

12. Employee Future Benefit Obligations

The City provides sick leave and retirement benefits to its employees. The accrued obligations related to these benefits are as follows:

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation, opening balance	\$ 2,455,200	\$ 2,506,000
Current service cost	235,600	267,300
Actuarial (gain)	(5,223)	(234,326)
Interest cost	53,300	40,300
Amortization of actuarial loss	105,194	114,247
Benefit payments	(309,071)	(238,321)
Accrued benefit obligation, closing balance	2,535,000	2,455,200
Less: Unamortized actuarial loss	661,160	666,383
Employee future benefit, closing balance	\$ 1,873,840	\$ 1,788,817

The City estimated the accrued benefit obligations by actuarial valuation as at December 31, 2022. The next scheduled full actuarial valuation is planned to occur for the year ended December 31, 2025.

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations are as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	4.50%	2.20%
Projected future wage and salary	3.00%	3.00%
Expected average remaining service life (years)	14.0	13.0

Municipal Pension Plan

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

12. Employee Future Benefit Obligations (continued)

Municipal Pension Plan (continued)

The City paid \$2,404,389 (\$2,117,836 in 2021) for employer contributions while employees contributed \$2,063,122 (\$1,822,804 in 2021) to the plan in fiscal 2022.

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

Employers participating in the plan record their pension expense as the amount of employer contributions required for during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

13. Contingent Liabilities

The City has been named as a defendant in various legal actions. The City records a liability for those claims where the outcome is likely to result in a loss and the amount can be reasonably estimated. No reserve or liability has been recorded regarding any of these legal actions or possible claims if the outcome or amount of loss, if any, is indeterminable. Settlement, if any, made with respect to these actions would be accounted for as a charge to expenses in the period in which any outcomes are known. Management does not believe any of the actions will result in a material loss.

14. Accumulated Surplus

	2022	2021
General operating surplus	\$ 14,365,936	\$ 14,794,560
Sewer operating surplus	1,465,319	1,414,375
Water operating surplus	1,586,275	1,496,825
Drainage operating surplus	168,422	74,200
Unfunded capital - animal control shelter	-	-
Forestry operating surplus	1,738,711	-
Appropriated surplus:		
Carbon tax	359,743	157,661
Clarke Theatre	3,767	-
Drainage operating carry forwards	20,900	-
General operating carry forwards	35,767	77,174
General other	-	-
Government transfers	-	1,024,229
Public safety inspection team	-	-
Recycling operations	65,192	65,192
Transit operations	118,503	74,878
Total Unrestricted Surplus	19,928,535	19,179,094

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

14. Accumulated Surplus (continued)

	2022	2021
Reserve Funds:		
Cemetery	373,418	303,741
Community amenity	4,514,913	3,347,612
Community works gas tax	5,930,035	4,902,374
Debt	1,722,777	1,448,799
Drainage capital	3,325,606	2,586,215
Financial stabilization	981,167	916,440
Forestry capital	880,085	5,168,888
Forestry legacy	2,319,474	-
Gaming	1,546,490	941,497
General capital	2,997,783	2,714,140
Information systems	472,778	465,791
Insurance	1,069,416	1,345,935
Land sale	8,767	693,298
Legal	209,883	209,329
Major capital	1,846,542	1,937,180
Major sewer capital	104,100	-
Public Safety	3,124,177	2,833,366
Refuse	2,268,999	1,603,127
Roads capital	2,757,904	3,204,550
Sewer capital	17,599,013	19,608,584
Sewer growth capital	4,352,899	-
Vehicles and equipment	3,493,413	2,422,215
Water capital	22,221,955	22,635,392
Water growth capital	2,697,798	-
Total Reserve Funds	86,819,392	79,288,473
Investment in Tangible Capital Assets	555,773,593	525,611,991
Total Accumulated Surplus	\$ 662,521,520	\$ 624,079,558

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

15. Taxation

The City prepares its five year Financial Plan Bylaw, i.e. budget, in accordance with both Section 165 of the Community Charter, and Canadian public sector accounting standards. As a result, typically no reconciliation of the two is required.

	Budget	2022	2021
General municipal property taxes	\$ 42,266,830	\$ 42,518,897	\$ 39,292,439
Special assessments and area charges	176,370	168,813	163,611
Taxation revenue	\$ 42,443,200	\$ 42,687,710	\$ 39,456,050

	Budget	2022	2021
Not included in taxation revenue are the following amounts collected on behalf of other taxing authorities:			
Province of BC - school taxes	\$ 16,080,007	\$ 21,250,402	\$ 19,322,451
Fraser Valley Regional District	926,389	1,037,456	998,662
Fraser Valley Regional Hospital District	1,416,245	1,524,293	1,463,844
BC Assessment	474,059	580,401	505,481
Municipal Finance Authority of BC	2,186	3,196	2,388
Downtown Business Association	97,111	107,065	101,966
Total collections for other taxing authorities	\$ 18,995,997	\$ 24,502,813	\$ 22,394,792

16. Government Transfers

	Budget	2022	2021
Provincial	\$ 1,883,254	\$ 7,035,125	\$ 11,000,788
Federal	1,775,995	1,902,425	3,507,246
Total government transfers	\$ 3,659,249	\$ 8,937,550	\$ 14,508,034

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

17. Letters of Credit and Performance Bonds

In addition to the deposits reflected in the financial statements, the City is holding irrevocable letters of credit and performance bonds in the amount of approximately \$39.2 million as at December 31, 2022 (\$30.3 million as at December 31, 2021), which were received from various parties to ensure completion of various works within the City. These amounts are not reflected in the financial statements but are available to satisfy any non-performance by the parties.

18. Segment Reporting

The City provides a wide range of municipal services. These services have been grouped into related departmental functions or service areas for segment reporting purposes in Schedule 2, which shows the associated revenues and expenses for each segment. The various segments and associated departmental functions or service areas are as follows:

Bylaw enforcement

- Bylaw administering and seeking compliance with the City's regulatory bylaws related to complaints, unsightly properties, parking enforcement, and business licensing.

Cemetery

- Administration and operation of the City's cemetery and crematorium, including arranging for burials and memorials.

Development Services

- Planning: land use planning and administration of the City's Official Community Plan (OCP) and zoning bylaws.
- Building division: process building permit applications and conduct inspections to ensure that all construction meets building code, zoning, and building regulations and that buildings are constructed safe for occupancy.
- Economic Development: generating and coordinating economic development, tourism and film production services in the community.

Engineering & Public Works

- Engineering: oversees and plans the City's extensive infrastructure network of roads & bridges, details requirements for new development along with inspection of works by developers, and provides for maintenance of municipal facilities.
- Public Works: maintains and builds infrastructure including roads, signage, roadside drainage, pedestrian walkways, and provides for snow removal and efficient operation of the City's gravel pit.
- Environmental Services: provides direction on environmental issues and leads the City's commitment to community-wide stewardship of the natural environment.
- Equipment Fleet: operation and maintenance of the City's fleet of municipal vehicles and equipment. Vehicle and equipment costs are charged back to the various user departments.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

18. Segment Reporting (continued)

Fire Rescue Services

- Fire and Emergency Services: fire response, investigation and prevention services, emergency response services (for motor vehicle accidents and medical incidents), and emergency planning.
- Emergency Support Services: helps victims meet their basic survival needs during a disaster, and to re-establish themselves as quickly as possible after a disaster.

General Government & Administration

- General Administration: general government administration including Council support, managing legal issues, conducting elections, records management, municipal hall shared office services, insurance, general cost recovery transactions and oversight of other departmental areas.
- Finance and Purchasing: financial stewardship and administration including reporting, financial planning, accounting, payroll, cash management and investments, debt management, property tax & utility levy billing and collections, procurement of goods and services and operation of central stores.
- Human Resources: recruitment and selection, employee and labour relations, compensation and benefits, workplace health and safety, organizational learning, corporate training and development.
- Information Services: planning, maintaining and operating the City's information systems technology, security and infrastructure.
- Grants to Organizations: provides grants to Mission non-profit organizations including arts and culture, recreation and social services, and community events.

Parks, Recreation & Culture Services

- Operation of the City's recreational facilities including the leisure centre and various parks and trails, and for the development and implementation of arts and cultural programs/events.
- Social Development: developing and implementing an action oriented social development program aimed at realizing the City of Mission's mission statement, which is, "...to build a safe and healthy community abundant in economic, cultural and recreation opportunities."
- The Library is a member of Fraser Valley Regional Library system, providing access to books, magazines, DVDs, CD music, materials in other languages, free downloadable e-books and e-audio books. The library provides information services including programs for all ages, meeting room and study space, wireless connection, online instant chat, and basic computer instruction.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

18. Segment Reporting (continued)

Police Services

- Utilizes contracted RCMP members and municipal employees to provide proactive general and community policing services within the City. Regional integrated police units also provide services to the community related to homicide investigations, emergency response, traffic re-construction, dog unit assistance, and forensic identification.
- Restorative Justice: supports people involved with and affected by crime, conflict and other forms of wrong-doing in repairing the harms done, rebuilding relationships, restoring trust and transforming community through a voluntary facilitated process involving victims, accused persons, other affected parties and community members.
- Victim Services: helps victims and their families cope with the effects of crime/trauma by providing emotional support and information on the status of the police investigation and/or the court case.
- Crime Prevention Office: works alongside RCMP and independently provides education to the public regarding personal safety, property crime prevention, traffic safety initiatives, and more preventive tools.

Transit Services

- Oversees the local bus system (in partnership with the City of Abbotsford), and contributing to the West Coast Express train service between Mission and Vancouver.

Drainage Utility

- Plans for and maintains the City's drainage network, which is responsible for managing all aspects of stormwater, including snow and rainfall related runoff.

Sewer Utility

- Oversees the regional sewage treatment plant and related source control activities (in partnership with the City of Abbotsford), and plans for and maintains the City's localized sewage conveyance system.

Solid Waste

- Oversees contracted curbside collection of refuse, compost and recyclables, and is responsible for overseeing contracted operations at the City's landfill site.

Water Utility

- Oversees the regional water supply and treatment systems (in partnership with the City of Abbotsford), and plans for and maintains the City's localized water distribution system.

Municipal Forest

- Administers and operates the Mission Tree Farm License #26, which includes harvesting of timber, tree planting, forestry road construction/maintenance, trail building, log marketing, and other forestry related activities.

City of Mission

Notes to the Financial Statements

For the year ended December 31, 2022

19. Comparative Figures

Certain comparative figures for 2021 have been reclassified to conform to the 2022 financial statement presentation.

20. Funds Held in Trust

The City administers the following trusts on behalf of third parties. As related trust assets are not owned by the City, the trusts have been excluded from the financial statements. The following table provides a summary of the transactions within these trusts during the year:

	December 31, 2021	Receipts	Investment Income	Disbursements	December 31, 2022
Cemetery perpetual care trust fund	\$ 1,167,143	\$ 45,172	\$ 30,088	\$ -	\$ 1,242,403
Cemetery pre-need sales trust fund	12,398	-	255	-	12,653
	\$ 1,179,541	\$ 45,172	\$ 30,343	\$ -	\$ 1,255,056

City of Mission

Notes to the Financial Statements

Schedule 1 - Tangible Capital Assets

For the year ended December 31, 2022

Included in total additions are capital assets received from developers through property development activities, which totalled \$20,191,276 in 2022 (\$26,303,366 in 2021).

	Cost, December 31, 2021	Additions	Cost of Disposals	Cost, December 31, 2022
Assets under construction	\$ 24,738,341	\$ 19,730,281	\$ (143,742)	\$ 44,324,880
Buildings and improvements	53,393,153	1,164,863	-	54,558,016
Drainage infrastructure	111,225,543	2,619,774	(30,992)	113,814,325
Information technology infrastructure	2,534,144	239,537	(143,626)	2,630,055
Land	126,477,788	14,098,463	-	140,576,251
Land improvements	2,285,665	-	-	2,285,665
Landfill infrastructure	8,910,012	24,617	-	8,934,629
Parks infrastructure	8,941,434	957,816	(126,464)	9,772,786
Recycling depot (regional)	532,978	-	-	532,978
Sewage conveyance infrastructure (local)	57,550,861	1,706,602	(5,848)	59,251,615
Sewage treatment plant (regional)	21,593,411	1,025,208	-	22,618,619
Transportation infrastructure	190,807,466	5,544,301	(226,664)	196,125,103
Vehicles and equipment	17,467,872	1,169,680	(78,232)	18,559,320
Water distribution infrastructure (local)	59,422,387	4,308,692	(183,756)	63,547,323
Water supply infrastructure (regional)	26,528,727	268,401	-	26,797,128
	\$ 712,409,782	\$ 52,858,235	\$ (939,324)	\$ 764,328,693

Accumulated Amortization, December 31, 2021	Amortization Expense	Accumulated Amortization on Disposals	Accumulated Amortization, December 31, 2022	Net Book Value, December 31, 2022	Net Book Value, December 31, 2021
\$ -	\$ -	\$ -	\$ -	\$ 44,324,880	\$ 24,738,341
19,464,041	1,238,932	-	20,702,973	33,855,043	33,929,112
29,827,962	1,166,716	(22,324)	30,972,354	82,841,971	81,397,581
1,697,990	178,743	(139,319)	1,737,414	892,641	836,154
-	-	-	-	140,576,251	126,477,788
1,204,051	56,007	-	1,260,058	1,025,607	1,081,614
5,235,098	478,044	-	5,713,142	3,221,487	3,674,914
4,301,718	402,421	(109,251)	4,594,888	5,177,898	4,639,716
488,642	10,570	-	499,212	33,766	44,336
15,147,573	614,993	(3,861)	15,758,705	43,492,910	42,403,288
11,100,848	549,123	-	11,649,971	10,968,648	10,492,563
61,234,693	3,291,586	(209,273)	64,317,006	131,808,097	129,572,773
7,293,278	1,099,931	(77,445)	8,315,764	10,243,556	10,174,594
16,305,944	866,440	(157,414)	17,014,970	46,532,353	43,116,443
10,639,112	592,288	-	11,231,400	15,565,728	15,889,614
\$ 183,940,950	\$ 10,545,794	\$ (718,887)	\$ 193,767,857	\$ 570,560,836	\$ 528,468,831

City of Mission

Schedule 2 - Statement of Operations by Segment

For the year ended December 31, 2022

	Bylaw enforcement	Cemetery	Development services	Engineering & public works	Fire rescue services	General government & admin	Parks, recreation & culture services	Police services
Revenues								
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,711,039	\$ -	\$ -
Sales of services & regulatory fees	2,841,874	324,428	583,488	1,950,955	46,545	4,966,354	2,868,788	155,703
Government transfers	-	-	137,522	2,079,701	2,919	3,495,620	296,339	532,080
Restricted revenue recognized	-	-	-	2,736,484	-	2,700,000	-	-
Investment income	-	-	-	-	-	1,935,572	-	-
Other revenue	-	-	2,500	-	3,000	567,562	1,604,981	600
Developer contributions in-kind capital	-	-	-	13,725,649	-	-	29,030	-
(Loss)/gain on disposal of tangible capital assets	-	-	-	(2,613)	(788)	(96,765)	(17,213)	-
Total revenues	2,841,874	324,428	723,510	20,490,176	51,676	53,279,382	4,781,925	688,383
Expenses								
Amortization	-	728	-	4,159,583	161,121	446,490	1,385,871	86,139
Good & services	90,469	94,789	525,491	1,952,839	1,490,118	4,431,387	4,581,740	11,396,804
Grants	-	-	2,500	-	-	766,205	-	-
Interest	-	-	-	-	-	123,690	-	-
Salaries & benefits	500,508	187,930	3,770,068	4,902,984	4,420,236	7,864,663	6,041,321	2,454,903
Total expenses	590,977	283,447	4,298,059	11,015,406	6,071,475	13,632,435	12,008,932	13,937,846
Annual Surplus / (Deficit)	\$ 2,250,897	\$ 40,981	\$ (3,574,549)	\$ 9,474,770	\$ (6,019,799)	\$ 39,646,947	\$ (7,227,007)	\$(13,249,463)

	Transit services	Drainage utility	Sewer utility	Solid waste	Water utility	Municipal forest	2022	2021
Revenues								
Taxation	\$ -	\$ 2,935,925	\$ 40,746	\$ -	\$ -	\$ -	\$ 42,687,710	\$ 39,456,050
Sales of services & regulatory fees	758,172	200,988	5,908,741	5,831,213	7,251,740	5,763,163	39,452,152	38,354,622
Government transfers	210,177	78,517	1,892,799	-	57,372	154,504	8,937,550	14,508,034
Restricted revenue recognized	-	553,855	1,593,497	-	291,539	-	7,875,375	1,521,082
Investment income	-	75,698	524,706	48,352	627,749	126,209	3,338,286	1,851,591
Other revenue	-	-	-	488,372	4,429	-	2,671,444	2,411,960
Developer contributions in-kind capital	-	2,202,872	1,347,235	-	2,886,490	-	20,191,276	26,303,366
(Loss)/gain on disposal of tangible capital assets	-	(27,909)	(17,243)	-	(43,127)	-	(205,658)	1,362,210
Total revenues	968,349	6,019,946	11,290,481	6,367,937	11,076,192	6,043,876	124,948,135	125,768,915
Expenses								
Amortization	-	1,166,716	1,164,116	491,836	1,458,729	24,465	10,545,794	10,368,594
Good & services	2,756,703	770,148	2,157,526	4,394,683	2,041,930	4,225,073	40,909,700	37,763,801
Grants	-	-	-	-	-	-	768,705	364,781
Interest	-	-	139,817	-	-	-	263,507	134,778
Salaries & benefits	4,711	608,503	813,793	552,525	1,164,837	731,485	34,018,467	29,337,493
Total expenses	2,761,414	2,545,367	4,275,252	5,439,044	4,665,496	4,981,023	86,506,173	77,969,447
Annual Surplus / (Deficit)	\$ (1,793,065)	\$ 3,474,579	\$ 7,015,229	\$ 928,893	\$ 6,410,696	\$ 1,062,853	\$ 38,441,962	\$ 47,799,468

City of Mission

Schedule 3 - Internal Debt/Transfers Outstanding (Unaudited)

For the year ended December 31, 2022

Borrowing Fund	Lending Fund	Purpose	Year Funds Advanced
Cedar Valley Sewer DCC	Sewer Capital Reserve Fund	Cedar Valley gravity trunk sewer, forcemain, and pump station	2000-2001
Cedar Valley Sewer Extension DCC	Sewer Capital Reserve Fund	Cedar Valley local improvement area sewer extension	2002
Land Sale Reserve	General Operating Surplus	Strategic Property Purchases	2022
Silverdale Bridge DCC	Parkland Reserve Fund	Silverdale industrial subdivision bridge	2005
Silverdale Industrial Water DCC	Water Capital Reserve Fund	Silverdale industrial subdivision water infrastructure	2006
Silverdale Industrial Sewer DCC	Sewer Capital Reserve Fund	Silverdale industrial subdivision sewer infrastructure	2006

Totals

Note: DCC = Development Cost Charge

Opening Balance, December 31, 2021	Advances & Adjustments	Payments	Balance Before Interest	Interest Cost	Interest Adjustment	Ending Balance, December 31, 2022
\$ 1,180,535	\$ -	\$ (1,180,535)	\$ -	\$ 29,856	\$ (29,856)	\$ -
264,957	-	(264,957)	-	6,701	(6,701)	-
-	61,748	-	61,748	781	(781)	61,748
583,402	-	(583,402)	-	14,242	(14,242)	-
287,305	-	(287,305)	-	7,266	(7,266)	-
138,079	-	(138,079)	-	3,492	(3,492)	-
\$ 2,454,278	\$ 61,748	\$ (2,454,278)	\$ 61,748	\$ 62,338	\$ (62,338)	\$ 61,748

City of Mission

Schedule 4 - COVID-19 Safe Restart Grants for Local Governments (Unaudited)

For the year ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Opening Balance Safe Restart Grant	\$ 1,024,229	\$ 2,883,449
Eligible costs incurred:		
Revenue shortfalls	(452,174)	(1,298,232)
Other related costs	(550,636)	(325,609)
Computer & technology costs	(21,419)	(235,379)
Total eligible costs incurred	(1,024,229)	(1,859,220)
Ending Balance	\$ -	\$ 1,024,229