

City of Maple Ridge

Audit findings report to the Mayor and Council
for the year ended December 31, 2024

START



To the Mayor and Council of the City of Maple Ridge

We are pleased to provide you with the results of our audit of the consolidated financial statements of The Corporation of the City of Maple Ridge (the “City”) for the year ended December 31, 2024. This report should be read in conjunction with our planning report, dated February 7, 2025, which contains further information about our audit methodology, our responsibilities as auditors and the responsibilities of those charged with governance.

The enclosed report includes: significant risks identified and the nature, extend, and results of our audit work. We also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us - in discussions and in writing. We documented these representations in the audit working papers.

This report has been prepared solely for the use of City’s Mayor and Council and others within the organization, and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

BDO Canada LLP
April 25, 2025

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Audit at a glance

Status of the Audit

We have substantially completed our audit of the consolidated financial statements for the year ended December 31, 2024.

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the consolidated financial statements are free from material misstatement.

Our draft independent auditor's report is included in the draft financial statement package.

Management Representations

During the course of our audit, management made certain representations to us, either verbally or written, and therefore they were explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. These representations were part of the evidence gathered by us to draw reasonable conclusions on which to base our audit opinions. These representations were documented throughout the audit files.

A summary of the written representations we have requested from management is included in [Appendix A](#).

Scope of our Work

The scope of the work performed was substantially the same as that described in our Planning Report to the Mayor and Council dated February 7, 2025.

A chart of the inherent risks identified in connection with the Partnership's financial statements was included in our Planning Report. Our risk assessments did not significantly change throughout the course of the audit.

As communicated to you in our Planning Report, preliminary materiality for all items other than infrastructure was set at \$5.6m and materiality for infrastructure was set at \$24.5m. These levels are based on expenses and tangible capital assets, respectively, and have not changed through the course of our audit.

Audit Findings

The procedures performed over key risk areas and the results of these procedures are described on [page 5](#).

Audit differences identified are listed on [page 9](#).

Considerations related to internal controls at the City are described on [page 10](#). No significant deficiencies were identified.

Other communications that are required by audit standards are specified on [page 11](#).

Independence & Professional Ethics

Our annual letter confirming our independence is included in [Appendix B](#).



We have complied with relevant ethical requirements and confirm that we are independent with respect to the Partnership within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.



Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Other (please specify)’s accounting practices, including accounting policies, accounting estimates and consolidated financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Management Override of Internal Controls <i>(Mandatory audit consideration - Significant Risk)</i>	<p>Management is generally in a unique position to perpetrate fraud because of management’s ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>It should be noted that this risk is not specific to the City and it is mandatory to assess management override of internal controls as a significant risk in every audit engagement.</p>	<p>We reviewed transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures.</p> <p>We reviewed the controls relating to processing of journal entries and examined a sample of journal entries subject to risk.</p> <p>We tested the appropriateness of key estimates, and any adjustments made in the preparation of the consolidated financial statements.</p> <p>All audit testing was performed in this area as planned with no issues to report where controls were overridden.</p>
Risk of Fraudulent Revenue Recognition <i>(Mandatory audit consideration - Rebuttable risk)</i> Recognition of Grant & Government Transfer Revenue	<p>Under Canadian auditing standards, we are required to consider whether there is a risk of material misstatement due to fraudulent revenue recognition in all audits. Based on our understanding of the City’s significant revenue streams, we have rebutted this risk.</p> <p>Nevertheless, accounting standards relating to grant and government transfer revenue recognition are complex and open to variation in application. There is a risk that grants or revenue derived from other government transfers may be incorrectly deferred into future periods or recognized prior to stipulations being met.</p>	<p>Grant funding received was confirmed through a review of agreements. We also ensured revenue is recorded accurately in accordance with the settlement of any stipulations.</p> <p>We reviewed the deferred revenue balances by examining supporting documentation to validate the accounting treatment.</p> <p>Other revenues streams also contain revenue recognition matters which we reviewed in context of the relevant revenue recognition standards.</p> <p>All audit testing was performed in this area as planned with no issues to report.</p>



Audit findings (continued)

Financial statement areas	Risks noted	Audit findings
Adoption of PS 3400 - Revenue (Elevated Risk)	The City implemented the new public sector accounting standard for revenue (PSAS 3400). This standard introduces new guidance in regards to the timing of recognition of certain of the City's revenue streams where specific accounting standards have not previously applied. As with the implementation of any new accounting standard there is an elevated risk due to the novel considerations that must be made.	<p>For each of the revenue streams identified as being in-scope of PSAS 3400 by management, we reviewed management's analyses identifying when and how revenue will be recognized to ensure these assessments are in accordance with the new standard.</p> <p>For revenue streams identified by management as not being in-scope of PSAS 3400, we reviewed the scoping work performed by management to ensure these assessments are in accordance with the new standard.</p> <p>All audit testing in this area was performed as planned. We have identified ongoing reporting risks in connection with this new standard and have made recommendations to mitigate them. See page 8. We have also identified one adjusted audit difference. See page 9.</p>
Adoption of PS 3160 - Public Private Partnership (Elevated Risk)	The City implemented the new public sector accounting standard for public private partnerships (PSAS 3160). This standard introduces new guidance in regards to recognition and measurement of infrastructure assets that have been funded through public-private partnerships, and the related liabilities. While these arrangements are not as prevalent in local government environments as they are in senior government environments, there is a risk that the City has entered into an arrangement that meets the criteria of this new standard. As with the implementation of any new accounting standard the risk is elevated due to the novel considerations that must be made.	<p>We reviewed management's documentation regarding the process that was applied to identify arrangements that are potentially in scope of this standard. We further considered whether any infrastructure assets, revenue streams, or payment streams in the year indicated the existence of an arrangement in scope of PSAS 3160.</p> <p>No arrangements were identified as being in-scope of PSAS 3160.</p> <p>All audit testing in this area was performed as planned with no issues to report.</p>



Audit findings (continued)

Financial statement areas	Risks noted	Audit findings
Development Revenue and Development cost charges (“DCCs”) <i>(Elevated risk)</i>	As with all municipalities, collection and use of DCCs is a complex area requiring an element of judgement in determining whether a project or expense is eligible for DCC funding. There is a risk that the DCC’s have not been recognized as revenue in alignment with when the resources are used for the purposes specified.	We enquired with management how DCC’s are tracked and that all have been accounted for. We tested significant DCC collections and vouched to supporting documentation for completeness, existence and accuracy. All audit testing was performed in this area as planned with no issues to report.
Employee Future Benefits <i>(Elevated risk)</i>	This is a complex accounting area that requires much estimation and reliance on actuarial experts. There is a risk that current year estimated obligation is under/overstated due to significant judgment, assumptions, and estimation uncertainty in determining the obligation.	We obtained the actuarial report outlining the expense for the year. We reviewed transactions such as expense reimbursements to test the validity of the expense and to ensure that it was subject to the proper approval process. We reviewed transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures All audit testing was performed in this area as planned with no issues to report.



Audit findings (continued)

Implementation of New Accounting Standard: PSAS 3400 - Revenue

During the year, the City implemented PSAS 3400. This new standard clarifies the point in time that revenue should be recognized. The standard does this for a broad variety of revenue streams, and by relating revenue recognition to an organization's satisfaction of the performance obligations that it has to other organizations or individuals.

The City has a number of revenue streams within the scope of PSAS 3400. Management has invested significant time to gather information on these streams and analyze them in the context of PSAS 3400. The output of this work is the formal identification of performance obligations for many of the City's revenue streams.

In many cases the existing accounting processes already resulted in revenue recognition occurring materially within the appropriate fiscal year. However, the changes brought on by this new standard are significant and there is risk that, without further evolution of accounting and other processes, changes in operational models may result in material changes to revenue recognition requirements. We have made the following observations for the City's consideration:

1 - Identification of performance obligations

In some cases, there is very little uncertainty whether an action taken by the City is a performance obligation. For example, the delivery of water to a user for their consumption is a performance obligation for water services revenue. In other cases it may not be as clear. The City may have an established practice of performing certain activities - such as inspections during a permitting process - but the contractual arrangement with the end user may not obligate the City to perform these activities. In this case, the activity may not meet the definition of a performance obligation.

Best practices in this area are expected to evolve as all users of Public Sector Accounting Standards continue to interpret PSAS 3400 and evaluate their revenue streams. We recommend that the City continue to evaluate revenue streams in this second year of adoption of PSAS 3400, particularly those streams where there is uncertainty around the City's obligations, if any. We recommend ensuring that the City's standard templates for contracts, permits and licenses be updated to provide clarity on the obligations that the City has under these arrangements.

2 - Tracking of performance obligations

The City's revenue streams are diverse and involve a high volume of transactions. Accordingly, the City has and executes a high volume of performance obligations. In some cases, such as with metered water and sewer services, there is a well-established and reliable system to track performance obligations (which is the processing of volumes of water). In other cases, the systems in place are either less established or are not integrated with accounting processes.

An area where this is likely to be prevalent is permitting. Specifically, permitting relating to development activities may involve performance obligations other than the issuance of a permit. However, tracking the completion of these activities is unlikely to be 'real time' as in the case of water metering. And in cases where tracking of activities is robust in operations, that data may not be flowing efficiently into the financial accounting processes.

Getting the right information, to the right people, and at the right time, is a challenge for all organizations. The implementation of PSAS 3400 is an opportunity to put a lens on the City's information systems and look for areas where improvements can be made in both efficacy and efficiency of information flow. We recommend that the City continue to review related processes in this second year of adoption of PSAS 3400.

3 - Estimates used to measure performance obligations

In the case of some revenue streams, the City may need to use estimates of the completion of performance obligations to determine revenue recognition. This may occur as a practical response to data collection challenges discussed above, or due to execution of performance obligations occurring over a period of time rather than being measurable by discrete actions.

In these cases, the City is using a combination of historical data and management judgements to estimate the time period over which an income transaction is recognized as revenue. There is a risk that the historical norms and judgements used in this estimate, while appropriate now, will not be so in the future. We therefore recommend adopting a policy that requires these estimates to be re-assessed on a recurring basis.



Audit differences

Adjusted audit difference

	Debit (Credit) - in \$			
	Assets	Liabilities	Opening R/E	Net income
To recognize components of ‘Restricted revenues’ that do not meet criteria for deferral as a liability, upon adoption of PSAS 3400.				
<i>Dr. Restricted revenue (amounts received in prior years)</i>		18,713,242		
<i>Dr. Restricted revenue (amounts received in the current year)</i>		2,346,306		
<i>Cr. Users fee and other revenue</i>				(20,679,981)
<i>Cr. Interest and investment income</i>				(379,567)

Unadjusted audit differences

Through the course of our audit we have not identified any audit differences that have not been adjusted by management.

Disclosure omissions

Through the course of our audit we have not identified any material disclosure omissions.



Internal control matters



We are required to communicate to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the City's consolidated financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the consolidated financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.

- ▶ During the audit, we performed the following procedures regarding the City's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



Other required communications

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
Our responsibilities under Canadian Auditing Standards (CAS)	Included in our Engagement Letter dated November 20, 2023
Our audit strategy and audit scope	Included in our Planning Report dated February 7, 2025
Fraud risk factors	Included in our Planning Report dated February 7, 2025
Going concern matters	No matters requiring further communication.
Significant estimates or judgments	No matters requiring further communication.
Disagreements with management	No matters requiring further communication.
Consultations with other accountants or experts	<p>As described in our Planning Report dated February 7, 2025, we corresponded with and reviewed the work of HUB International Limited, who is the actuarial firm engaged by Management to value the City’s Employee Future Benefits Liability.</p> <p>BDO did not engage or consult with any external experts for the purpose of this engagement.</p>



Other required communications (continued)

Issue	BDO response
Major issues discussed with management regarding retention	No matters requiring further communication.
Significant difficulties encountered during the audit	No matters requiring further communication.
Material written communication between BDO and management	No matters requiring further communication.
Any illegal acts identified during the audit	No matters requiring further communication.
Significant transactions with related parties not consistent with ordinary business operations	No matters requiring further communication.
Non-compliance with laws or regulations identified during the audit	No matters requiring further communication.
Limitations of scope over our audit, if any	No matters requiring further communication.

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Appendices

- ▶ [Appendix A: Representation Letter](#)
- ▶ [Appendix B: Independence Letter](#)



Appendix A: Representation Letter



Date of Council approval

BDO Canada LLP
Chartered Professional Accountants
Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver, BC V6E 3P3

This representation letter is provided in connection with your audit of the financial statements of City of Maple Ridge for the year ended December 31, 2024, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We 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:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 20, 2023, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. No material unadjusted misstatements were identified.
- We have reviewed and approved all journal entries or audit adjustments recommended by the practitioners during the audit. A list of these is attached to this representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. When applicable, these litigation and claims have been accounted for and disclosed in the financial statements.
- We consider the assumptions used in the calculations of employee future benefits to be the best estimate of future events, in particular, long-term borrowing rates and compensation escalation over the expected average remaining service life of the employee group.
- We will provide to you, when available and prior to issuance by the entity, the final version of the document(s) comprising the annual report.
- We consider the assumptions used in the calculation of the asset retirement obligation such as the discount rate, inflation rate and estimated useful life to be based on our best estimates and judgement, taking into account relevant industry standards and regulatory requirements.
- We have provided you with all the relevant information with regards to the adoption of PS 3400 Revenue and PS 3160 Public Private Partnerships.
- We have considered all arrangements and contracts that may give rise to public-private-partnership arrangements that are in scope of PSAS 3160 and would require recognition or disclosure in the financial statements. We have not identified any such arrangements.

Yours truly,

Trevor Thompson, Chief Financial Officer

Catherine Nolan, Deputy Director of Finance

Adjusted audit difference

	Debit (Credit) - in \$			
	Assets	Liabilities	Opening R/E	Net income
To recognize components of 'Restricted revenues' that do not meet criteria for deferral as a liability, upon adoption of PSAS 3400.				
Dr. Restricted revenue		21,059,548		
Cr. Users fee and other revenue				(20,679,981)
Cr. Interest and investment income				(379,567)



Appendix B: Independence Letter



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April 25, 2025

To the Mayor and Council
The City of Maple Ridge

We have been engaged to audit the consolidated financial statements of City of Maple Ridge (the "City") for the year ended December 31, 2024.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the City and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and interpretations of the CPA profession and relevant legislation, covering such matters as:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client; and,
- Economic dependence on a client.

We are not aware of any relationships between the City and our Firm that may reasonably be thought to bear on independence that have occurred from the date of our last letter, April 24, 2024, to the date of this letter.

We hereby confirm that we are independent with respect to the City within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of the date of this letter.

This letter is intended solely for the use of the Mayor and Council management and those charged with governance within the City and should not be used for any other purpose.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants