
Meeting Access Information

Due to the COVID-19 pandemic we will be holding the Audit & Finance Committee (AFC) meeting via Zoom teleconference. Members of the AFC and the public are asked to join the meeting using the following access information:

Join the meeting from your computer, tablet or smartphone

<https://mapleridge-ca.zoom.us/j/85142472315?pwd=eGZYSWhZT3IHVHhTWTFUUFVlNHBJdz09>

Or join the meeting using your phone

Dial: 1-778-907-2071 Meeting ID: 851 4247 2315 Passcode: 775759

1. **CALL TO ORDER**
2. **APPROVAL OF THE AGENDA**
3. **ADOPTION OF MINUTES – July 12, 2021**
4. **DELEGATIONS – NIL**
5. **NEW AND UNFINISHED BUSINESS**
 - 5.1 2022 Meeting Schedule
 - 5.2 2021 Investment Update
 - 5.3 Auditor Planning Report for 2021
6. **QUESTION PERIOD**
7. **NOTICE OF CLOSED MEETING – NIL**
8. **ADJOURNMENT**

Next Meeting: March 28, 2022
Agenda Submission Deadline: March 14, 2022

QUESTION PERIOD

Question Period provides the public with the opportunity to ask questions or make comments on subjects that are of concern to them. Each person will be given 2 minutes to speak.
Up to ten minutes in total is allotted for Question Period.

The Minutes of the Regular Meeting of the Audit & Finance Committee
held virtually and in the Blaney Room, City Hall on July 12, 2021 at 1:04 pm

COMMITTEE MEMBERS PRESENT

Mayor Morden, Chair
Councillor Dueck*
Councillor Robson

STAFF MEMBERS PRESENT

Al Horsman	Chief Administrative Officer
Christina Crabtree*	General Manager Corporate Services
Scott Hartman*	General Manager Parks, Recreation & Culture
David Pollock	General Manager Engineering Services
Catherine Nolan	Deputy Director of Finance
Trevor Thompson	Director of Finance
Dan Olivieri	Research Technician
Erin Mark	Clerk 3

*Participated remotely due to the COVID-19 pandemic.

1. CALL TO ORDER

2. APPROVAL OF THE AGENDA

R/2021-AFC-013

It was moved and seconded

That the agenda for the July 12, 2021 Audit & Finance Committee Meeting be approved as circulated.

CARRIED

3. ADOPTION OF MINUTES

R/2021-AFC-014

It was moved and seconded

That the minutes of the June 14, 2021 Audit & Finance Committee Meeting be adopted as circulated.

CARRIED

4. DELEGATIONS – Nil

5. NEW AND UNFINISHED BUSINESS

5.1. Business and Financial Planning Guidelines 2022-2026

Staff report dated July 12, 2021 providing information on the proposed Business and Financial Plan Guidelines for 2022-2026.

D. Olivieri, Research Technician, provided a presentation regarding the Business Planning cycle and the purpose of the Business and Financial Plan Guidelines which include to:

- ☐ Receive direction from Council for developing Business Plans
- ☐ Set clear expectations for the public
- ☐ Identify budget changes for the entire five-year plan

T. Thompson, Director of Finance, spoke about the proposed increases in the proposed Guidelines, the impact on the Average Home, and Amenity Contributions including an option to utilize future Amenity Contributions collections towards existing projects.

Committee members provided their feedback on the Guidelines and asked questions of staff. A. Horsman, Chief Administrative Officer, shared that the Guidelines will be provided for Council consideration at the July 13, 2021 Workshop Meeting.

6. QUESTION PERIOD – Nil

7. NOTICE OF CLOSED MEETING – Nil

8. ADJOURNMENT at 2:18 pm

Mayor Mike Morden, Chair

/em



MAPLE RIDGE

British Columbia

Audit & Finance Committee 2022 Calendar

Meeting Dates - 1:00 pm via Zoom

Monday, February 28

Monday, March 28

Monday, April 25

Monday, June 13

January						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/ 30	24/ 31	25	26	27	28	29

February						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
	B	R	E	A	K	
20	21	22	23	24	25	26
27	28	29	30	31		

April						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

TO: Audit and Finance Committee MEETING DATE: February 28, 2022
FROM: Chief Administrative Officer FILE NO: 05-1615-20
SUBJECT: 2021 Investment Report MEETING: Audit and Finance

EXECUTIVE SUMMARY:

The return on investment (ROI) for the City of Maple Ridge's investment portfolio was 1.6% exceeding the benchmark of -0.2%. Money is invested and prudently managed in order to achieve the objectives of safety, liquidity and return. The Investment of Municipal Funds Policy No. 5.44 outlines the parameters to manage the City's investments. It also calls for regular updates to the Audit and Finance Committee summarizing the investments and any deviations from policy.

An Investment Portfolio Summary is attached which shows that the holdings compared to the parameters set in the Investment of Municipal Funds Policy. There is one exception with National Bank being overweight due to the cash balance in the High Interest Savings Account (HISA). The HISA is very stable and liquid with access to funds either same day or next day. The duration of the investment holdings is shorter term than it has been historically. The ROI differs from the benchmark due to the difference in holdings both in credit and in term duration.

An economic and market update from the Municipal Finance Authority (MFA) Pooled Funds are attached to this report for reference.

The MFA has increased the number of pooled funds offered providing an opportunity to increase the earnings while diversifying the investment holdings. The City is participating in the MFA - Mortgage Fund. At the next Audit and Finance Committee meeting, a report will be prepared explaining the rationale for participation in the MFA - Growth Fund including the Investment Policy amendments required. This fund was opened by the MFABC in January 2022.

RECOMMENDATION:

For information only.

DISCUSSION:

a) Background Context:

Under the Community Charter, one of the categories of investments that municipalities are permitted to purchase is debt that is guaranteed by a chartered Canadian bank. Canadian banks continue to be very strong. However, as a result of the Financial Crisis of nearly a decade ago, banking regulations have and continue to be introduced and/or strengthened.

Investment returns generate a significant amount of revenue for the City, and more importantly, the investments are safe and funds are available when needed.

The parameters around the new MFA Growth Fund have been announced and a review of the Investment Policy is underway and an update will be presented to this committee at the next meeting.

The calculated ROI includes unrealized gains or losses due to market price fluctuations. Including these price fluctuations is appropriate, as it more accurately reflects the value one could receive if the investments were sold. It reflects the investment decisions with respect to the timing of when different investment terms are entered into. The benchmarks also include market value changes so the comparison is relevant.

As mentioned, the market value of the bonds held in our investment portfolio fluctuates. It is important to note that all our investments will mature at par at which point they will have no gains or losses. Market gains or losses are only realized if the bond is sold.

Several municipalities in the lower mainland share information and investment approaches. Maple Ridge participates both with this group and on the Municipal Finance Authorities Pooled Fund Advisory Group.

Municipalities in several other provinces are able to invest in a broader spectrum of asset classes. Burnaby initiated the conversation with a UBCM resolution to bring similar options to BC. This initiative received support from elected officials and municipal staff. Several municipalities have been working with the Province and MFA to develop parameters and conditions to achieve this. Much of the conversation is around governance and ensuring municipalities understand the time horizon and volatility of different asset classes. The MFA launched the Growth Fund in January of 2022. The next Audit and Finance Committee meeting will include additional information on this fund and the required policy updates and approvals to be able to participate.

The MFA Pooled Investment Fund Quarterly Market Update and is attached for information.

b) Business Plan/Financial Implications:

A significant portion of the funds invested are from Reserve Funds, Reserve Accounts, Development Cost Charges (DCCs) and Water and Sewer Utility Funds. These reserves receive a portion of the investment interest earned.

CONCLUSIONS:

The schedules attached highlight the return on investments and how the holdings compare to the parameters set out in the Investment Policy. There is currently one deviations from policy, however, the balance is in a savings account so very liquid. The return on investments of 1.6% exceeded the benchmark return of negative 0.2%. The negative benchmark return is a function of interest rates increasing which reduces the market value of the bonds.

The primary focus of our investments is safety and being able to meet our cash flow requirements. Funds are invested appropriately and continue to produce relatively competitive returns.



Prepared by: Trevor Thompson, BBA, CPA, CGA
Director of Finance & Chief Financial Officer

Approved by: Christina Crabtree
General Manager Corporate Services

Concurrence: Scott Hartman
Chief Administrative Officer

Attachments:

- A) Investment Portfolio ROI
- B) Investment Portfolio Summary
- C) MFA Pooled Investment Fund Quarterly Market Update

City of Maple Ridge
Investment Portfolio Return on Investment (ROI)
For 2021

Term	Investments (avg.)	Return	ROI	Benchmark
Long	\$54,276,712	\$1,736,672	3.2%	-1.0%
Mid.	16,675,969	359,194	2.2%	-0.1%
Short	162,625,246	1,537,369	0.9%	0.1%
Total	\$ 233,577,927	\$3,633,235	1.6%	-0.2%

Term means the term to maturity from the purchase date, not the term remaining to maturity. For example, a 7 year investment bought in 2016 would always be classified as Long Term even when it has less than a year to maturity. Short Term is a year or less, Mid. Term is over a year and less than three years and Long Term is anything over three years.

Investment (avg.) is the average daily balance for the period.

Return or earnings are calculated differently than current accounting standards, as unrealized capital gains (losses) are included. By taking the market price fluctuations into account, the management of the investments are better measured. Benchmarks are calculated on the same basis allowing for a more relevant comparison.

ROI is the annualized return on investment.

Benchmark used is the Municipal Finance Authority (MFA) Money Market Fund, MFA Intermediate Fund and MFA Bond Fund & benchmarks the MFA reports against.

City of Maple Ridge Investment Portfolio Summary

As of December 31, 2021

Term to Maturity	Holdings	% Holdings	Policy Max.	Within Policy
Long Term (>3 Years)	\$ 76,000,000	28%	35%	Yes
Mid. Term (>1 year to 3 yrs.)	41,000,000	15%	40%	Yes
Short Term	152,424,021	57%	none	Yes
	<u>\$269,424,021</u>			

Issuer	Holdings	% Holdings	Policy Max.	Within Policy
<u>Banks</u>				
BMO	\$ 10,000,000	4%	25%	Yes
BNS	25,172,032	10%	25%	Yes
CIBC	42,820,478	16%	25%	Yes
National *	77,230,826	29%	25%	NO
TD	41,318,055	15%	25%	Yes
<u>Credit Unions</u>			None, Prov. Guarantee	
Blue Shore	13,000,000	6%		Yes
Envision	30,000,000	11%		Yes
Vancity	15,000,000	6%		Yes
Westminster	3,882,630	1%		Yes
<u>Government</u>				
Fed.	-		None	Yes
Prov.	-		BC None, others 25%	Yes
Muni/Reg. District	-		25%	Yes
Municipal Finance Authority	8,000,000		25%	Yes
Total	<u>\$269,424,021</u>			

* The just over half of the funds in National Bank are in a High Interest Saving Account. The funds are accessible within a day and as such having holdings over the policy maximum is much less of a concern.

MFA Pooled Investment Fund Monthly Performance Report

December 2021



Municipal Finance
Authority of BC



Municipal Finance Authority of BC

MFA Pooled Investment Fund Monthly Performance Report¹

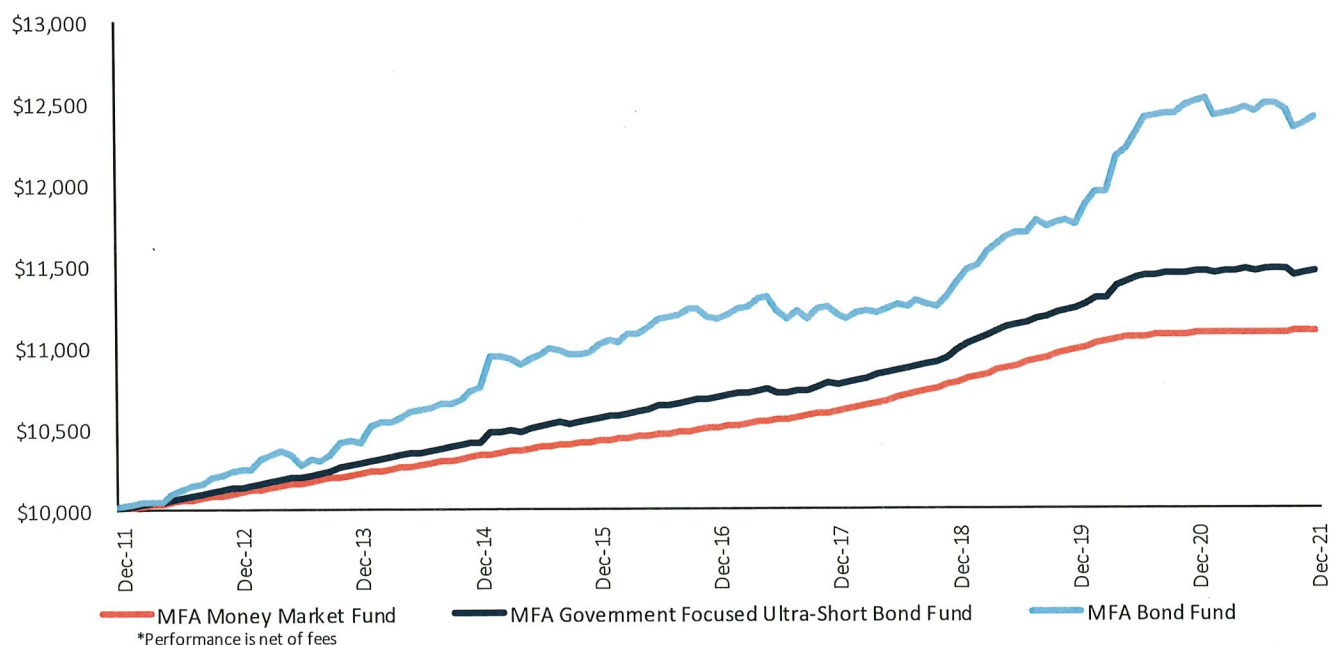
As of December 31, 2021

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Money Market Fund	0.02	0.04	0.15	0.15	0.95	1.09	3.60
FTSE Canada 30-day T-Bill Index ³	-0.01	-0.01	-0.04	-0.04	0.65	0.72	3.33
Difference	+0.03	+0.05	+0.19	+0.19	+0.30	+0.37	+0.27
MFA Government Focused Ultra-Short Bond Fund	0.06	-0.15	-0.01	-0.01	1.44	1.40	3.27
FTSE Canada 365-Day Treasury Bill Index	0.06	-0.15	-0.07	-0.07	1.30	1.12	2.91
Difference	+0.00	+0.00	+0.06	+0.06	+0.14	+0.28	+0.36
MFA Bond Fund	0.35	-0.40	-0.82	-0.82	2.88	2.12	5.58
FTSE Canada Short Term Overall Bond Index	0.35	-0.54	-1.13	-1.13	2.25	1.66	5.27
Difference	+0.00	+0.14	+0.31	+0.31	+0.63	+0.46	+0.31
MFA Fossil Fuel Free Short-term Bond Fund	0.35	-0.44	-0.92	-0.92	-	-	1.67
FTSE Canada Short Term Overall Bond Index	0.35	-0.54	-1.13	-1.13	-	-	0.71
Difference	+0.00	+0.10	+0.21	+0.21	-	-	+0.96
MFA Mortgage Fund	0.64	0.47	1.45	1.45	-	-	2.91
FTSE Canada Short Term Overall Bond Index	0.34	-0.56	-1.18	-1.18	-	-	1.46
Difference	+0.30	+1.03	+2.63	+2.63	-	-	+1.45

¹ Total return less than one year is not annualized. Portfolio and benchmark performance is net of total fees and expenses of 12.5 basis points per annum (Money Market Fund and Government Focused Ultra-Short Bond Fund), 20 basis points per annum (Bond Fund and Fossil Fuel Free Short-term Bond Fund), and 25 basis points per annum (Mortgage Fund)

² Inception dates: Money Market Fund – May 1, 1989; Government Focused Ultra-Short Bond Fund – May 18, 2020 (previously Intermediate Fund - March 30, 1994); Bond Fund – May 1, 1989; Fossil Fuel Free Bond Fund – May 5, 2020; Mortgage Fund – January 29, 2020

Growth of \$10K Investment Over 10 Years*



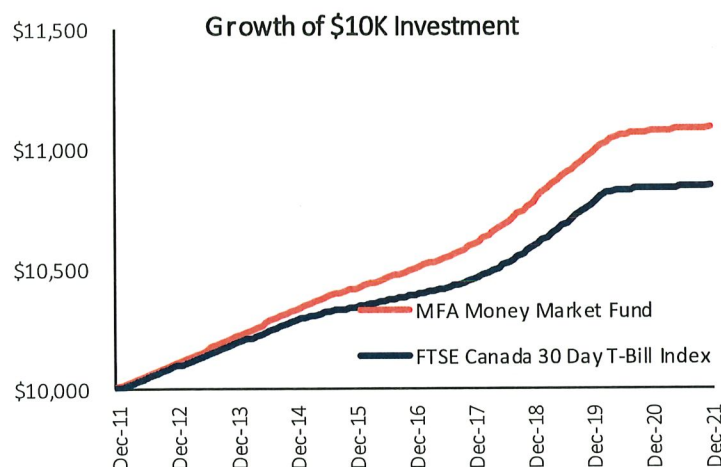
MFA Money Market Fund

The principal objective of the Money Market Fund is to provide participating investors with interest income through investing primarily in high-quality money market instruments. The Fund will hold assets with maturities no longer than 366 days.

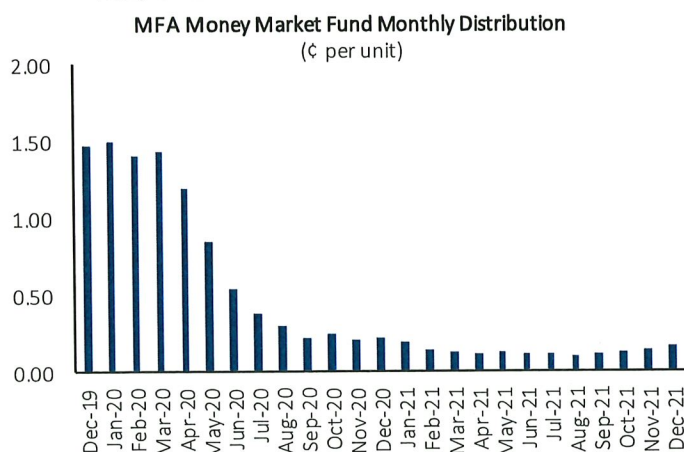
Over the month, the yield curve flattened as long-term Government of Canada bond yields fell by more than short-term Government of Canada bond yields. Against this backdrop, the MFA Money Market Fund returned +0.02% over the month.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Money Market Fund¹	0.02	0.04	0.15	0.15	0.95	1.09	3.60
<i>FTSE Canada 30-day T-Bill Index</i>	-0.01	-0.01	-0.04	-0.04	0.65	0.72	3.33
<i>Difference</i>	+0.03	+0.05	+0.19	+0.19	+0.30	+0.37	+0.27

¹ Total return is net of fees (12.5 bps annually). Total return less than 1 year is not annualized.



*Fund performance is net of fees



*Distributions include all interest income and coupon payments earned on investments, and are paid daily. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets	\$1,702,882,601	\$1,678,832,820
Average term	56 days	53 days
Yield to maturity	0.30%	0.32%
Number of issues	181	190
Number of issuers	44	42

Top 10 Holdings	% Assets
STABLE TRUST D/N	2.21%
ENBRIDGE GAS INC D/N	2.21%
C.I.B.C. B/A	2.02%
PRIME TRUST D/N	1.78%
C.I.B.C. B/A	1.76%
PLAZA TRUST D/N	1.70%
T D BANK B/A	1.60%
SOUND TRUST D/N	1.56%
INTER PPL COR D/N	1.55%
TRANSCANADA PIPE D/N	1.46%

Issuer Type	Nov-30	Dec-31
Financial	21.98%	25.42%
Non-Financial	78.02%	74.58%
Government*	0.00%	0.00%
Mortgages/MBS	0.00%	0.00%
Pooled fund cash	0.00%	0.00%

*includes federal and provincial government

Rating	Nov-30	Dec-31
R1H	56.84%	63.81%
R1M	11.30%	10.57%
R1L	31.86%	25.63%

MFA Government Focused Ultra-Short Bond Fund

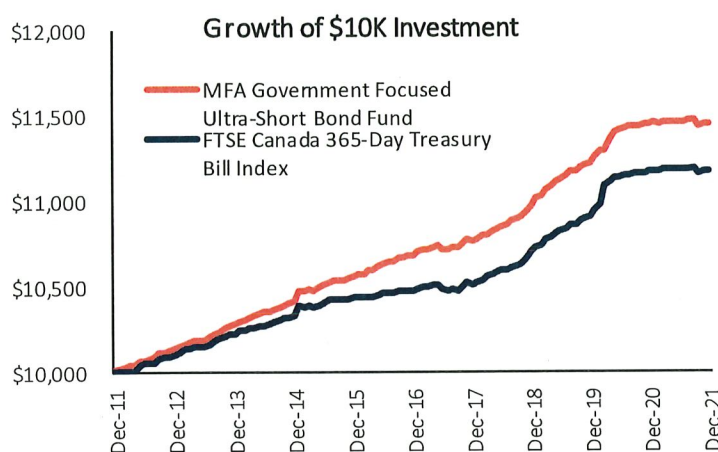
The principal objective of the Government Focused Ultra-short Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 2 years at the time of purchase.

Over the month, the MFA Government Focused Ultra-Short Bond Fund returned +0.06%, performing in line with the benchmark. The fund remains biased towards high-quality provincial and financial corporate bonds given their yield advantage over similar term federal bonds.

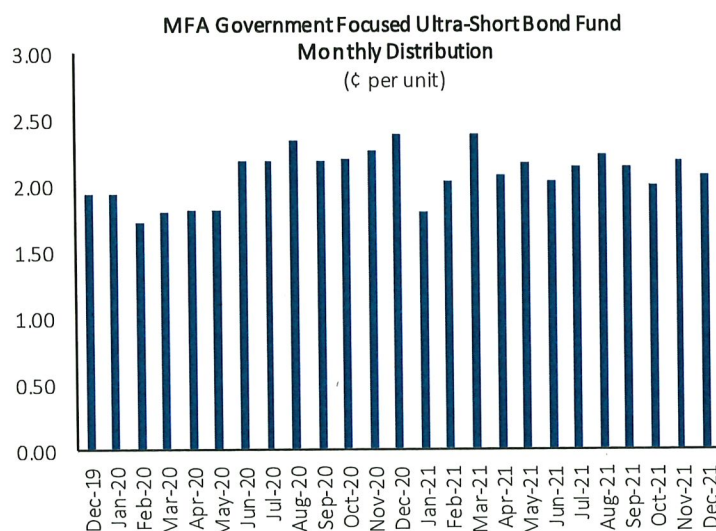
Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Government Focused Ultra-Short Bond Fund	0.06	-0.15	-0.01	-0.01	1.44	1.40	3.27
<i>FTSE Canada 365-Day Treasury Bill Index</i>	<i>0.06</i>	<i>-0.15</i>	<i>-0.07</i>	<i>-0.07</i>	<i>1.30</i>	<i>1.12</i>	<i>2.91</i>
<i>Difference</i>	<i>+0.00</i>	<i>+0.00</i>	<i>+0.06</i>	<i>+0.06</i>	<i>+0.14</i>	<i>+0.28</i>	<i>+0.36</i>

¹ Total return is net of fees (12.5 bps annually). Total return less than 1 year is not annualized.

² Government Focused Ultra-Short Bond Fund – May 18, 2020 (previously Intermediate Fund - March 30, 1994)



*Fund performance is net of fees



*Distributions include all interest income and coupon payments earned on investments, and are paid monthly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets	\$324,990,644	\$312,279,395
Average term	0.89 years	0.85 years
Yield to maturity	0.68%	0.72%
Modified duration	0.87 years	0.83 years
Number of issues	10	11
Number of issuers	8	8

Top 10 Holdings	% Assets
Ontario 3.2%, Jun 2, 2022	31.00%
Ontario 2.9%, Jun 2, 2023	11.99%
Canada Housing Trust 2.4%, Dec 15, 2022	10.77%
Bank of Nova Scotia 2.4%, Dec 5, 2022	7.91%
RBC 2.4%, Dec 5, 2022	7.48%
Alberta 1.6%, Sep 1, 2022	7.23%
C.I.B.C. 2.4%, Jun 9, 2023	5.18%
Alberta 2.6%, Dec 15, 2022	4.89%
Canada Housing Trust 2.7%, Dec 1, 2022	4.74%
Quebec 3.5%, Dec 1, 2022	4.55%

Issuer Type	Nov-30	Dec-31
Financial	24.81%	24.85%
Non-Financial	0.00%	0.00%
Government*	75.19%	75.16%
Mortgages/MBS	0.00%	0.00%
Pooled fund cash	0.00%	0.00%

*includes federal and provincial government

Rating	Nov-30	Dec-31
AAA/R1H	25.13%	15.15%
AA/R1M	66.46%	69.35%
A/R1L	8.42%	15.14%

MFA Bond Fund

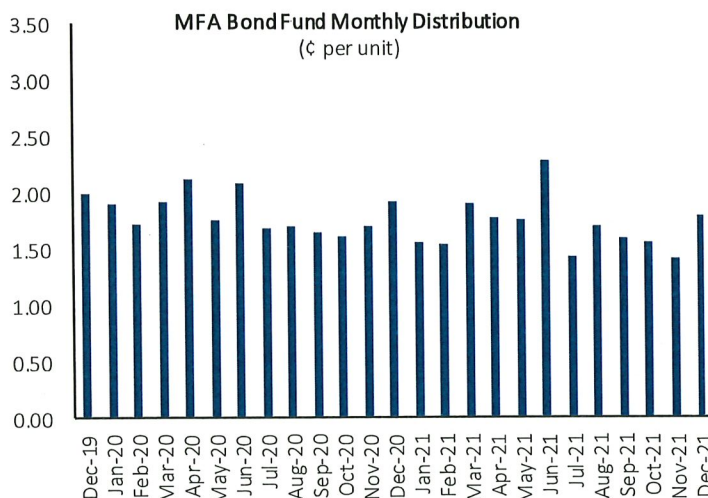
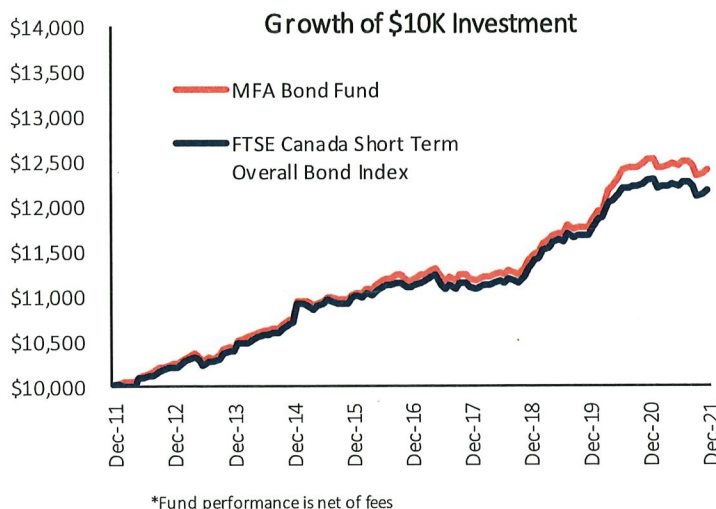
The principal objective of the short-term Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 7.25 years at the time of purchase.

The MFA Bond Fund returned +0.35% over the month, performing in line with its benchmark. The portfolio's overweight bias to corporate bonds was additive to relative performance. However, this was offset by the portfolio's short duration position and underweight bias to federal bonds, which detracted from relative returns.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Bond Fund	0.35	-0.40	-0.82	-0.82	2.88	2.12	5.58
FTSE Canada Short Term Overall Bond Index	0.35	-0.54	-1.13	-1.13	2.25	1.66	5.27
Difference	+0.00	+0.14	+0.31	+0.31	+0.63	+0.46	+0.31

¹ Total return is net of fees (20 bps annually). Total return less than 1 year is not annualized.

³ Inception date: May 1, 1989



*Distributions include all interest income and coupon payments earned on investments, and are paid monthly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets	\$734,649,123	\$717,412,434
Average term	2.67 years	2.68 years
Yield to maturity	1.44%	1.40%
Modified duration	2.52 years	2.53 years
Number of issues	146	141
Number of issuers	66	66

Top 10 Holdings	% Assets
Ontario 2.6%, Jun 2, 2025	4.8%
Canada 0.5%, Nov 1, 2023	4.5%
Canada 1.0%, Sep 1, 2026	4.5%
Canada 0.8%, Feb 1, 2024	4.2%
Canada Housing Trust 1.6%, Dec 15, 2026	3.9%
Canada Housing Trust 2.6%, Dec 15, 2023	3.6%
Canada Housing Trust 1.3%, Jun 15, 2026	2.4%
Manufacturers Life Insur. 3.2%, Nov 22, 2027	2.3%
Ontario 1.8%, Sep 8, 2025	1.9%
Ontario 2.4%, Jun 2, 2026	1.7%

Issuer Type	Nov-30	Dec-31
Financial	17.13%	17.70%
Non-Financial	30.53%	29.36%
Government*	38.10%	38.93%
Mortgages/MBS	5.07%	5.11%
Pooled fund cash	9.16%	8.90%

*includes federal and provincial government

Rating	Nov-30	Dec-31
Cash & short term	9.16%	8.90%
AAA	24.19%	25.82%
AA	19.03%	19.06%
A	24.73%	24.42%
BBB & below	17.83%	16.69%
Mortgages/MBS	5.07%	5.11%

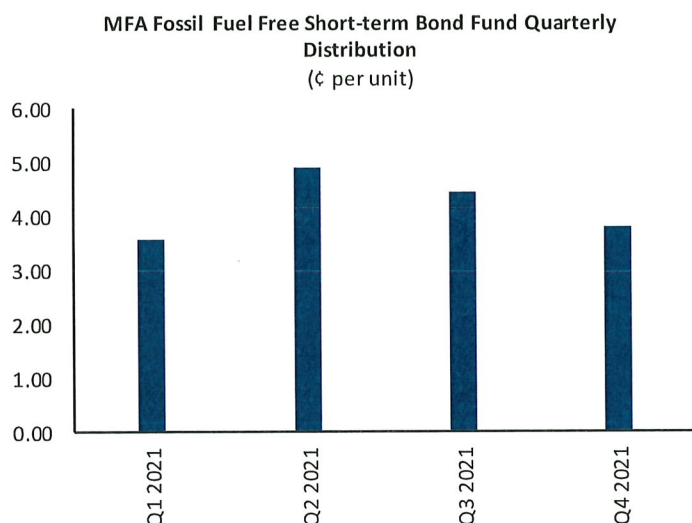
MFA Fossil Fuel Free Short Term Bond Fund

The principal objective of the Fossil Fuel Free Short-Term Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 7.25 years at the time of purchase. The Fund shall not invest in securities of Issuers directly involved in the extraction, processing and transportation of coal, oil, or natural gas ("fossil fuels").

Over the month, the Fossil Fuel Free Short-Term Bond Fund returned +0.35%, performing in line with its benchmark. The portfolio's overweight bias to corporate bonds was additive to relative performance. However, this was offset by the portfolio's short duration position and underweight bias to federal bonds, which detracted from relative returns.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Fossil Fuel Free Short-term Bond Fund	0.35	-0.44	-0.92	-0.92	-	-	1.67
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>0.35</i>	<i>-0.54</i>	<i>-1.13</i>	<i>-1.13</i>	-	-	<i>0.71</i>
<i>Difference</i>	<i>+0.00</i>	<i>+0.10</i>	<i>+0.21</i>	<i>+0.21</i>	-	-	<i>+0.96</i>

¹ Total return is net of fees (20 bps annually). Total return less than 1 year is not annualized. ² Inception date: May 5, 2020



*Distributions include all interest income and coupon payments earned on investments, and are paid quarterly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Nov-30	Dec-31
Fund total net assets*	\$159,415,254	\$160,000,464
Average term	2.66 years	2.66 years
Yield to maturity	1.42%	1.36%
Modified duration	2.52 years	2.52 years
Number of issues	87	88
Number of issuers	39	42

*MFA owns units of the RBC Vision Fossil Fuel Free Short-term Bond Fund (total size \$277,072,141)

Top 10 Holdings	% Assets
Canada 1.0%, Sep 1, 2026	5.26%
Ontario 2.6%, Jun 2, 2025	4.65%
Canada Housing Trust 1.6%, Dec 15, 2026	4.41%
Ontario 3.5%, Jun 2, 2024	3.40%
Hydro One Inc. 0.7%, Jan 16, 2023	3.29%
Canada Housing Trust 1.3%, Jun 15, 2026	3.07%
Bruce Power LP 3.0%, Jun 21, 2024	2.72%
Ontario 2.9%, Jun 2, 2023	2.57%
Ontario Power Gen 2.9%, Apr 8, 2025	2.52%
Bank of Montreal, 2.9% Mar 6, 2024	2.08%

Issuer Type	Nov-30	Dec-31
Financial	18.63%	19.39%
Non-Financial	29.30%	26.99%
Government*	36.21%	37.70%
Mortgages/MBS	4.47%	4.39%
Pooled fund cash	11.38%	11.52%

*includes federal and provincial government

Rating	Nov-30	Dec-31
Cash & short term	11.38%	11.52%
AAA	20.01%	21.57%
AA	25.74%	24.78%
A	24.43%	25.20%
BBB & below	13.98%	12.55%
Mortgages/MBS	4.47%	4.39%

MFA Mortgage Fund

The principal objective of the Mortgage Fund is to provide participating investors with interest income, and diversification benefits by capitalizing on the illiquidity premium offered by the Canadian commercial mortgage markets. The Fund shall indirectly invest primarily in first mortgages on income producing commercial properties in Canada with an average term of 2 to 5 years.

The MFA mortgage fund returned +0.64% over the month, outperforming its benchmark. Mortgage spreads were broadly flat over the month, ending December at a yield of 161 basis points over similar-term Government of Canada bonds.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception ²
MFA Mortgage Fund	0.64	0.47	1.45	1.45	-	-	2.91
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>0.34</i>	<i>-0.56</i>	<i>-1.18</i>	<i>-1.18</i>	-	-	<i>1.46</i>
<i>Difference</i>	<i>+0.30</i>	<i>+1.03</i>	<i>+2.63</i>	<i>+2.63</i>	-	-	<i>+1.45</i>

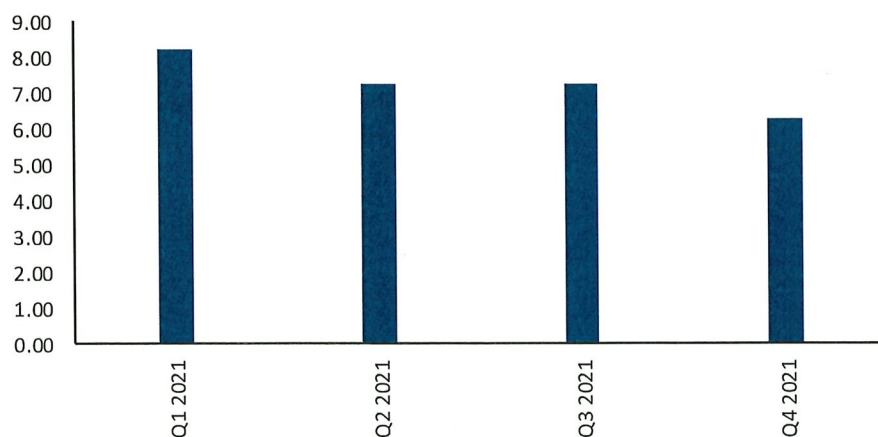
¹ Total return is net of fees (25 bps annually). Total return less than 1 year is not annualized.

³ Inception date: January 29, 2020

Fund Characteristics	Nov-30	Dec-31
Fund total net assets*	\$143,056,406	\$144,001,156
Weight average spread	163 bps over similar term GoC bonds	161 bps over similar term GoC bonds
Weighted average amortization	21.5 years	21.6 years
Average term-to-maturity	3.9 years	4.0 years
Current portfolio yield	2.31%	2.28%
Weighted average duration	3.2 years	3.3 years
Weighted loan-to-value	54%	55%
Weighted average cash flow coverage	1.7x	1.7x
Number of mortgages	566	555
Largest mortgage	2.1%	2.1%
Marketable securities & cash	12.0%	13.4%

*MFA owns units of the PH&N Mortgage Pension Trust (total size \$5,127,968,919)

MFA Mortgage Fund Quarterly Distribution
(¢ per unit)



*Distributions include all interest income and coupon payments earned on investments, and are paid quarterly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

TO: Audit & Finance Committee

MEETING DATE: 28-Feb-2022

FILE NO: 05-1830-20

FROM: Chief Administrative Officer

MEETING: Audit & Finance Committee

SUBJECT: Auditor Planning Report for 2021

EXECUTIVE SUMMARY:

As part of their work to ensure that the City's Consolidated Financial Statements can be relied on BDO Canada LLP is required to communicate with Council, through the Audit & Finance Committee, before the start of the audit. The attached Audit Planning Report from BDO Canada LLP provides the Committee with information regarding the work that the auditors will undertake during their audit of the City's 2021 Consolidated Financial Statements and provides contact information for the audit team should the Committee wish to contact them directly.

RECOMMENDATION:

That the attached Audit Planning Report be received for information

DISCUSSION:

a) Background Context:

BDO Canada LLP is required to communicate to Council, through the Audit & Finance Committee, both before and after the audit as part of their work to form an opinion regarding the City's Consolidated Financial Statements.

The attached audit planning report is their pre-audit communication to you. In previous years the audit partner has attended meetings to review this letter with you. This year, in looking for opportunities to streamline our year-end processes we are providing you with the report, highlighting some key points and affirming the opportunities for you to communicate directly with the auditors should you wish to do so.

The auditors are responsible for planning and performing the audit in such a way that they can be reasonably sure that the statements are free of material misstatements. To accomplish this their work considers the risk of misstatement due to fraud, or that revenues or expenses may be misstated beyond a material amount. The materiality amount is set each year, using a standardized formula, and represents the amount by which amounts in the statements could be misstated without affecting their overall reliability. For 2021, this limit set at \$3.2 million for operations and \$22.5 million for tangible capital assets. Staff work diligently to ensure that the statements are free of all misstatements to the extent possible.

Should you wish to communicate directly with the audit team contact information is provided on page 5 of the audit planning report and included here for convenience.

Name	Role	Phone Number	E-Mail
Brian Szabo, CPA, CA	Engagement Partner	604-646-3389	bszabo@bdo.ca
Mario Piroddi, CPA, CA, CISA	Quality Review Partner	250-372-9505	mpiroddi@bdo.ca
Andrew Davies, CPA	Assurance Sr. Manager	604-646-6221	andavies@bdo.ca
Darren Taylor, CPA, CA	Indirect Tax Partner	604-443-4725	dtaylor@bdo.ca

Following the conclusion of the audit BDO Canada LLP will prepare another report providing information on the work completed and details their findings. We will ask the engagement partner to attend that meeting to address any questions you may have at that time.

CONCLUSION:

The attached Audit Planning Report provides Council, through the Audit & Finance Committee, with information about the upcoming audit of the City's 2021 Consolidated Financial Statements. A post audit report will be provided following the conclusion of the audit. It is expected that report will be available in late April.


Prepared by: **Catherine Nolan, CPA, CGA**
Deputy Director of Finance


Reviewed by: **Trevor Thompson, BBA, CPA, CGA**
Director of Finance


Approved by: **Christina Crabtree**
General Manager of Corporate Services


Concurrence: **Scott Hartman**
Chief Administrative Officer

Attachments:
(A) Audit Planning Report

City of Maple Ridge

Audit planning report to the Audit and Finance
Committee for the year ended December 31,
2021

START

IBDO

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To the Audit and Finance Committee of the City of Maple Ridge

We are pleased to provide you with this planning report to highlight and explain key issues we believe to be relevant to the audit of City of Maple Ridge (the “City”) financial statements for the year ended December 31, 2021.

The enclosed planning report includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Audit and Finance Committee in fulfilling its responsibilities. This report has been prepared solely for the use of the Audit and Finance Committee 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 completing our draft audit report opinion and discussing our 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

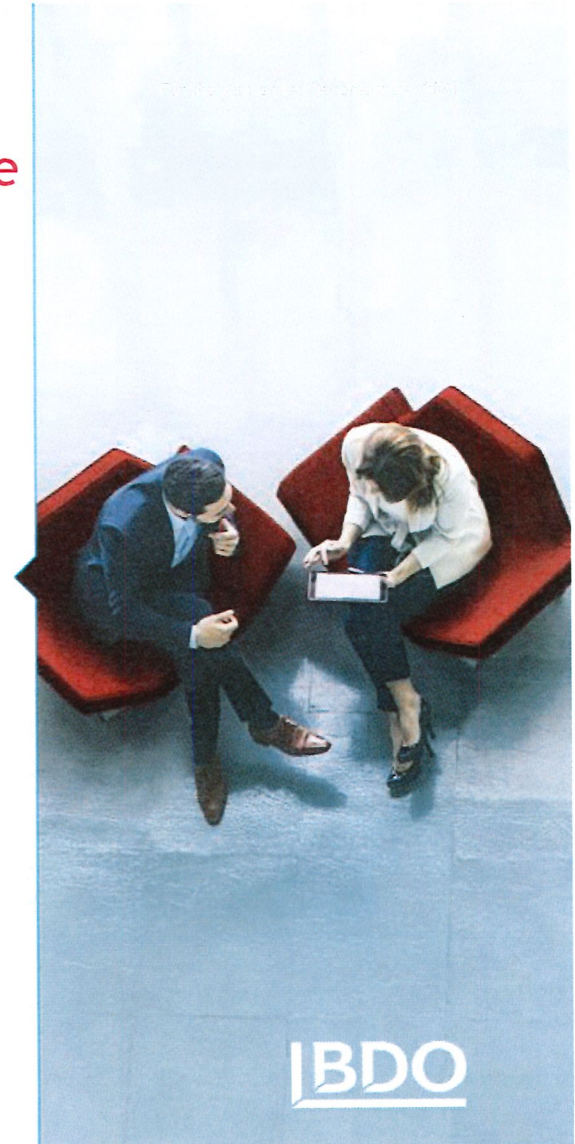


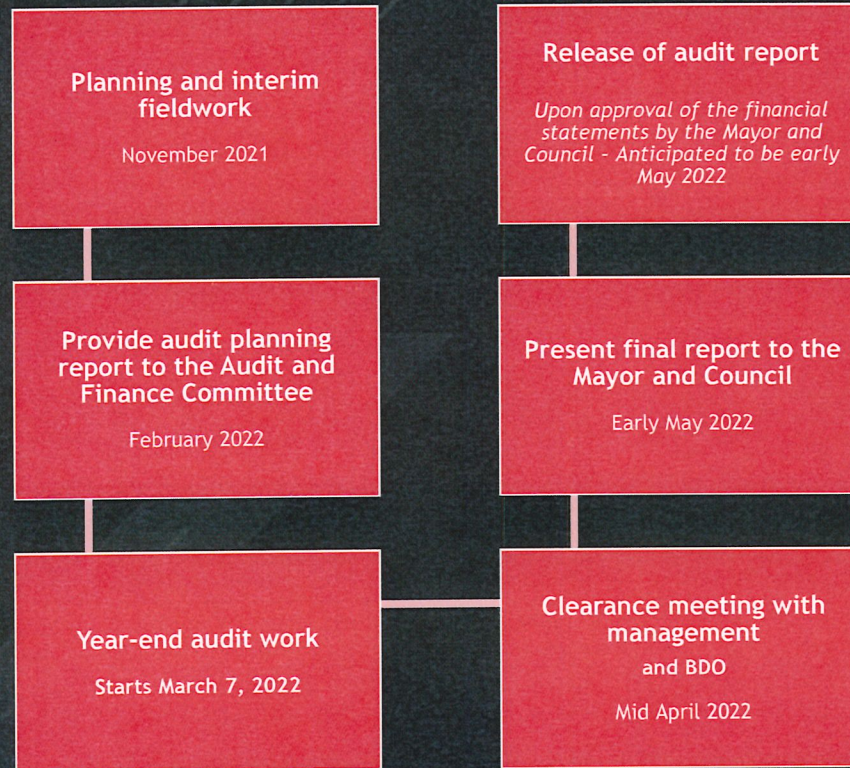
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Audit timeline

For the year ended December 31, 2021





Your dedicated BDO audit team

In order to ensure effective communication between the Audit and Finance Committee and BDO Canada LLP, the contact details of the engagement team are outlined below. We attempt to provide continuity of service to our clients to the greatest extent possible.

NAME	ROLE	PHONE NUMBER	EMAIL
Brian Szabo, CPA, CA	Engagement Partner	604.646.3389	bszabo@bdo.ca
Mario Piroddi, CPA, CA, CISA	Quality Review Partner	250.372.9505	mpiroddi@bdo.ca
Andrew Davies, CPA	Assurance Senior Manager	604.646.6221	andavies@bdo.ca
Darren Taylor, CPA, CA	Indirect Tax Partner	604.443.4725	dtaylor@bdo.ca



Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter attached as Appendix A to this letter, is set out below:

Year-End Audit Work

- ▶ Work with management towards the timely issuance of the financial statements.
- ▶ Provide timely and constructive management letters. This may include deficiencies in internal control identified during our audit.
- ▶ Present significant findings to the Mayor and Council including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.



We are required to obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.

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

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For the year ended December 31, 2021



Auditor's responsibilities: fraud

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your
financial statements

[SEE OUR PROCESS](#)

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Auditor's responsibilities: fraud

Throughout our planning process, we performed risk assessment procedures and related activities to obtain an understanding of the City and its environment, including the City's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries of management regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the City, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud relevant to the City; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not currently aware of any fraud affecting the City. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.

For the year ended December 31, 2021

BDO



Audit risk areas and planned responses

Based on our knowledge of the City's business, our past experience, and knowledge gained from management and Mayor and Council, we have identified the following significant audit risk areas that we wish to raise to your attention.

Risks classified as significant arise due to a combination of: complex accounting rules, changes in operations or business lines, the extent of estimation and judgment involved in the financial statement area, and the existence of new accounting pronouncements that affect them. We request your input on the following significant risks and whether there are any other areas of concern that Mayor and Council have identified.

Financial statement areas	Risks noted	Audit approach
Risk of Fraudulent Revenue Recognition <i>[Rebuttable presumption]</i>	Auditing standards require us to consider the risk of fraudulent revenue recognition, due to the nature of the City's revenue, we have rebutted this presumption.	Review of funding agreements, with a focus on key terms related to revenue recognition criteria, including: total funding amounts, eligibility criteria, stipulations and potential repayment.
Recognition of Grant & Government Transfer Revenue	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.	Verify a sample of grant fund receipts to the bank statement and supporting payment notification from the funder. Expenditures incurred for projects funded by arrangements that include stipulations will also be reviewed to ensure those expenditures meet the requirements of the funding agreement. Review other revenue streams to ensure they are recorded in accordance with revenue recognition standards.
Management Override of Internal Controls <i>[Mandatory audit consideration]</i>	Management is generally in a unique position to perpetrate fraud because of its ability to directly or indirectly manipulate accounting records, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. This risk is not unique to the City.	Review of transactions recorded in various ledgers for unusual, non-recurring adjustments that are not addressed by other audit procedures. Test the appropriateness of key estimates, and any adjustments made in the preparation of the financial statements.

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Materiality

Materiality for financial statement amounts relating to operations is preliminarily set at \$3.2 million. Materiality for tangible capital assets is preliminarily set at \$22.5 million.

These materiality calculations are based on the City's preliminary results. Materiality will be re-assessed throughout the audit process as the City's financial results become available, and as any audit adjustments are identified.

We will communicate any changes in materiality to the Mayor and Council as part of our final audit reporting materials.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the consolidated financial statements.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Mayor and Council, other than those which we determine to be "clearly trivial."

We encourage management to correct any misstatements identified throughout the audit process.

For the year ended December 31, 2021

The logo for IBDO, with the letters 'IBDO' in a bold, white, sans-serif font. The 'I' and 'B' are connected, and the 'D' and 'O' are also connected. The logo is positioned in the bottom right corner of the page, overlaid on a photograph of a modern glass building with red trees reflected in the windows.

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Using the work of others

Experts engaged by management

To complete the audit of your financial statements, we will rely in part on the work of, and the report prepared by, HUB International Limited. This expert's work relates to the employee future benefits liability recognized by the City. Canadian generally accepted auditing standards require us to communicate with this expert. We propose to discuss the following with HUB International Limited:

- ▶ The objective and nature of our audit engagement and how we intend to use the expert's findings and report.
- ▶ Our assessment of the significant and risk aspects of the engagement that will affect the expert's work.
- ▶ The requirement to advise us if they have any relationship with the City which could impair their judgment or objectivity in the conduct of their engagement.
- ▶ The nature, timing and extent of the expert's work and our planned review of it, possibly including review of their working papers.
- ▶ Confirmation that the assumptions used in their calculations are consistent with those used in the prior periods and with industry standards.
- ▶ Their obligation to advise BDO Canada LLP of any matters up to the estimated audit report date that may affect their calculations and their report.

We ask that the appropriate level of management review the data provided to HUB International Limited and that they also review the assumptions used and results reported by the expert.





How we audit financial statements: Our six-step audit process

IDENTIFY AND ASSESS RISK

Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

REPORT

Communicate our opinion and details of matters on which we are required to report

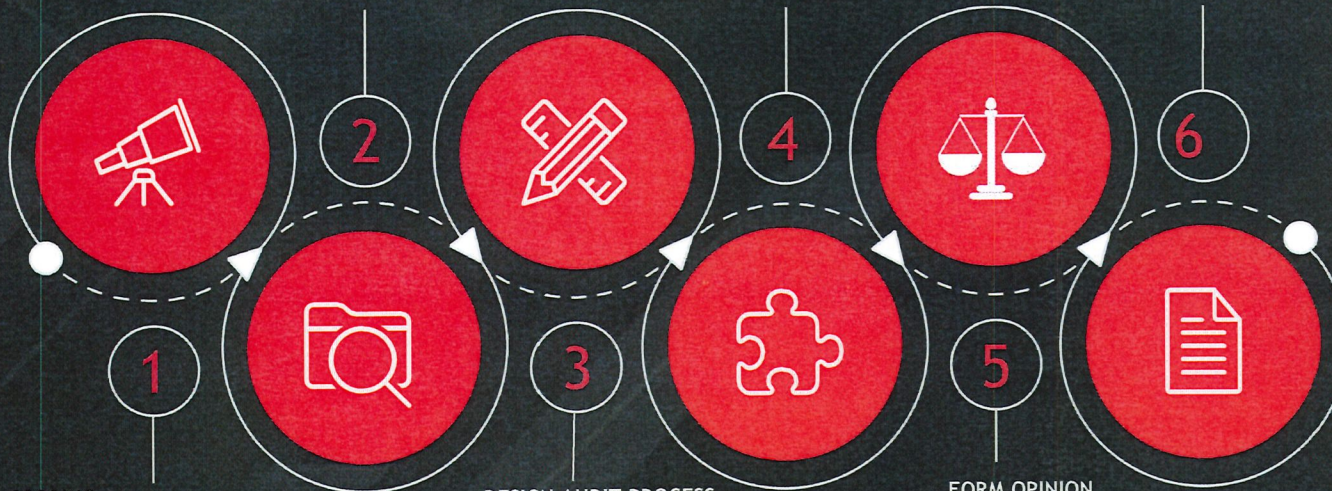
New Standard for Audit Quality



ISQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)



SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found

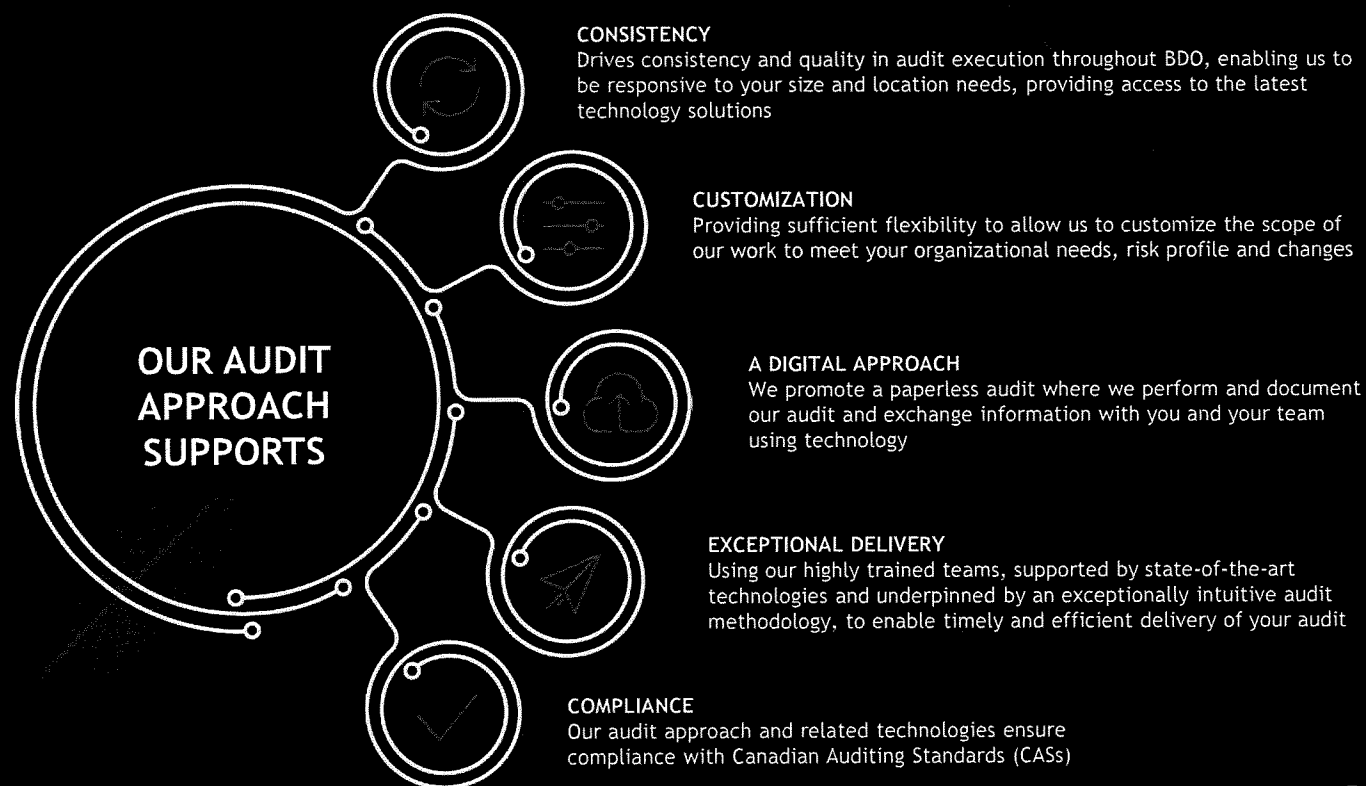
Our audit approach: Responsiveness in action

The cornerstone of each audit engagement is how we deliver our services.

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit, as well as a quick turnaround on any questions. It also helps our team gain a better understanding of your organization.

Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly.

We offer clients the full-service expertise of a national firm. Even more: As part of the global BDO network, we provide seamless and consistent cross-border services to clients with global needs. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from nearly 100 years of working within local communities.





Recommended resources

Resuming the public sector in the new normal



The COVID-19 pandemic has created a new working normal for public sector organizations. In this video, BDO discusses some of the biggest challenges facing public sector organizations as Canada enters a new phase of recovery.

BUSINESS NOT AS USUAL

How to protect against fraud and security attacks



Given the current state of vulnerability, hackers are in a prime position to take advantage. Explore optimizing the cloud for data and AI technologies, critically assessing security risks, examining best practices for online collaboration, and more.

FRAUD AND SECURITY

COVID-19: From surviving to thriving



Whether you're building a recovery plan, scanning new opportunities for growth, or revisiting your response—you'll find something to help you in our library of 100-plus webinars, articles, infographics, and videos.

EXPLORE OUR COVID-19 RESOURCE HUB

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For the year ending December 31, 2021



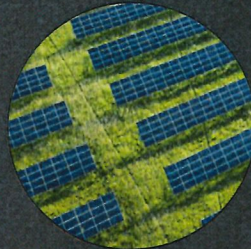
Spotlight on Sustainability

Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all your stakeholders. Organizations, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

While many of these articles are targeted at for-profit public companies, we anticipate the Canadian public sector drawing on these same concepts as sustainability reporting is formalized in the sector.

How climate change became a business issue worth reporting



[READ ARTICLE](#)

Why manufacturers should be reviewing their ESG strategy now



[READ ARTICLE](#)

What executives need to do to align ESG with strategy



[READ ARTICLE](#)

5 reasons why businesses should care about ESG



[READ ARTICLE](#)

How does COVID-19 impact the environment?



[READ ARTICLE](#)

BDO Global Sustainability Resource Hub



[EXPLORE NOW](#)

ESG, and the business case for dealing with climate change



[READ ARTICLE](#)

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For the year ended December 31, 2021



Appendices

- Appendix A: Public Sector Accounting Standards Update
- Appendix B: Engagement Letter



APPENDIX A:

PUBLIC SECTOR ACCOUNTING STANDARDS (PSAS) UPDATE 2021

September 30, 2021



It has been a busy year for the Public Sector Accounting Board (PSAB or the "Board"). Like many organizations, the Board has been hard at work dealing with the ever-evolving situation of the COVID-19 pandemic. The Board has continued to adapt and make quick decisions to address stakeholder needs. While the Board and its committees have allocated some of their focus to the pandemic, they have continued to pursue various ongoing projects.

This publication:

- looks at the impact of COVID-19
- outlines new standards effective over the next few years
- reviews the future of PSAS
- lists projects that will impact public sector entities in the future.

[DOWNLOAD PSAS UPDATE](#)

Ready for AROs?

PSAS 3280, *Asset Retirement Obligations*, is required to be implemented in the City's fiscal year starting January 1, 2023.

Are you ready? If not, reach out to your **Dedicated BDO Team**

[Follow this link for a brief on AROs](#)



Appendix B: Engagement Letter

The Engagement Letter, dated November 14, 2019, has been previously provided and can be obtained from management.