

FRASER VALLEY REGIONAL DISTRICT

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

**Fraser Valley Regional District
Consolidated Financial Statements**

December 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Fraser Valley Regional District (the "Regional District") are the responsibility of the Regional District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. A summary of the significant accounting policies are described in the notes to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Regional District's management maintains a system 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 consolidated financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters.

The consolidated financial statements have been audited by KPMG, LLP independent external auditors appointed by the Regional District. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Regional District's consolidated financial statements.



Kelly Lownsbrough, CPA, CMA
Director of Corporate Services/Chief Financial Officer



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fraser Valley Regional District

Opinion

We have audited the accompanying consolidated financial statements of Fraser Valley Regional District (the "District") which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of financial activities for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2021, and its consolidated results of financial activities, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the District 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 District'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 District or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Chilliwack, Canada

May 26, 2022

Fraser Valley Regional District
Consolidated Statement of Financial Position

December 31, 2021

	2021	2020
Financial Assets		
Cash and cash equivalents (Note 1)	\$ 21,195,040	\$ 9,033,709
Accounts receivable (Note 2)	7,502,905	5,825,966
Inventories	32,316	19,293
Investments (Note 3)	29,887,292	33,574,276
Investment in government business partnership (Note 4)	790,360	603,593
	59,407,913	49,056,837
Financial Liabilities		
Trade payables and accrued liabilities	3,982,537	2,460,286
Accrued interest	77,093	77,215
Due to Local governments	2,148,140	2,093,912
Landfill retirement costs (Note 5)	540,888	505,050
Municipal Finance Authority debentures (Note 7)	8,216,759	8,755,682
Development levies and deferred revenue (Note 8)	12,489,619	11,123,895
Community Works funds (Note 9)	6,457,904	5,172,967
	33,912,940	30,189,007
Net Financial Assets	25,494,973	18,867,830
Non-Financial Assets		
Prepaid expenses	611,785	574,111
Tangible Capital Assets (Note 10)	46,990,151	47,199,798
Intangible Capital Assets (Note 11)	456,375	486,800
	48,058,311	48,260,709
Accumulated Surplus	\$ 73,553,284	\$ 67,128,539

Impact of COVID-19 (Note 13)
Contingent Liabilities (Note 15)

Approved on behalf of the Board:

Kelly Lounsbrough Chief Financial Officer

Fraser Valley Regional District
Consolidated Statement of Financial Activities

Year Ended December 31, 2021

	Budget 2021 <i>(Note 17)</i>	Actual 2021	Actual 2020
Revenues			
Member requisitions	\$ 19,028,380	\$ 18,964,897	\$ 18,114,720
Government grants	7,408,180	5,045,340	5,344,111
Utility user fees	1,297,370	1,318,960	1,327,550
Sale of services	4,229,090	6,123,859	4,798,588
Other	2,223,080	2,388,095	1,647,796
Interest	107,910	351,942	487,771
Income from government business partnerships	-	186,767	63,166
	<u>34,294,010</u>	<u>34,379,860</u>	<u>31,783,702</u>
Expenses			
General government services	3,602,060	3,753,233	3,443,844
Protective services	7,396,020	8,512,543	8,138,350
Transportation services	3,586,990	3,353,180	3,040,477
Environmental health services	2,673,720	2,391,535	2,530,412
Environmental development services	2,326,220	1,969,335	1,727,773
Recreation and cultural services	5,922,000	5,600,509	5,478,662
Utilities services	1,799,440	2,374,780	2,495,227
	<u>27,306,450</u>	<u>27,955,115</u>	<u>26,854,745</u>
Annual Surplus	6,987,560	6,424,745	4,928,957
Accumulated Surplus, Beginning of Year	<u>67,128,539</u>	<u>67,128,539</u>	<u>62,199,582</u>
Accumulated Surplus , End of Year	<u><u>\$ 74,116,099</u></u>	<u><u>\$ 73,553,284</u></u>	<u><u>\$ 67,128,539</u></u>

Fraser Valley Regional District
Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2021

	2021	2020
Annual surplus	\$ 6,424,745	\$ 4,928,957
Acquisition of tangible capital assets	(1,675,086)	(1,957,150)
Amortization of tangible capital assets	1,860,618	1,987,033
(Gain)/Loss on sale of tangible capital assets	(205,023)	(12,031)
Proceeds on sale of tangible capital assets	229,138	19,858
Amortization of intangible capital assets	30,425	30,425
Change in prepaid expenses	(37,674)	50,460
Change in Net Financial Assets	6,627,143	5,047,552
Net Financial Assets, Beginning of Year	18,867,830	13,820,278
Net Financial Assets, End of Year	\$ 25,494,973	\$ 18,867,830

Fraser Valley Regional District
Consolidated Statement of Cash Flows

Year Ended December 31, 2021

	2021	2020
Operating Activities		
Annual surplus	\$ 6,424,745	\$ 4,928,957
Items not involving cash		
Amortization of tangible capital assets	1,860,618	1,987,033
Gain/(Loss) on sale of tangible capital assets	(205,023)	(12,031)
Amortization of intangible capital assets	30,425	30,425
Partnership income	(186,767)	(63,166)
	7,923,998	6,871,218
Change in non-cash operating items		
Accounts receivable	(1,676,941)	159,294
Inventories	(13,023)	14,643
Prepaid expenses	(37,674)	50,460
Trade payables and accrued liabilities	1,522,252	(1,465,351)
Local governments	54,228	(4,942)
Accrued interest	(121)	367
Landfill retirement costs	35,838	(2,205)
Development levies and deferred revenue	1,365,723	(1,457,665)
Community works fund	1,284,937	509,772
	10,459,217	4,675,591
Investing Activities		
Acquisition of tangible capital assets	(1,675,086)	(1,957,150)
Proceeds on sale of tangible capital assets	229,138	19,858
(Increase)/Decrease in portfolio investments	3,686,983	3,610,832
	2,241,035	1,673,540
Financing Activities		
Proceeds from debenture debt	-	81,000
Repayment of debenture debt	(538,923)	(529,347)
	(538,923)	(448,347)
Change in Cash	12,161,329	5,900,784
Cash and cash equivalents, Beginning of Year	9,033,711	3,132,927
Cash and cash equivalents, End of Year	\$ 21,195,040	\$ 9,033,711
Supplementary cash flow information:		
Interest paid	\$ 220,131	\$ 239,268

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

Basis of Presentation	The Fraser Valley Regional District financial statements have been prepared in accordance with the accounting standards of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. All material inter-fund transactions have been eliminated.
Basis of Consolidation	<p>The financial statements are presented on a consolidated basis and include the following funds:</p> <p>(a) Operating Fund</p> <p style="padding-left: 40px;">The operating fund reflects the financial activities associated with the provision of general municipal and utility services during the year.</p> <p>(b) Capital Fund</p> <p style="padding-left: 40px;">The capital fund reflects the financial activities associated with the acquisition, construction and funding of capital assets.</p> <p>(c) Reserve Fund</p> <p style="padding-left: 40px;">The reserve fund reflects appropriations of surplus authorized by the Board to be set aside for the funding of future operating or capital expenditures.</p>
Budget Amounts	Budget amounts reflect the statutory annual budget as adopted by the board on January 28, 2021.
Comparative Figures	Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.
Revenue Recognition	Revenues from member requisitions and grants in lieu of taxes are recognized in the year that they apply. Revenue from sales of services are recognized when the services are provided. Government grants are recognized when they are approved by senior governments and the conditions required to earn the grants have been completed. Development levies are recognized as revenue in the period the funds are expended on a development project. Development levies not expended are recorded as unearned revenue.
Cash and Cash Equivalents	Cash and cash equivalents include cash as well as deposits in term deposits. These investments are highly liquid and are readily convertible to known amounts of cash.
Portfolio Investments	Portfolio investments are recorded at amortized cost plus accrued interest. Discounts or premiums arising on the purchase of portfolio investments are amortized on a straight-line basis over the term of maturity. If it is determined that there is a permanent impairment in the value of the investment, it is written down to net realizable value.

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

Non-Financial Assets

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

(i) Tangible Capital Assets

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

Asset	Useful Life - Years
Land improvements	3 - 50
Buildings and building improvements	10 - 100
Vehicles	5 - 20
Machinery and equipment	3 - 15
Water and wastewater infrastructure	10 - 100

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets is available for productive use.

(ii) Intangible Capital Assets

Intangible capital assets are recorded at cost, which includes amounts for the campground license related to the purchase of the Vedder River Campground occupation license. The costs are amortized on a straight-line basis over their estimated useful life as follows:

Asset	Useful Life - Years
Campground license	20

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

Non-Financial Assets (con't)

(iii) Contributions of Tangible Capital Assets

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

(iv) Natural Resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(v) Works of Art and Cultural Historic Assets

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

Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and at the date of the financial statements, and reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

Liability for Contaminated Sites Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Regional District:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefits will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

The Regional District has determined that as of December 31, 2021, no contamination in excess of an environmental standard exists related to land not in productive use for which the Regional District is responsible.

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

1. Cash and cash equivalents

	2021	2020
Cash	\$ 21,195,040	\$ 9,033,709
Cash Equivalents	-	-
	<u>\$ 21,195,040</u>	<u>\$ 9,033,709</u>

2. Accounts Receivable

	2021	2020
Accrued interest - investments	\$ 89,701	\$ 132,449
Local government	715,503	654,159
Provincial Government	1,183,301	622,437
MFA Debt Reserve - Cash	1,632,295	1,604,995
Regional Hospital District	390,350	(4,796)
Trade Accounts and User Fees	3,491,755	2,816,721
	<u>\$ 7,502,905</u>	<u>\$ 5,825,965</u>

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

3. Investments

The District holds investments in bonds, GICs, and high-interest investment tools.

Investments held at December 31, 2021 are as follows:

		Amount	Effective Interest Rate	Maturity Date
Bonds:	BNS EXT STEP	\$ 1,060,000	3.12%	November 21, 2030
	BMO EXT STEP	4,000,000	2.06%	December 21, 2030
	Discount on purchase of bonds	(22,709)		
GICs:	RBC INVSAVINGS	5,025,057	2.35%	August 9, 2022
	CCS GIC	2,000,000	2.70%	April 1, 2022
	BLUESHORE CU GIC	1,333,333	2.60%	May 27, 2022
	CCS GIC	1,000,000	2.65%	August 29, 2022
	CCS GIC	1,000,000	1.15%	February 9, 2023
	CCS GIC	1,000,000	2.50%	March 2, 2023
	CWB GIC	1,700,000	1.22%	September 21, 2023
	ROYAL BNK GIC	2,500,000	0.76%	June 22, 2022
	SCOTIA BNK ANN GIC	2,000,000	0.82%	December 22, 2022
	SCOTIA BANK CMP ANN	2,291,611	0.92%	June 21, 2023
Term Deposits:	ENVISION	5,000,000	0.65%	December 21, 2022
		<u>\$ 29,887,292</u>		

Investments held by the Regional District include securities guaranteed for principal and interest by Canada or by a province, and deposits of chartered banks and credit unions.

Investments at December 31, 2021 have a total carrying value of \$29,976,992 (2020 - \$33,706,755), consisting of amortized cost of \$29,887,292 (2020 - \$33,574,276) and related accrued interest of \$89,700 (2020 - \$132,479). The market value of these investments at December 31, 2021 is approximately \$29,642,802 (2020 - \$33,994,782).

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

4. Investment in Government Business Partnership

(a) The District owns a 1/3 partnership share in the Cascade Lower Canyon Community Forest LP "CLCCF" or the "Partnership".

(b) In 2006, the District along with the Yale First Nation and the District of Hope established the CLCCF for the purpose of operating a community forest. The District initially invested \$10,000 for 10,000 units in the Partnership. In 2013, the Partnership acquired a license to forest up to 34,300 cubic meters of timber annually. At this time net revenues are anticipated to remain within the Partnership until such time that the CLCCF Board determines that sufficient reserves exist to fund capital needs related to forestry operations. Should the Partnership cease to exist, the District would be entitled to 1/3 of the accumulated equity.

The Partnership has a March 31 year-end. The condensed results for its year end March 31, 2021 are summarized below.

CLCCF Condensed Financial Statements:

	2021	2020
Assets		
Cash	\$ 2,147,104	\$ 1,084,503
Other Current Assets	71,152	669,304
Tangible Capital Assets	256,250	95,552
	\$ 2,474,506	\$ 1,849,359
Liabilities		
Accounts Payable	\$ 109,657	\$ 44,869
Partnership Equity	2,364,849	1,804,490
	\$ 2,474,506	\$ 1,849,359
Income Statement		
	2021	2020
Total Revenue	\$ 5,127,464	\$ 4,609,437
Total Expenses	4,567,105	4,419,933
Net Income	\$ 560,359	\$ 189,504

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

5. Landfill Retirement Costs

Asset retirement obligations consist of landfill closing and post closure costs. Progressive closure costs are estimated at \$1,441,062. Landfill closure costs will be met by annual appropriations and accretion expense based on a plan to fully fund the closure costs by the expected closure date. The Regional District has a statutory obligation to maintain and monitor the landfill site after it is closed. As of 2018, post closure costs were estimated at \$640,000. Post closure costs will be met by annual budget appropriation in the years in which they are incurred. As currently engineered, and based on current waste disposal patterns, the landfill has a total life expectancy of 50 years. The interest rate currently being paid by the Fraser Valley Regional District on MFA debt is 3.36%.

Each year, the Fraser Valley Regional District records an accretion amount such that at the time the retirement obligations arise, they will be offset by the total held in reserves. A liability of \$540,888 has been set aside at December 31, 2021.

6. Municipal Finance Authority Debt Fund

- (a) All funds borrowed by the Regional District are upon its credit at large and will, in event of default, constitute an indebtedness of its member municipalities for which they are jointly and severally liable.
- (b) Debenture debt payments (including interest) as at December 31, 2021 are projected for the next five years as follows:

	Member Municipalities	Regional District	Total
2022	\$ 7,373,746	\$ 759,176	\$ 8,132,922
2023	7,359,886	758,569	8,118,455
2024	7,359,886	758,569	8,118,455
2025	7,324,297	732,419	8,056,716
2026	7,174,751	704,167	7,878,918
	<u>\$ 36,592,566</u>	<u>\$ 3,712,900</u>	<u>\$ 40,305,466</u>

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

7. Municipal Finance Authority Debentures

(a) The Regional District has entered into agreements with member municipalities for the purpose of financing municipal undertakings. Under the terms of these agreements, the municipalities are required to provide for and to pay to the Regional District such amounts as are required to discharge their obligations. Any deficiency that may occur shall be a liability of the municipalities.

(b) Municipal Finance Authority debentures are shown net of debt charges recoverable:

	2021	2020
Debentures	\$ 58,657,190	\$ 63,856,190
Debt charges recoverable	(50,440,431)	(55,100,508)
	\$ 8,216,759	\$ 8,755,682

8. Development Levies and Deferred Revenue

Development levies represent amounts received from developers for capital infrastructure expenditures required as a result of their development projects. As these amounts are expended, the deferred revenue will be reduced and the amount expended will be recorded as revenue in the statement of financial activities. The following development levies are restricted for specified purposes.

	2021	2020
West Popkum Drainage	\$ 261,510	\$ 251,887
Lakeside Trail	283,468	279,975
Bell Acres Water	20,227	19,978
Parkview Water	73,499	72,594
Area D Water	135,410	125,591
Deroche Water	139,062	137,348
Area C Parks Cash in Lieu	19,303	19,066
Area D Parks Cash in Lieu	126,105	124,551
Area D Parks VCC	68,107	67,267
Area F Parks Cash in Lieu	43,052	42,521
Area H Parks Cash in Lieu	54,038	53,372
	\$ 1,223,781	\$ 1,194,150

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

8. Development Levies and Deferred Revenue (continued)

Deferred Revenues represent amounts received in advance for services which have not yet been provided.

	2021	2020
Deferred Revenue - Utilities	2,977	4,877
Deferred Revenue - Other	84,291	69,175
Deferred Grants - Capital projects	10,795,263	9,463,833
Deferred Revenue - Vedder Campground	5,683	9,620
Deferred Revenue - Animal Control	327,852	337,387
Deferred Revenue - Hope Recreation	49,772	44,853
	<u>11,265,838</u>	<u>9,929,745</u>
Total development levies and deferred revenue	<u>12,489,619</u>	<u>11,123,895</u>

9. Community Works Funds

Community Works Fund Agreement funding is provided by the Government of Canada and use of the funding is established by a funding agreement between the Regional District and the Union of British Columbia Municipalities. Community Works Fund Agreement funding may be used towards designated public transit, community energy, water, wastewater, solid waste and capacity building projects, as specified in the funding agreement.

Schedule of Receipts and Disbursements of Community Works Agreement Funds

	2021	2020
Opening balance of unspent funds	\$ 5,172,967	\$ 4,663,195
Add: Amount received during the year	1,680,462	821,563
Interest earned	79,582	90,233
Less: Amount spent on projects	(475,107)	(402,024)
	<u>\$ 6,457,904</u>	<u>\$ 5,172,967</u>

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

10. Tangible Capital Assets

Cost	Balance at December 31, 2020	Additions	Transfers and Disposals	Balance at December 31, 2021
Land	\$ 3,651,553	\$ -	\$ -	\$ 3,651,553
Engineering structures	37,444,700	786,013	-	38,230,713
Buildings and building improvements	14,861,485	-	(61,750)	14,799,735
Vehicles, machinery and equipment	14,024,785	1,013,362	(106,521)	14,931,626
Assets under construction	5,260,567	698,039	(822,328)	5,136,278
Total	\$ 75,243,090	\$ 2,497,414	\$ (990,599)	\$ 76,749,905

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Engineering structures	\$ 10,281,515	\$ -	\$ 693,353	\$ 10,974,868
Buildings and building improvements	8,380,037	(61,750)	501,722	8,820,009
Vehicles, machinery and equipment	9,381,741	(82,405)	665,543	9,964,879
Total	\$ 28,043,293	\$ (144,155)	\$ 1,860,618	\$ 29,759,756

	Net book value December 31, 2020	Net book value December 31, 2021
Land	\$ 3,651,553	\$ 3,651,553
Engineering structures	27,163,186	27,255,847
Buildings and building improvements	6,481,448	5,979,726
Vehicles, machinery and equipment	4,643,044	4,966,747
Assets under construction	5,260,567	5,136,278
Total	\$ 47,199,798	\$ 46,990,151

(a) Assets Under Construction

Assets under construction having a value of \$5,136,278 (2020 - \$5,260,567) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

11. Intangible Capital Assets

The campground license relates to the purchase of the Vedder River Campground occupation license.

Cost	Balance at December 31, 2020	Additions	Transfers and Disposals	Balance at December 31, 2021
Campground license	\$ 608,500	\$ -	\$ -	\$ 608,500
Total	\$ 608,500	\$ -	\$ -	\$ 608,500

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Campground license	\$ 121,700	\$ -	\$ 30,425	\$ 152,125
Total	\$ 121,700	\$ -	\$ 30,425	\$ 152,125

	Net book value December 31, 2020	Net book value December 31, 2021
Campground license	\$ 486,800	\$ 456,375
	\$ 486,800	\$ 456,375

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

12. Pension Liability

The Regional District 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.

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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$643,053 (2020 - \$587,127) for employer contributions to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

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

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

13. Impact of COVID-19

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation has been dynamic and the pandemic continued throughout 2021. The Regional District was in receipt of Provincial Safe Restart Funds intended to assist local governments' response to the pandemic. A summary of the use of the funds by the Regional District is as follows:

	2021	2020
Funding Recieved from Province of BC	\$ 431,000	\$ 1,362,000
COVID Surplus, Beginning of Year	1,084,987	-
Total Funding to be distributed	1,515,987	1,362,000
Less:		
Revenue Shortfalls	(62,870)	(155,000)
Computer and Other Electronic Technology	(132,604)	(36,995)
Facility Reopening & Operating Costs	(120,254)	(41,918)
Other Related Costs	(352,750)	(43,100)
Total COVID-19 Safe Restart Funds Spent	(668,477)	(277,013)
COVID Surplus, End of Year*	\$ 520,569	\$ 1,084,987

**At December 31, 2021, all COVID Surplus has been further allocated.*

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

14. Comparative Figures

Certain 2020 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. These reclassifications do not impact the annual surplus.

15. Contingent liabilities

a) Legal Actions

As at December 31, 2021 certain legal actions are pending against the Fraser Valley Regional District, the outcome of which cannot be reasonably determined. These actions will be settled subsequent to year end and are not of determinable amount. When the amount becomes determinable it will be included in the financial statements.

b) Municipal Finance Authority Debt Reserve Fund

With respect to amounts financed through the Authority, the Regional District is required to pay into a debt reserve fund administered by the Authority, an amount equal to one-half the average annual installment of principal and interest relative to any borrowing for its own purposes and on behalf of member municipalities. This amount may be paid either in full or in an amount of cash equal to 1% of the principal amount borrowed together with a non-interest bearing demand note for the balance. If, at any time, the Authority does not have sufficient funds to meet payments of sinking fund contributions due on its obligations, the payments or sinking fund contributions shall be made from the debt reserve fund. The demand notes payable to the Authority and receivable from member municipalities are callable only if there are additional requirements to be met to maintain the level of the debt reserve fund.

c) Municipal Insurance Association of B.C.

The District is a member of the Municipal Insurance Association (MIA) which operates under a reciprocal insurance exchange agreement. The main purpose is to pool the risk of third party liability claims against members in order to allow for stable financial planning related to those broad risk management strategies to reduce accidents occurrences against the District. The District is assessed an annual premium based on population, administrative costs, premium tax, and re-insurance oversights by the Provincial government.

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

16. Contractual Rights

In addition to the debenture charges recoverable from member municipalities as disclosed in note 7(b), the Regional District is entitled to the following payments under contract as at December 31, 2021.

	Total
2022	\$ 260,329
2023	36,713
2024	26,071
2025	24,869
2026	12,168
Thereafter	194,766
	554,916

17. 2021 Plan

The budget data presented in these financial statements was included in the Fraser Valley Regional District 2021 - 2025 Financial Plan, adopted through Bylaw No. 1624, 2021 on January 28, 2021. The following table reconciles the approved budget to the budget figures in these consolidated financial statements.

	2021
Revenues:	
Budget	\$ 46,079,220
Less:	
Internal Recoveries/Debt servicing paid on behalf of municipalities	(11,785,210)
Budgeted revenues per Statement of Operations	34,294,010
Expenses:	
Budget	36,231,970
Less:	
Internal Recoveries/Debt servicing paid on behalf of municipalities	(8,925,520)
Budgeted expenses per Statement of Operations	\$ 27,306,450

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

18. Segmented Information

Segmented information has been identified based upon lines of service provided by the District. District services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide are as follows:

i) General Government:

General Government includes services and activities responsible for the overall direction and monitoring of regional initiatives. These include, but are not limited to legislative services, Board operations and remuneration, treaty advisory committee, fiscal services, information technology, geographic information systems, feasibility studies and overall organizational administration.

ii) Protective Services:

Protective Services includes those services that provide protection to the region's inhabitants and their property. Services include seven (7) Volunteer Fire Departments, Emergency Management, 911 Emergency Telephone Services, Regional Fire Dispatch, Search & Rescue and Dyking/Flood controls.

iii) Transportation Services:

Transportation Services includes the operation of certain rural transit services, nine (9) Street Lighting Service areas, and the operation of the Hope and District Airport.

iv) Environmental Health Services:

Environmental Health Services includes the delivery of the Regional Air Quality and Solid Waste Management programs, Mosquito control program, Noxious Weeds program, four (4) drainage systems, three (3) refuse/recycling collection systems, and the Boston Bar Landfill.

v) Environmental Development Services:

Environmental Development Services includes the delivery of Regional Planning and Electoral Area Planning as well as the administration of the Electoral Area Soil Deposit and removal sites.

vi) Recreation and Culture Services:

Recreation and Culture services includes the Regional Community Parks system and Library services in the Electoral Areas. Recreation and Cultural Services also includes the Hope and District Recreation Commission, Almer Carlson Pool, Boston Bar bowling alley, Boston Bar Television, Harrison Lake Boat Launch and Area A & B Heritage Conservation.

vii) Utility Services:

Utilities includes the construction and operating of twelve (12) water systems and five (5) sanitary sewer systems.

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2021

18. Segmented Information (continued)

	General Government	Protective Services	Transportation Services	Environmental Health	Environmental Development	Recreation & Culture	Utility Services	2021	2020
Revenues									
Member requisitions	\$ 2,811,150	\$ 5,029,459	\$ 1,373,131	\$ 1,988,527	\$ 1,636,138	\$ 4,833,922	\$ 1,292,570	\$ 18,964,897	\$ 18,114,720
Government grants	467,644	1,913,523	1,783,138	109,662	137,414	616,339	17,620	5,045,340	5,344,111
Sales of service	538,358	1,698,585	926,175	792,545	619,464	1,509,595	1,358,097	7,442,819	6,126,138
Other	<u>730,351</u>	<u>1,337,452</u>	<u>27,562</u>	<u>33,625</u>	<u>274,743</u>	<u>96,054</u>	<u>427,016</u>	<u>2,926,804</u>	<u>2,198,733</u>
	4,547,503	9,979,019	4,110,006	2,924,359	2,667,759	7,055,910	3,095,303	34,379,860	31,783,702
Expenditures									
Salaries and benefits	4,236,741	2,157,317	33,898	664,954	1,326,790	2,057,250	757,190	11,234,140	10,162,315
Directors expenses	540,303	-	-	-	-	-	-	540,303	557,078
Program support	1,474,705	5,072,215	3,162,837	1,001,396	291,653	2,492,794	645,671	14,141,271	13,883,421
Vehicle, Building and Equipment Expenses	264,657	356,102	22,647	431,059	832	358,816	206,166	1,640,279	1,724,312
Internal Services	626,510	617,210	115,730	253,440	366,330	502,440	113,370	2,595,030	2,510,320
Recoveries from other functions	(3,794,891)	(50,870)	-	-	(16,270)	(224,920)	-	(4,086,951)	(4,000,160)
Amortization of tangible capital assets	374,783	360,569	18,068	40,686	-	414,129	652,383	1,860,618	1,987,034
Amortization of intangible capital assets	<u>30,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,425</u>	<u>30,425</u>
	<u>3,753,233</u>	<u>8,512,543</u>	<u>3,353,180</u>	<u>2,391,535</u>	<u>1,969,335</u>	<u>5,600,509</u>	<u>2,374,780</u>	<u>27,955,115</u>	<u>26,854,745</u>
	<u>\$ 794,270</u>	<u>\$ 1,466,476</u>	<u>\$ 756,826</u>	<u>\$ 532,824</u>	<u>\$ 698,424</u>	<u>\$ 1,455,401</u>	<u>\$ 720,523</u>	<u>\$ 6,424,745</u>	<u>\$ 4,928,957</u>