

**FRASER VALLEY REGIONAL DISTRICT**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2022**

**Fraser Valley Regional District  
Consolidated Financial Statements**

**December 31, 2022**

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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.

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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, 2022
- 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, 2022, 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.

### **Emphasis of Matter – Comparative Information**

We draw attention to Note 1 to the financial statements (“Note 1”), which explains that certain comparative information presented for the year ended December 31, 2021 has been restated. Note 1 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

### **Other Matter – Comparative Information**

As part of our audit of the financial statements for the year ended December 31, 2022, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2021. In our opinion, such adjustments are appropriate and have been properly applied.

### ***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

April 27, 2023

**Fraser Valley Regional District**  
**Consolidated Statement of Financial Position**

**December 31, 2022**

	2022	2021 <i>(Restated - Note 1)</i>
<b>Financial Assets</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 15,409,324	\$ 21,195,040
Accounts receivable <i>(Note 3)</i>	7,952,447	7,502,905
Inventories	32,147	32,316
Investments <i>(Note 4)</i>	38,883,769	29,887,292
Investment in Partnership <i>(Note 5)</i>	655,831	790,360
	62,933,518	59,407,913
<b>Financial Liabilities</b>		
Trade payables and accrued liabilities	3,045,168	3,982,537
Accrued interest	79,819	77,093
Due to Local governments	2,460,506	2,148,140
Landfill retirement costs <i>(Note 6)</i>	485,186	540,888
Municipal Finance Authority debentures <i>(Note 8)</i>	7,828,816	8,216,759
Development levies and deferred revenue <i>(Note 9)</i>	14,408,095	12,489,619
Community Works funds <i>(Note 10)</i>	7,050,404	6,457,904
	35,357,994	33,912,940
<b>Net Financial Assets</b>	27,575,524	25,494,973
<b>Non-Financial Assets</b>		
Prepaid expenses	569,110	611,785
Tangible Capital Assets <i>(Note 11)</i>	52,176,375	52,169,235
Intangible Capital Assets <i>(Note 12)</i>	425,950	456,375
	53,171,435	53,237,395
<b>Accumulated Surplus</b>	\$ 80,746,959	\$ 78,732,368

Contingent Liabilities *(Note 15)*

Approved on behalf of the Board:

\_\_\_\_\_ Chief Financial Officer

**Fraser Valley Regional District**  
**Consolidated Statement of Financial Activities**

**Year Ended December 31, 2022**

	Budget 2022 <i>(Note 18)</i>	Actual 2022	Actual 2021 <i>(Restated - Note 1)</i>
<b>Revenues</b>			
Member requisitions	\$ 19,757,250	\$ 19,756,800	\$ 18,964,897
Government grants	3,994,560	3,627,855	5,045,340
Utility user fees	1,389,580	1,412,115	1,318,960
Sale of services	5,596,240	6,556,886	6,123,859
Other	4,140,750	1,885,223	2,388,095
Interest	111,430	770,949	351,942
Income from Partnerships	-	15,471	186,767
	<u>34,989,810</u>	<u>34,025,299</u>	<u>34,379,860</u>
<b>Expenses</b>			
General government services	3,993,970	4,286,273	3,753,233
Protective services	7,994,590	9,243,440	8,512,543
Transportation services	4,717,840	4,666,836	3,356,162
Environmental health services	2,876,880	2,883,437	2,425,743
Environmental development services	2,503,060	2,210,551	1,969,335
Recreation and cultural services	6,058,720	6,012,014	5,603,163
Utilities services	1,943,530	2,708,158	2,450,045
	<u>30,088,590</u>	<u>32,010,709</u>	<u>28,070,224</u>
<b>Annual Surplus</b>	4,901,220	2,014,590	6,309,636
<b>Accumulated Surplus, Beginning of Year</b>	<u>78,732,368</u>	<u>78,732,368</u>	<u>72,422,732</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 83,633,588</u>	<u>\$ 80,746,958</u>	<u>\$ 78,732,368</u>



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

**Year Ended December 31, 2022**

	2022	2021 <i>(Restated - Note 1)</i>
<b>Annual surplus</b>	<b>\$ 2,014,590</b>	<b>\$ 6,309,636</b>
Acquisition of tangible capital assets	(2,189,335)	(1,675,086)
Amortization of tangible capital assets	2,137,917	1,975,727
Loss on sale of tangible capital assets	(10,497)	(205,023)
Proceeds on sale of tangible capital assets	54,778	229,138
Amortization of intangible capital assets	30,425	30,425
Change in prepaid expenses	42,672	(37,674)
<b>Change in Net Financial Assets</b>	<b>2,080,550</b>	<b>6,627,143</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>25,494,973</b>	<b>18,867,830</b>
<b>Net Financial Assets, End of Year</b>	<b>\$ 27,575,523</b>	<b>\$ 25,494,973</b>

## Fraser Valley Regional District Consolidated Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021 <i>(Restated - Note 1)</i>
<b>Operating Activities</b>		
Annual surplus	\$ 2,014,590	\$ 6,309,636
Items not involving cash		
Amortization of tangible capital assets	2,137,916	1,975,727
Loss on sale of tangible capital assets	(10,497)	(205,023)
Amortization of intangible capital assets	30,425	30,425
Partnership income	(15,471)	(186,767)
	4,156,963	7,923,998
Change in non-cash operating items		
Accounts receivable	(449,542)	(1,676,941)
Inventories	169	(13,023)
Prepaid expenses	42,672	(37,674)
Trade payables and accrued liabilities	(937,368)	1,522,252
Local governments	312,366	54,228
Accrued interest	2,726	(121)
Landfill retirement costs	(55,702)	35,838
Development levies and deferred revenue	1,918,477	1,365,723
Community works fund	592,500	1,284,937
	5,583,261	10,459,217
<b>Investing Activities</b>		
Draws from partnership	150,000	-
Acquisition of tangible capital assets	(2,189,335)	(1,675,086)
Proceeds on sale of tangible capital assets	54,777	229,138
(Increase)/Decrease in portfolio investments	(8,996,477)	3,686,985
	(10,981,035)	2,241,037
<b>Financing Activities</b>		
Proceeds from debenture debt	170,000	-
Repayment of debenture debt	(557,943)	(538,923)
	(387,943)	(538,923)
<b>Change in Cash</b>	(5,785,717)	12,161,331
<b>Cash and cash equivalents, Beginning of Year</b>	21,195,040	9,033,709
<b>Cash and cash equivalents, End of Year</b>	\$ 15,409,323	\$ 21,195,040
<b>Supplementary cash flow information:</b>		
Interest paid	\$ 203,352	\$ 220,132

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2022

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<b>Basis of Presentation</b>	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.
<b>Basis of Consolidation</b>	<p>The financial statements are presented on a consolidated basis and include the following funds:</p> <p>(a) Operating Fund</p> <p>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>The capital fund reflects the financial activities associated with the acquisition, construction and funding of capital assets.</p> <p>(c) Reserve Fund</p> <p>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>
<b>Budget Amounts</b>	Budget amounts reflect the statutory annual budget as adopted by the board on March 17, 2022.
<b>Comparative Figures</b>	Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.
<b>Revenue Recognition</b>	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.
<b>Cash and Cash Equivalents</b>	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.
<b>Portfolio Investments</b>	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, 2022**

**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.

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

(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, 2022**

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**Non-Financial Assets (con't)**

(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.

**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, 2022, 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, 2022

### 1. Prior year restatement

The Regional District has restated its 2021 financial statements to account for infrastructure contributed in prior periods that was not previously capitalized.

	As Previously Reported	Adjustment Re: 2017-2019	Restated
<b>Consolidated Statement of Financial Position</b>			
Tangible Capital Assets	\$46,990,151	\$5,179,084	\$52,169,235
Accumulated Surplus, End of Year	73,553,284	5,179,084	78,732,268
<b>Consolidated Statement of Financial Activities</b>			
Amortization of tangible capital assets	1,860,618	115,109	1,975,727
Annual Surplus for the Year	6,424,745	(115,109)	6,309,636
<b>Consolidated Statement of Changes in Net Financial Assets</b>			
Annual Surplus	6,424,745	(115,109)	6,309,636
Amortization of Tangible Capital Assets	1,860,618	115,109	1,975,727
<b>Consolidated Statement of Cash Flows</b>			
Annual Surplus	6,424,745	(115,109)	6,309,636
Amortization of Tangible Capital Assets	1,860,618	115,109	1,975,727
<b>Note 11. Tangible Capital Assets</b>			
Cost	76,749,905	5,666,231	82,416,136
Accumulated amortization	29,759,756	487,145	30,246,901
Net book value	46,990,151	5,179,084	52,169,235
<b>Note 18. Segmented Information</b>			
Amortization of tangible capital assets	1,860,618	115,109	1,975,727
Annual Surplus for the year	6,424,745	(115,109)	6,309,636

**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

**Year ended December 31, 2022**

**2. Cash and cash equivalents**

	2022	2021
Cash	\$ 5,619,549	\$ 5,618,202
Short Term Deposits	<u>9,789,775</u>	<u>15,576,838</u>
	<u>\$ 15,409,324</u>	<u>\$ 21,195,040</u>

**3. Accounts Receivable**

	2022	2021
Accrued interest - investments	\$ 397,427	\$ 89,701
Local Government	947,228	715,503
Provincial Government	1,285,768	1,183,301
MFA Debt Reserve - Cash	1,796,751	1,632,295
Regional Hospital District	110,815	390,350
Trade Accounts and User Fees	<u>3,414,458</u>	<u>3,491,755</u>
	<u>\$ 7,952,447</u>	<u>\$ 7,502,905</u>

**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

Year ended December 31, 2022

**4. Investments**

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

Investments held at December 31, 2022 are as follows:

	Amount	Effective Interest Rate	Maturity Date
<b>Bonds</b>			
BNS EXT STEP UP	\$ 1,060,000	1.50%	November 21, 2030
BMO EXT STP UP	4,000,000	1.55%	December 21, 2030
Discount on purchase of bonds	(20,175)		
<b>GICs</b>			
BMO GIC	2,519,000	4.47%	June 24, 2024
CCS GIC	1,000,000	1.15%	February 9, 2023
CCS GIC	1,000,000	2.50%	March 2, 2023
SB GIC	2,291,611	0.92%	June 21, 2023
CCS GIC	1,000,000	5.00%	August 29, 2023
CWB GIC	1,700,000	1.22%	September 21, 2023
CCS GIC	1,000,000	5.30%	October 31, 2023
BMO GIC	3,000,000	5.00%	May 1, 2024
ROYAL BANK GIC	1,333,333	3.80%	May 27, 2024
SCOTIA BK GIC	2,500,000	4.40%	July 4, 2024
CCS GIC	3,000,000	5.55%	October 31, 2024
BMO GIC	2,000,000	4.85%	December 22, 2024
SCOTIA BK GIC	2,000,000	3.50%	April 1, 2025
ROYAL BANK GIC	2,500,000	4.45%	July 4, 2025
Envision GIC	5,000,000	5.35%	December 21, 2023
Envision GIC	2,000,000	5.35%	December 21, 2023
<b>Total</b>	<u><u>\$ 38,883,769</u></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, 2022 have a total carrying value of \$39,281,195 (2021 - \$29,976,992), consisting of amortized cost of \$38,883,769 (2021 - \$29,887,292) and related accrued interest of \$397,426 (2021 - \$89,700). The market value of these investments at December 31, 2022 is approximately \$38,204,170 (2021 - \$29,642,802).



**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

Year ended December 31, 2022

**5. 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, 2022 are summarized below.

CLCCF Condensed Financial Statements:

Assets	2022	2021
Cash	\$ 1,060,154	\$ 2,147,104
Other Current Assets	1,121,584	396,657
Tangible Capital Assets	248,609	256,250
	\$ 2,430,347	\$ 2,800,011
<b>Liabilities</b>		
Accounts Payable	\$ 469,082	\$ 435,162
Partnership Equity	1,961,265	2,364,849
	\$ 2,430,347	\$ 2,800,011
	2022	2021
Total Revenue	\$ 328,963	\$ 5,127,464
Total Expenses	282,547	4,567,105
Net Income	\$ 46,416	\$ 560,359

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2022

### 6. 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 \$800,000. 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 3.68%.

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 \$485,186 has been set aside at December 31, 2022.

### 7. 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, 2022 are projected for the next five years as follows:

	Member Municipalities	Regional District	Total
2023	\$ 8,303,212	\$ 780,075	\$ 9,083,287
2024	8,277,560	759,503	9,037,063
2025	8,277,560	731,251	9,008,811
2026	8,128,014	731,251	8,859,265
2027	7,798,924	717,760	8,516,684
	\$ 40,785,270	\$ 3,719,840	\$ 44,505,110

**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

Year ended December 31, 2022

**8. 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:

	2022	2021
Debentures	\$ 65,925,453	\$ 58,657,190
Debt charges recoverable:		
City of Abbotsford	(40,398,644)	(44,352,646)
Village of Harrison Hot Springs	(358,099)	(396,323)
City of Hope	(1,530,541)	(1,736,770)
District of Kent	(1,026,300)	(1,102,044)
City of Mission	(14,783,053)	(2,852,648)
	<u>\$ 7,828,816</u>	<u>\$ 8,216,759</u>
Net Municipal Finance Authority debentures	<u>\$ 7,828,816</u>	<u>\$ 8,216,759</u>

**9. 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.

	2022	2021
West Popkum Drainage	\$ 267,605	\$ 261,510
Lakeside Trail	290,076	283,468
Bell Acres Water	20,699	20,227
Parkview Water	75,213	73,499
Area D Water	174,132	135,410
Deroche Water	142,304	139,062
Area C Parks Cash in Lieu	19,754	19,303
Area D Parks Cash in Lieu	129,045	126,105
Area D Parks VCC	69,695	68,107
Area F Parks Cash in Lieu	44,055	43,052
Area H Parks Cash in Lieu	55,298	54,038
	<u>\$ 1,287,876</u>	<u>\$ 1,223,781</u>

**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

**Year ended December 31, 2022**

**9. Development Levies and Deferred Revenue (continued)**

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

	2022	2021
Deferred Revenue - Utilities	4,848	2,977
Deferred Revenue - Other	66,072	84,291
Deferred Grants - Capital projects	12,596,931	10,795,263
Deferred Revenue - Vedder Campground	6,934	5,683
Deferred Revenue - Animal Control	322,774	327,852
Deferred Revenue - Hope Recreation	122,660	49,773
	<u>13,120,219</u>	<u>11,265,838</u>
Total development levies and deferred revenue	<u>14,408,095</u>	<u>12,489,619</u>

**10. 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

	2022	2021
Opening balance of unspent funds	\$ 6,457,904	\$ 5,172,967
Add: Amount received during the year	858,897	1,680,462
Interest earned	160,625	79,582
Less: Amount spent on projects	(427,022)	(475,107)
	<u>\$ 7,050,404</u>	<u>\$ 6,457,904</u>

**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

Year ended December 31, 2022

**11. Tangible Capital Assets**

<b>Cost</b>	Balance at December 31, 2021 <i>(Restated - Note 1)</i>	Additions	Transfers and Disposals	Balance at December 31, 2022
Land	\$ 3,651,553	\$ 261,630	\$ -	\$ 3,913,183
Engineering structures	43,519,174	315,010	-	43,834,184
Buildings and building improvements	15,177,503	126,264	-	15,303,767
Vehicles, machinery and equipment	14,931,628	1,224,263	(350,339)	15,805,552
Assets under construction	5,136,278	533,053	(271,255)	5,398,076
<b>Total</b>	<b>\$ 82,416,136</b>	<b>\$ 2,460,220</b>	<b>\$ (621,594)</b>	<b>\$ 84,254,762</b>

<b>Accumulated amortization</b>	Balance at December 31, 2021 <i>(Restated - Note 1)</i>	Disposals	Amortization expense	Balance at December 31, 2022
Engineering structures	\$ 11,452,529	\$ -	\$ 824,240	\$ 12,276,769
Buildings and building improvements	8,827,308	-	522,584	9,349,892
Vehicles, machinery and equipment	9,967,064	(306,060)	790,722	10,451,726
<b>Total</b>	<b>\$ 30,246,901</b>	<b>\$ (306,060)</b>	<b>\$ 2,137,546</b>	<b>\$ 32,078,387</b>

	Net book value December 31, 2021 <i>(Restated - Note 1)</i>	Net book value December 31, 2022
Land	\$ 3,651,553	\$ 3,913,183
Engineering structures	32,066,645	31,557,415
Buildings and building improvements	6,350,195	5,953,875
Vehicles, machinery and equipment	4,964,564	5,353,826
Assets under construction	5,136,278	5,398,076
	<b>\$ 52,169,235</b>	<b>\$ 52,176,375</b>

(a) Assets Under Construction

Assets under construction having a value of \$5,398,077 (2021 - \$5,136,278) 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, 2022

**12. Intangible Capital Assets**

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

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

<b>Accumulated amortization</b>	Balance at December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Campground license	\$ 152,125	\$ -	\$ 30,425	\$ 182,550
Total	<u>\$ 152,125</u>	<u>\$ -</u>	<u>\$ 30,425</u>	<u>\$ 182,550</u>

	Net book value December 31, 2021	Net book value December 31, 2022
Campground license	\$ 456,375	\$ 425,950
	<u>\$ 456,375</u>	<u>\$ 425,950</u>

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2022

### 13. 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. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

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

The Regional District paid \$651,190 (2021 - \$642,914) for employer contributions to the plan in fiscal 2022.

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

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.

### 14. COVID-19 restart funds

The Regional District was in receipt of Provincial Safe Restart Funds intended to assist local governments' response to the COVID-19 pandemic. A summary of the use of the funds by the Regional District is included with these Financial Statements.

	2022	2021
COVID Surplus, Beginning of year	\$ 520,659	\$ 1,084,987
Funding received from Province of BC	-	431,000
Total Funding to be distributed	520,659	1,515,987
Less:		
Revenue Shortfalls	-	(62,870)
Computer and Other Electronic Technology	(42,661)	(132,604)
Facility Reopening & Operating Costs	(5,561)	(120,254)
Other Related Costs	(252,862)	(352,750)
Total COVID-19 Safe Restart Funds Spent	(301,084)	(668,478)
<b>COVID Surplus, End of Year*</b>	<b>\$ 219,575</b>	<b>\$ 520,569</b>

\* At December 31, 2022, all COVID Surplus has been further allocated.

**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

**Year ended December 31, 2022**

**15. Contingent liabilities**

a) Legal Actions

The Regional District is involved in legal claims through MIABC. Due to a maximum deductible of \$10,000 per claim, there is limited financial exposure as at December 31, 2022.

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.

**16. Contractual Rights**

In addition to the debenture charges recoverable from member municipalities as disclosed in note 6(b), the Regional District is entitled to the following payments under contract as at December 31, 2022.

	Total
2023	\$ 564,187
2024	394,089
2025	139,023
2026	131,517
2027	38,081
Thereafter	511,648
	1,778,545



**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

Year ended December 31, 2022

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**17. 2022 Plan**

The budget data presented in these financial statements was included in the Fraser Valley Regional District 2022 - 2026 Financial Plan, adopted through Bylaw No. 1654, 2022 on March 17, 2022. The following table reconciles the approved budget to the budget figures in these consolidated financial statements.

	<u>2022</u>
Revenues:	
Budget	\$ 47,109,960
Less:	
Internal Recoveries/Debt servicing paid on behalf of municipalities	<u>(12,120,150)</u>
Budgeted revenues per Statement of Operations	<u>34,989,810</u>
Expenses:	
Budget	39,349,050
Less:	
Internal Recoveries/Debt servicing paid on behalf of municipalities	<u>(9,260,460)</u>
Budgeted expenses per Statement of Operations	<u>\$ 30,088,590</u>

**Fraser Valley Regional District**  
**Notes to the Consolidated Financial Statements**

**Year ended December 31, 2022**

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**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, 2022**

**18. Segmented Information (continued)**

	General Government	Protective Services	Transportation Services	Environmental Health	Environmental Development	Recreation & Culture	Utility Services	2022	2021 (Restated - Note 1)
<b>Revenues</b>									
Member requisitions	\$ 2,888,007	\$ 5,206,051	\$ 1,424,885	\$ 2,089,704	\$ 1,694,247	\$ 5,023,596	\$ 1,430,310	\$ 19,756,800	\$ 18,964,897
Government grants	97,952	867,415	1,987,392	163,075	21,267	391,589	99,162	3,627,853	5,045,340
Sales of service	627,444	1,701,671	1,525,042	775,453	99,720	1,732,350	1,507,322	7,969,002	7,442,819
Other	511,641	1,213,192	64,061	235,370	337,305	246,549	63,526	2,671,643	2,926,804
	<u>4,125,044</u>	<u>8,988,329</u>	<u>5,001,380</u>	<u>3,263,602</u>	<u>2,152,539</u>	<u>7,394,084</u>	<u>3,100,320</u>	<u>34,025,298</u>	<u>34,379,860</u>
<b>Expenditures</b>									
Salaries and benefits	4,270,022	2,638,539	16,775	622,281	1,402,339	2,181,495	805,330	11,936,781	11,234,140
Directors expenses	590,723	-	-	-	-	-	-	590,723	540,303
Program support	1,784,524	5,221,067	4,496,982	1,419,586	426,239	2,736,839	654,908	16,740,146	14,141,271
Vehicle, Building and Equipment Expenses	331,665	334,492	14,117	500,084	2,503	415,961	398,204	1,997,026	1,640,279
Internal Services	649,000	639,360	119,860	262,530	379,470	520,490	117,420	2,688,130	2,595,030
Recoveries from other functions	(3,802,100)	-	-	-	-	(308,338)	-	(4,110,438)	(4,086,951)
Amortization of tangible capital assets	432,014	409,982	19,102	78,956	-	465,568	732,295	2,137,917	1,975,727
Amortization of intangible capital assets	30,425	-	-	-	-	-	-	30,425	30,425
	<u>4,286,273</u>	<u>9,243,440</u>	<u>4,666,836</u>	<u>2,883,437</u>	<u>2,210,551</u>	<u>6,012,015</u>	<u>2,708,157</u>	<u>32,010,709</u>	<u>28,070,224</u>
	<u>\$ (161,229)</u>	<u>\$ (255,111)</u>	<u>\$ 334,544</u>	<u>\$ 380,165</u>	<u>\$ (58,012)</u>	<u>\$ 1,382,069</u>	<u>\$ 392,163</u>	<u>\$ 2,014,589</u>	<u>\$ 6,309,636</u>