

To: Fraser Valley Regional District Board
From: Kristy Hodson, Acting Director of Financial Services

Date: 2020-05-26

File No: 1880-25

Subject: 2019 Regional District Financial Statements

RECOMMENDATION

THAT the Fraser Valley Regional District Board approve the 2019 Draft Financial Statements for the Fraser Valley Regional District.

STRATEGIC AREA(S) OF FOCUS

Provide Responsive & Effective Public Services

BACKGROUND

Section 376 of the Local Government Act and Section 167 of the Community Charter require the annual financial statements for the preceding year be presented and approved by the Board. The statements must then be submitted to the Inspector of Municipalities by May 15th. This submission deadline has been extended to August 31, 2020 due to the COVID-19 pandemic for Regional Districts.

The financial statements for the Fraser Valley Regional District have been audited by KPMG, the District's auditor. Representatives from KPMG, along with staff, will be presenting the 2019 Financial Statements to the board and reviewing the Audit Findings Report.

DISCUSSION

The audit report received from KPMG states that the 2019 financial statements accurately reflect the financial position of the Regional District at December 31, 2019.

Highlights from the 2019 audit include:

Financial Position

When compared to 2018, the changes in Financial Assets are mostly connected to a re-distribution of idle cash balances being held in investments. A large portion of these investments remained rather liquid to allow for flexible timing of capital project financing requirements.

The Regional District's 1/3 ownership share in the Cascade Lower Canyon Community Forest on behalf of the residents in Electoral Area B continues to show financial gain as forestry activities continue, providing funding for initiatives in the local community.

The Regional District received a one-time additional payment from Community Works Funds as you will notice as the increase to Financial Liabilities in 2019.

Financial Activities

With an increasing number of services delivered in electoral areas, along with expansion of existing service areas, revenues from requisitions and sales of services realized an increase in 2019 over 2018. Changes in Government Grants and Other Revenues were also tied to electoral area utility system infrastructure changes and service expansion. In some cases budgets for grant revenues are set based on best estimates with actuals reflecting the actual timing of grant revenue receipts, resulting in expected variances. Offsetting the modest revenue estimations for 2019 was the budgeting of a \$2.5 million grant for Cultus Lake Sewer that was not realized. Lastly, the income noted from government business partnerships reflects FVRD's 1/3 share in the Cascade Lower Canyon Community Forest which as shown in 2018 can be expected to be up and down depending on timing of logging activities.

Overall actual expenses recorded approximately \$1.8 million above budget estimates for 2019 which is in line with the amortization of tangible capital assets that are reflected in the actuals but not historically included in the budget preparation process.

COST

There are no costs associated with the report's recommendation.

CONCLUSION

The 2019 Financial Statements are being presented to the Regional District's Board for approval following the completion of a comprehensive audit by KPMG.

COMMENTS BY:

Jennifer Kinneman, Chief Administrative Officer: Reviewed and supported.