

# **FRASER VALLEY REGIONAL DISTRICT**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2023**

**Fraser Valley Regional District**  
**Consolidated Financial Statements**

**December 31, 2023**

---

<b>Management's Responsibility for the Consolidated Financial Statements</b>	<b>1</b>
<b>Independent Auditors' Report</b>	<b>2</b>
<b>Consolidated Statement of Financial Position</b>	<b>5</b>
<b>Consolidated Statement of Financial Activities</b>	<b>6</b>
<b>Consolidated Statement of Changes in Net Financial Assets</b>	<b>7</b>
<b>Consolidated Statement of Cash Flows</b>	<b>8</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>9</b>

## **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

Auditors' Report to be Inserted Here





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

**December 31, 2023**

	2023	2022
<b>Financial Assets</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 23,107,812	\$ 15,409,324
Accounts receivable <i>(Note 3)</i>	11,269,782	7,952,447
Inventories	23,965	32,147
Investments <i>(Note 4)</i>	44,886,303	38,883,769
Investment in Partnership <i>(Note 5)</i>	1,222,216	655,831
	<u>80,510,078</u>	<u>62,933,518</u>
<b>Financial Liabilities</b>		
Trade payables and accrued liabilities	5,459,401	3,045,169
Accrued interest	79,865	79,819
Due to Local governments	2,511,750	2,460,506
Asset retirement obligations <i>(Note 6)</i>	2,005,305	-
Landfill retirement costs <i>(Note 6)</i>	-	485,186
Municipal Finance Authority debentures <i>(Note 8)</i>	7,235,856	7,828,816
Development levies and deferred revenue <i>(Note 9)</i>	14,859,240	14,408,095
Community Works funds <i>(Note 10)</i>	7,826,678	7,050,404
	<u>39,978,095</u>	<u>35,357,995</u>
<b>Net Financial Assets</b>	<u>40,531,983</u>	<u>27,575,523</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	871,299	569,110
Tangible Capital Assets <i>(Note 11)</i>	61,025,536	52,176,375
Intangible Capital Assets <i>(Note 12)</i>	395,525	425,950
	<u>62,292,360</u>	<u>53,171,435</u>
<b>Accumulated Surplus</b>	<u>\$ 102,824,343</u>	<u>\$ 80,746,958</u>

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, 2023**

	Budget 2023 (Note 17)	Actual 2023	Actual 2022
<b>Revenues</b>			
Member requisitions	\$ 21,669,410	\$ 21,669,388	\$ 19,756,800
Government grants	9,672,770	18,632,332	3,627,855
Utility user fees	1,783,540	2,017,304	1,412,115
Sale of services (note 18)	6,248,710	7,737,820	6,556,886
Other	4,905,810	2,121,770	1,885,223
Interest	101,990	1,984,870	770,949
Income from Partnerships	-	741,385	15,471
	<u>44,382,230</u>	<u>54,904,869</u>	<u>34,025,299</u>
<b>Expenses</b>			
General government services	4,059,380	4,586,786	4,286,273
Protective services	8,688,440	9,225,943	9,243,440
Transportation services	4,836,160	4,191,468	4,666,836
Environmental health services	3,340,240	3,081,475	2,883,437
Environmental development services	2,915,680	2,349,047	2,210,551
Recreation and cultural services	6,532,040	6,422,182	6,012,014
Utilities services	2,240,310	2,970,583	2,708,158
	<u>32,612,250</u>	<u>32,827,484</u>	<u>32,010,709</u>
<b>Annual Surplus</b>	11,769,980	22,077,385	2,014,590
<b>Accumulated Surplus, Beginning of Year</b>	80,746,958	80,746,958	78,732,368
<b>Accumulated Surplus, End of Year</b>	<u>\$ 92,516,938</u>	<u>\$ 102,824,343</u>	<u>\$ 80,746,958</u>



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

**Year Ended December 31, 2023**

	2023	2022
<b>Annual surplus</b>	<b>\$ 22,077,385</b>	<b>\$ 2,014,590</b>
Acquisition of tangible capital assets	(10,067,050)	(2,189,335)
Amortization of tangible capital assets	2,542,609	2,137,917
(Gain)/Loss on sale of tangible capital assets	100,486	(10,497)
Proceeds on sale of tangible capital assets	5,978	54,778
Net change in asset retirement obligations	(1,520,119)	-
Amortization of intangible capital assets	30,425	30,425
Accretion expenses	88,935	-
Change in prepaid expenses	(302,189)	42,672
<b>Change in Net Financial Assets</b>	<b>12,956,460</b>	<b>2,080,550</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>27,575,523</b>	<b>25,494,973</b>
<b>Net Financial Assets, End of Year</b>	<b>\$ 40,531,983</b>	<b>\$ 27,575,523</b>

# Fraser Valley Regional District

## Consolidated Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
<b>Operating Activities</b>		
Annual surplus	\$ 22,077,385	\$ 2,014,590
Items not involving cash		
Amortization of tangible capital assets	2,542,609	2,137,917
(Gain)/Loss on sale of tangible capital assets	100,486	(10,497)
Amortization of intangible capital assets	30,425	30,425
Accretion	88,935	-
Partnership income	(741,385)	(15,471)
	24,098,455	4,156,964
Change in non-cash operating items		
Accounts receivable	(3,317,335)	(449,542)
Inventories	8,182	169
Prepaid expenses	(302,189)	42,672
Trade payables and accrued liabilities	2,414,232	(937,368)
Local governments	51,244	312,366
Accrued interest	46	2,726
Landfill retirement costs	-	(55,702)
Development levies and deferred revenue	451,145	1,918,476
Community works fund	776,274	592,500
	24,180,054	5,583,261
<b>Investing Activities</b>		
Draws from partnership	175,000	150,000
Acquisition of tangible capital assets	(10,067,050)	(2,189,335)
Proceeds on sale of tangible capital assets	5,978	54,778
(Increase)/Decrease in portfolio investments	(6,002,534)	(8,996,477)
	(15,888,606)	(10,981,034)
<b>Financing Activities</b>		
Proceeds from debenture debt	-	170,000
Repayment of debenture debt	(592,959)	(557,943)
	(592,959)	(387,943)
<b>Change in Cash</b>	7,698,489	(5,785,716)
<b>Cash and cash equivalents, Beginning of Year</b>	15,409,324	21,195,040
<b>Cash and cash equivalents, End of Year</b>	\$ 23,107,813	\$ 15,409,324
<b>Supplementary cash flow information:</b>		
Interest paid	\$ 171,245	\$ 203,352
<b>Non-cash transaction:</b>		
Tangible capital asset additions related to asset retirement obligations (note 6)	\$ (1,520,119)	\$ -

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

---

<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 23, 2023.
<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.

**Financial Instruments**

Financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities and debt. Cash and cash equivalents include cash, high interest savings accounts and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Investments are comprised of non-redeemable guaranteed investment certificates, Municipal Finance Authority ("MFA") pooled funds and bonds issued by Canadian chartered banks.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently measured at cost or amortized cost unless the Regional District has elected to carry the financial instrument at fair value. The Regional District has not elected to carry any financial instruments at fair value.

Unrealized changes in fair value would be recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Regional District does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost or amortized cost are included in the cost. Sales and purchases of investments are recorded on the trade date.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations.

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 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

## (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, 2023, 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, 2023

---

### 1. Adoption of new accounting standards:

#### a) PS 3280 Asset Retirement Obligations:

On January 1, 2023, the Regional District adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations (PS 3280). An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and,
- (iv) A reasonable estimate of the amount can be made.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets if the tangible capital asset is in productive use. The asset retirement obligation is recorded as a liability and expense if the related tangible capital asset is unrecognized or no longer in productive use. The Regional District determined that there were significant asset retirement obligations associated with its tangible capital assets as at December 31, 2023 and December 31, 2022 and has adopted of this standard on a prospective basis.

As a result of the introduction of PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability was withdrawn and the Regional District's landfill is now accounted for under the provisions of PS 3280.

#### b) PS 3450 Financial Instruments and related standards:

On January 1, 2023, the the Regional District adopted Canadian public sector accounting standard PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. Under PS 3450 Financial Instruments, all financial instruments are included on the statement of financial position and are measured at either fair value or cost or amortized cost based on the characteristics of the instrument and the Regional District's accounting policy choices (see note 4).

The adoption of these standards did not have an impact on the amounts presented in these financial statements.

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

**Year ended December 31, 2023**

**2. Cash and cash equivalents**

	<u>2023</u>	<u>2022</u>
Cash	\$ 12,794,953	\$ 5,619,549
Short Term Deposits	<u>10,312,859</u>	<u>9,789,775</u>
	<u><u>\$ 23,107,812</u></u>	<u><u>\$ 15,409,324</u></u>

**3. Accounts Receivable**

	<u>2023</u>	<u>2022</u>
Accrued interest - investments	\$ 625,890	\$ 397,427
Local Government	842,670	947,228
Provincial Government	4,523,583	1,285,768
MFA Debt Reserve - Cash	1,842,040	1,796,751
Regional Hospital District	(90)	110,815
Trade Accounts and User Fees	<u>3,435,689</u>	<u>3,414,458</u>
	<u><u>\$ 11,269,782</u></u>	<u><u>\$ 7,952,447</u></u>



# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 4. Investments

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

Investments held at December 31, 2023 are as follows:

		Amount	Effective Interest Rate	Maturity Date
Bonds				
	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	(17,641)		
GICs				
	BMO GIC	2,519,000	4.47%	June 24, 2024
	CCS GIC	1,000,000	6.00%	August 31, 2026
	CCS GIC	1,000,000	6.05%	November 2, 2026
	CCS GIC	1,700,000	6.05%	September 21, 2026
	PROSPERA GIC	3,000,000	5.45%	December 22, 2026
	CCS GIC	1,000,000	5.15%	March 5, 2024
	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
	CCS GIC	1,000,000	5.40%	February 10, 2025
	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
	BMO GIC	2,291,611	5.65%	June 23, 2025
	Envision GIC	5,000,000	5.85%	December 21, 2024
	Envision GIC	2,000,000	5.75%	December 21, 2025
	Envision GIC	3,000,000	5.75%	December 20, 2025
Total		<u>\$ 44,886,303</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, 2023 have a total carrying value of \$45,512,295 (2022 - \$32,281,195), consisting of amortized cost of \$44,886,303 (2022 - \$31,883,769) and related accrued interest of \$625,992 (2022 - \$397,426). The market value of these investments at December 31, 2023 is approximately \$44,687,136 (2022 - \$31,204,170).

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 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, 2023 are summarized below.

#### CLCCF Condensed Financial Statements:

Assets	<u>2023</u>	<u>2022</u>
Cash	\$ 3,514,036	\$ 1,060,154
Other Current Assets	1,179,052	1,121,584
Tangible Capital Assets	<u>230,006</u>	<u>248,609</u>
	<u>\$ 4,923,094</u>	<u>\$ 2,430,347</u>
Liabilities		
Accounts Payable	\$ 737,678	\$ 469,082
Partnership Equity	<u>4,185,416</u>	<u>1,961,265</u>
	<u>\$ 4,923,094</u>	<u>\$ 2,430,347</u>
	<u>2023</u>	<u>2022</u>
Total Revenue	\$ 11,749,831	\$ 328,963
Total Expenses	<u>9,525,680</u>	<u>282,547</u>
Net Income	<u>\$ 2,224,151</u>	<u>\$ 46,416</u>

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 6. Asset Retirement Obligation

The Regional District's Asset Retirement Obligation consists of several obligations as follows:

#### a) Landfill obligation

The Regional District has one active landfill within its boundaries and is responsible for the costs of its closure and post-closure activities. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 – Asset Retirement Obligations. The Regional District has estimated the costs associated with these activities based on engineering studies required by the Ministry of Environment. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites including covering, grading and surface water management. Post-closure activities include leachate and environmental monitoring, maintenance and reporting. Post-closure activities are expected to occur for approximately 32 years. The landfill has an estimated remaining useful life ranging from 16 to 38 years.

#### b) Contractual obligations

The Regional District holds lease arrangements which contain clauses requiring decommissioning of any leasehold improvements at the end of the lease term which have been constructed by the Regional District. Following the adoption of PS 3280 – Asset Retirement Obligations, the Regional District recognized an obligation relating to the decommissioning of leasehold improvements recognized for any of its lease arrangements at January 1, 2023. The lease arrangements have various terms ranging from 1 to 30 years, of which various numbers of years remain.

#### c) Buildings obligations

The Regional District owns several buildings throughout its operations that are likely to contain asbestos, which represents a health hazard upon renovation or demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligations, the Regional District recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2023. The buildings have estimated remaining useful lives ranging from 4 to 39 years.

The Regional District has adopted this standard prospectively. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Estimated ARO costs totaling \$5,362,116 have been discounted using a present value calculation with a discount rate of 4.97%. The timing of these expenditures is estimated to occur between 2024 and 2093 with the regular replacement, renovation, or disposal of assets. No recoveries are expected at this time.

Changes to the asset retirement obligation in the year are as follows:

	Balance at December 31, 2022	Adjustment on adoption of PS 3280	Balance at January 1, 2023	Accretion Expense	Change in Estimate	Balance at December 31, 2023
Landfill	\$ 485,186	\$ 610,755	\$ 1,095,941	\$ 44,824	\$(178,846)	\$ 961,919
Contractual obligations	-	-	678,665	27,758	(41,062)	665,361
Buildings	-	-	399,838	16,353	(38,166)	378,025
	<u>\$ 485,186</u>	<u>\$ 610,755</u>	<u>\$ 2,174,444</u>	<u>\$ 88,935</u>	<u>\$(258,074)</u>	<u>\$ 2,005,305</u>

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 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, 2023 are projected for the next five years as follows:

	Member Municipalities	Regional District	Total
2024	\$ 8,431,062	\$ 751,167	\$ 9,182,229
2025	8,613,121	722,915	9,336,036
2026	8,613,121	722,915	9,336,036
2027	8,461,105	709,423	9,170,528
2028	8,134,484	709,423	8,843,907
	<u>\$ 42,252,893</u>	<u>\$ 3,615,843</u>	<u>\$ 45,868,736</u>

### 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:

	2023	2022
Debentures	\$ 61,618,737	\$ 65,925,453
Debt charges recoverable:		
City of Abbotsford	(36,249,520)	(40,398,644)
Village of Harrison Hot Springs	(318,537)	(358,099)
District of Hope	(3,116,371)	(1,530,541)
District of Kent	(947,905)	(1,026,300)
City of Mission	(13,750,548)	(14,783,053)
Net Municipal Finance Authority debentures	<u>\$ 7,235,856</u>	<u>\$ 7,828,816</u>

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 9. Development Levies and Deferred Revenue

Development levies represent amounts received from developers for capital infrastructure expenditures required as a result of 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 year in which the amounts are expended. The following development levies are restricted for specified purposes.

	2023	2022
West Popkum Drainage	\$ 282,331	\$ 267,605
Lakeside Trail	306,040	290,076
Bell Acres Water	21,838	20,699
Parkview Water	79,352	75,213
Area D Water	254,647	174,132
Deroche Water	150,135	142,304
Area C Parks Cash in Lieu	20,841	19,754
Area D Parks Cash in Lieu	114,782	129,045
Area D Parks VCC	73,530	69,695
Area F Parks Cash in Lieu	46,480	44,055
Area H Parks Cash in Lieu	58,341	55,298
	<u>\$ 1,408,317</u>	<u>\$ 1,287,876</u>

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

**Year ended December 31, 2023**

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

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

	<u>2023</u>	<u>2022</u>
Deferred Revenue - Utilities	2,945	4,848
Deferred Revenue - Other	166,633	66,072
Deferred Grants - Capital projects	12,816,403	12,596,931
Deferred Revenue - Vedder Campground	6,184	6,934
Deferred Revenue - Animal Control	322,299	322,774
Deferred Revenue - Hope Recreation	<u>136,459</u>	<u>122,660</u>
	<u>13,450,923</u>	<u>13,120,219</u>
Total development levies and deferred revenue	<u><u>14,859,240</u></u>	<u><u>14,408,095</u></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

	<u>2023</u>	<u>2022</u>
Opening balance of unspent funds	\$ 7,050,404	\$ 6,457,904
Add: Amount received during the year	895,580	858,897
Interest earned	408,248	160,625
Less: Amount spent on projects	<u>(527,554)</u>	<u>(427,022)</u>
	<u><u>\$ 7,826,678</u></u>	<u><u>\$ 7,050,404</u></u>

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

**Year ended December 31, 2023**

**11. Tangible Capital Assets**

<b>Cost</b>	Balance at December 31, 2022	Additions	Transfers and Disposals	Balance at December 31, 2023
Land	\$ 3,913,183	\$ -	\$ -	\$ 3,913,183
Engineering structures	43,834,184	4,457,448	(235,169)	48,056,463
Buildings and building improvements	15,303,767	698,257	(396,733)	15,605,291
Vehicles, machinery and equipment	15,805,552	565,885	(1,733,028)	14,638,409
Assets under construction	5,398,076	6,264,803	(517,963)	11,144,916
<b>Total</b>	<b>\$ 84,254,762</b>	<b>\$ 11,986,393</b>	<b>\$ (2,882,893)</b>	<b>\$ 93,358,262</b>

<b>Accumulated amortization</b>	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Engineering structures	\$ 12,276,769	\$ (196,615)	\$ 1,121,215	\$ 13,201,369
Buildings and building improvements	9,349,892	(345,708)	590,110	9,594,294
Vehicles, machinery and equipment	10,451,726	(1,745,947)	831,284	9,537,063
<b>Total</b>	<b>\$ 32,078,387</b>	<b>\$ (2,288,270)</b>	<b>\$ 2,542,609</b>	<b>\$ 32,332,726</b>

	Net book value December 31, 2022	Net book value December 31, 2023
Land	\$ 3,913,183	\$ 3,913,183
Engineering structures	31,557,415	34,855,093
Buildings and building improvements	5,953,875	6,010,998
Vehicles, machinery and equipment	5,353,826	5,101,346
Assets under construction	5,398,076	11,144,916
	<b>\$ 52,176,375</b>	<b>\$ 61,025,536</b>

**(a) Assets Under Construction**

Assets under construction having a value of \$11,144,917 (2022 - \$5,398,077) 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, 2023**

**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	\$ 608,500	\$ -	\$ -	\$ 608,500

<b>Accumulated amortization</b>	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Campground license	\$ 182,550	\$ -	\$ 30,425	\$ 212,975
Total	\$ 182,550	\$ -	\$ 30,425	\$ 212,975

	Net book value December 31, 2022	Net book value December 31, 2023
Campground license	\$ 425,950	\$ 395,525
	\$ 425,950	\$ 395,525



# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

---

### 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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 \$725,133 (2022 - \$651,190) for employer contributions to the plan in fiscal 2023.

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.

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 14. Grants to assist local governments:

The Regional District has received the following two grants from the Provincial Government.

a) Provincial Safe Restart Funds intended to assist local governments' response to the COVID-19 pandemic.

b) Growing Communities Fund (GCF) intended to assist local governments' address their community's unique infrastructure and amenity demands.

A summary of the use of the funds by the Regional District is included with these Financial Statements. Funding received from these grants is recognized as revenue by the District when received or receivable. The funds have been allocated within accumulated surplus as follows:

	2023	2022
<b>COVID-19 Safe Restart Fund</b>		
COVID Surplus, Beginning of year	\$ 219,575	\$ 520,659
Less:		
Computer and Other Electronic Technology	(25,179)	(42,661)
Facility Reopening & Operating Costs	-	(5,561)
Other Related Costs	(72,840)	(252,862)
Total COVID-19 Safe Restart Funds Spent	<u>(98,019)</u>	<u>(301,084)</u>
<b>COVID Surplus, End of Year*</b>	<u><b>\$ 121,556</b></u>	<u><b>\$ 219,575</b></u>

\* At December 31, 2023, all COVID Surplus has been further allocated.

	2023
<b>Growing Communities Fund</b>	
Funding received from Province of BC	<u>\$ 8,801,000</u>
Less actual costs spent:	
Cultus Lake North Wastewater Treatment Plant	(1,000,000)
Hope and Area Recreation Centre Heat Recovery	(269,337)
Total GCF Funds Spent	<u>(1,269,337)</u>
<b>Growing Communities Fund Surplus, End of Year</b>	<u><b>\$ 7,531,663</b></u>

Growing Communities Fund Surplus is allocated as follows:

Animal Control Centre	2,000,000
Hope and Area Recreation Centre Heat Recovery	730,663
Regional Parks	900,000
FVRD Corporate Office Capital Improvements	700,000
Electoral Area Allocation	3,201,000
<b>Total GCF Surplus allocated</b>	<u><b>\$ 7,531,663</b></u>

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

### 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, 2023.

#### 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 7(b), the Regional District is entitled to the following payments under contract as at December 31, 2023.

	<u>Total</u>
2024	\$ 178,054
2025	159,934
2026	55,176
2027	43,853
2028	34,875
Thereafter	<u>484,981</u>
	<u><u>956,873</u></u>

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

---

### 17. 2023 Plan

The budget data presented in these financial statements was included in the Fraser Valley Regional District 2023 - 2027 Financial Plan, adopted through Bylaw No. 1697, 2023 on March 23, 2023. The following table reconciles the approved budget to the budget figures in these consolidated financial statements.

	<u>2023</u>
Revenues:	
Budget	\$ 57,958,920
Less:	
Internal Recoveries/Debt servicing paid on behalf of municipalities	<u>(13,576,690)</u>
Budgeted revenues per Statement of Operations	<u><u>44,382,230</u></u>
Expenses:	
Budget	42,865,740
Less:	
Internal Recoveries/Debt servicing paid on behalf of municipalities	<u>(10,253,490)</u>
Budgeted expenses per Statement of Operations	<u><u>\$ 32,612,250</u></u>

### 18. Related party transaction:

Included in Sale of services is an administration fee paid by Fraser Valley Regional Hospital District (the "Hospital District"). The Hospital District and the District have the same board of directors. This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# Fraser Valley Regional District

## Notes to the Consolidated Financial Statements

Year ended December 31, 2023

---

### 19. 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, regional indigenous relations, 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, Combined E911, 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 Airpark.

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 the Fraser Valley Regional Library (FVRL) 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 operating of twelve (12) water systems and six (6) sanitary sewer systems.

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

**Year ended December 31, 2023**

**19. Segmented Information (continued)**

	General Government	Protective Services	Transportation Services	Environmental Health	Environmental Development	Recreation & Culture	Utility Services	2023	2022
<b>Revenues</b>									
Member requisitions	\$ 3,134,147	\$ 5,794,106	\$ 1,477,798	\$ 2,356,228	\$ 1,752,794	\$ 5,292,905	\$ 1,861,410	\$ 21,669,388	\$ 19,756,800
Government grants	4,185,773	4,317,152	1,843,193	240,943	103,612	3,798,307	4,143,352	18,632,332	3,627,853
Sales of service	638,603	1,678,131	934,536	1,118,843	202,558	1,821,972	3,360,481	9,755,124	7,969,002
Other	<u>1,814,075</u>	<u>1,819,972</u>	<u>158,754</u>	<u>244,042</u>	<u>409,449</u>	<u>326,541</u>	<u>75,192</u>	<u>4,848,025</u>	<u>2,671,643</u>
	9,772,598	13,609,361	4,414,281	3,960,056	2,468,413	11,239,725	9,440,435	54,904,869	34,025,298
<b>Expenditures</b>									
Salaries and benefits	4,749,662	3,167,833	59,614	693,085	1,433,004	2,363,070	906,420	13,372,688	11,936,781
Directors expenses	648,011	-	-	-	-	-	-	648,011	590,723
Program support	2,160,663	4,528,802	3,942,281	1,469,847	510,473	2,703,941	623,669	15,939,677	16,740,146
Vehicle, Building and Equipment Expenses	254,605	367,965	13,941	472,916	-	443,382	318,096	1,870,905	1,997,026
Internal Services	791,182	722,050	135,920	297,670	430,270	590,170	133,140	3,100,402	2,688,130
Recoveries from other functions	(4,467,392)	(9,198)	-	-	(24,700)	(264,877)	-	(4,766,167)	(4,110,438)
Amortization of tangible capital assets	419,630	437,406	38,730	102,086	-	580,101	964,656	2,542,609	2,137,917
Amortization of intangible capital assets	30,425	-	-	-	-	-	-	30,425	30,425
Accretion	-	11,085	982	45,871	-	6,395	24,602	88,935	-
	<u>4,586,786</u>	<u>9,225,943</u>	<u>4,191,468</u>	<u>3,081,475</u>	<u>2,349,047</u>	<u>6,422,182</u>	<u>2,970,583</u>	<u>32,827,484</u>	<u>32,010,709</u>
	<u>\$ 5,185,812</u>	<u>\$ 4,383,418</u>	<u>\$ 222,813</u>	<u>\$ 878,581</u>	<u>\$ 119,366</u>	<u>\$ 4,817,543</u>	<u>\$ 6,469,852</u>	<u>\$ 22,077,385</u>	<u>\$ 2,014,590</u>