



STAFF REPORT

To: Fraser Valley Regional District Board
From: Beth Klein, Controller/Deputy CFO

Date: 2026-04-23
File No. 1880-25

Subject: 2025 Audited Fraser Valley Regional District Financial Statements

Reviewed by: Jennifer Kinneman, Chief Administrative Officer

RECOMMENDATION

THAT the Fraser Valley Regional District Board approve the 2025 Audited Financial Statements of the Fraser Valley Regional District.

BACKGROUND

Section 376 of the Local Government Act and Section 167 of the Community Charter require annual financial statements for the preceding year be presented and approved by the Board. Once approved, the financial statements are required to be submitted to the Inspector of Municipalities by May 15th. The Regional District submits the statements through an online portal called the Local Government Information System (LGIS).

The audit on the financial statements for the Fraser Valley Regional District (FVRD) has now been completed (with some exceptions) by **KPMG, the FVRD's appointed independent auditor**. The audit process began with an interim audit in December 2025 for items recorded or completed by November 30, 2025 and resumed in March 2026 after all 2025 entries had been completed.

During the audit fieldwork, staff worked with the KPMG team to review processes and implementation of policies, test transactions ensuring compliance with accounting standards, and review comparables to budget and prior years.

DISCUSSION

Representatives from KPMG are now presenting the results of the 2025 audit for the Board's consideration. Prior to releasing the financial statements, the Board must approve the financial statements, and the auditors must perform their subsequent events review. This procedure is a review of any material subsequent events that may have occurred between the financial statement creation for approval and the day of the Board approval.

The preliminary audit opinion determined there were no changes to processes required; however, in the coming year staff will be required to begin work on a new accounting standard. This accounting

standard is to update the existing presentation of our Financial Statements. In addition, one adjustment was required to the staff presented financial statements, as shown in the attached Management Representation Letter. The adjustment was a correction to the amount of depreciation staff calculated on the new Cultus Lake wastewater treatment plant in the first year of operations and has been corrected in the attached draft financial statements.

The FVRD's 2025 Draft Financial Statements are attached to this report for review, and copies of the final version will be available for inspection by the public on the FVRD's website after approval by the Board.

Financial Statement Highlights

The attached Financial Statement package includes the four required consolidated financial statements, with required notes further detailing line items. Overall, the FVRD continues to gain accumulated surplus indicating a stable financial position and continued growth in savings for future projects.

Financial Position

In 2025, surplus grew by \$8M compared to 2024: Financial Assets increased by \$6M, Financial Liabilities decreased by \$1M, and Non-Financial Assets grew by \$1.5M.

Financial Assets saw a shift from long-term investments to a more liquid portfolio at the end of 2025. This was mainly due to an intentional change in timing of reinvestments. In 2026, staff will continue to work with our investing partners on further investment plans which will be reported back to the Board through our quarterly treasury updates.

Financial Liabilities remained relatively consistent with 2025, with variances due to continued pay off of debt and a slight increase in our unspent Community Works Funds which is detailed in Note 10 of the financials. Grant Plans continue to evolve through the financial planning process and staff will continue to bring forward any needs to future planning at that time.

Finally, Non-Financial Assets saw a slight increase in prepaid expenses due to the timing of receiving purchases made in 2025, such as for fire trucks. In addition, a change in tangible assets was due to purchase of new park land in 2025. Although there were large capital projects completed in 2025, such as the Cultus Lake wastewater treatment plant, most of those costs were already allocated to this line item under our work in progress category shown in Note 11.

Financial Activities

When looking at the Statement of Financial Activities, the reader will note a significant decrease in revenue from 2024. As shown in Note 11(c), in 2024 the FVRD received a significant government transfer from the District of Hope for the Dan Sharrers Aquatic Centre. In 2025, the government grants and transfers line item is closer to a normalized value, although provincial grants recorded in 2025 were lower due to the completion of grant funding being realized for the Cultus Lake wastewater

treatment plant in 2024. In addition, the FVRD utilized less Community Works Funds in 2025 compared to prior year, resulting in a decrease to Other Revenues.

FVRD expenses continue to be impacted by growth in inflation, construction costs, and contract costs. Aside from growth, changes in expense lines are typically due to new projects which would be reflected in the budget values. Overall, a 12% increase was seen in expenses with the greatest growth in Transportation Services due to increased contract costs with BC Transit, also shown on the FVRD's segmented information (Note 19) under Program Support.

In comparison to the 2025 budget adopted in February 2025, ending surplus saw an 8% difference. The FVRD has an extensive budget amendment process and ensures any new spending is approved by the Board throughout the year for projects above \$10k. Although the FVRD has an amendment approval process, current accounting standards do not allow for an amended budget to be included on the financial statements; any projects carried forward from prior years or projects not complete in the current year are not captured in this comparison.

COST

There are no further costs associated **with the report's recommendation, and the cost of the annual external audit** are within budget.

CONCLUSION

The 2025 Financial Statements are being presented to the Fraser Valley Regional District's Board for approval following the completion of the audit by KPMG.