

To: Fraser Valley Regional District Board
From: Mike Veenbaas, Director of Financial Services

Date: 2018-04-24
File No: 1880-25

Subject: 2017 Regional District Financial Statements

RECOMMENDATION

THAT the Fraser Valley Regional District Board approve the DRAFT 2017 Financial Statements for the Fraser Valley Regional District.

STRATEGIC AREA(S) OF FOCUS

Provide Responsive & Effective Public Services

Choose an item.

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.

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 2017 DRAFT Financial Statements to the board and reviewing the Audit Findings Report.

DISCUSSION

The audit report received from KPMG states that the 2017 financial statements accurately reflect the financial position of the Regional District at December 31, 2017.

Highlights from the 2017 audit include:

Financial Position

The noticeable increase in Financial Assets and Liabilities is a result of FVRD receiving one significant grant of \$10.5 million for Nicomen Island flood control and a number of smaller electoral area utility

grants. As these funds remained unspent at December 31st they have resulted in a higher level of funds invested with an offsetting higher level of deferred revenue on the Liabilities side.

Cash and Cash Equivalents balances are higher in 2017 reflecting a move to take advantage of short term, higher interest rate GICs and term deposits. Through cash flow planning and a mixture of investment options, Staff continue to ensure sufficient funds are on hand to fund daily operations. Increasing Accounts Receivable is due to the timing of provincial grant progress claims related to electoral area utility system expansion. As part of the yearend process a comprehensive review of expected revenues is completed to ensure everything has been recorded.

Development securities are taken by the Regional District to ensure public works are completed as planned. In 2017 those securities totaled about \$2.3 million more than 2016, resulting in the increase shown for Trade Payables. The Due to Local Governments represents MFA Debt Reserve funds that are receivable from MFA to FVRD and are in turn then payable to our member municipalities. Lastly, new debt was incurred in 2017 for the Cultus Lake Integrated Water System (\$2.9 million) resulting in an overall increase in debentures held for electoral areas.

Financial Activities

For the most part, revenues in 2017 were consistent with that received in 2016. Changes in Government Grants and Other Revenues were tied to electoral utility system infrastructure changes and service expansion. The loss noted from government business partnerships reflects FVRD's 1/3 share in the Cascade Lower Canyon Community Forest and was deducted from the \$362,550 recorded as income in 2016. The loss was the result of reduced logging in 2016/2017, partially driven by lower prices along with the CLCCF Board's decision to limit operations to planning activities.

Overall expenses remained within planned budgets with services being delivered as projected during the financial planning process. The noticeable exception is Utilities services where expenses covered by grant funding resulted in higher than planned expenditures. Surpluses achieved in individual service areas are allocated to specific surplus accounts for those areas to ensure funds are accounted for separately and available to that service area for future operations.

COST

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

CONCLUSION

The 2017 DRAFT Financial Statements are being presented to the Regional Board for approval following the completion of a comprehensive audit by KPMG.

COMMENT BY:

Paul Gipps, Chief Administrative Officer

Reviewed and supported