



ANNUAL REPORT

FOR THE YEAR ENDING DECEMBER 31, 2017

50th Anniversary



Contents

Vision & Mission.....	4
Strategic Plan Highlights.....	5
Message from the Chair & Board of Directors.....	6
Corporate Structure.....	7
REGIONAL PROGRAMS	
Regional Parks.....	10
Animal Control.....	11
Air Quality.....	12
Mosquito Control.....	12
Solid Waste.....	13
Invasive Weeds.....	13
Transit.....	14
First Nations Relations.....	14
Agricultural Climate Adaptation.....	15
Housing and Homelessness.....	15
Tourism.....	15
RECREATION, CULTURE & AIRPARK SERVICES.....	16
ELECTORAL AREA SERVICES	
Planning & Development.....	18
Building.....	19
Bylaw Enforcement.....	19
Engineering & Community Services.....	20
Emergency Management Services.....	21
2017 FINANCIAL STATEMENTS.....	22

Auditors: KPMG LLP
 Bank: Envision Financial
 Prepared by: Corporate Affairs in collaboration
 with the Finance Department of
 the Fraser Valley Regional District.

Our Vision

People are at the centre of everything we do. Whether you're a citizen living in one of our electoral areas or in our member municipalities, the FVRD must always strive to put the needs of those we serve at the forefront of our day to day work. We work hard to exceed your expectations and find creative, innovative solutions that work for our communities.

Our Mission

Working together with its communities, the Fraser Valley Regional District is committed to providing high quality services through sound fiscal management in an open and transparent manner.

13,336 km²

295,934 residents

8 electoral areas

6 municipalities

Strategic Plan Highlights

Environmental Stewardship

- Added two more electric vehicles to our fleet.
- Launched a five-year milfoil study to control the spread of this invasive weed.
- Initiated the WasteWise campaign to improve recycling and removing organics from the waste stream.
- Delivered 40 "Love Our Air" educational workshops to local school districts about air quality and the Fraser Valley's sensitive and unique airshed.
- Completed the Cultus Lake Liquid Waste Management Plan.

Strong Diverse Economy

- In partnership with AdvantageHOPE secured \$100,000 in funding from the BC Rural Dividend Program to design a multi-user path under the Bill Hartley Fraser Hope Bridge.
- Hosted the regional Outdoor Recreation and Tourism Workshop bringing together a diverse range of participants to strategize on how to build on the region's natural assets.
- Opened 18 km of new Experience the Fraser trails along the Chilliwack dyke.
- Applied to the Province for licenses for flood protection/mitigation structures in Electoral Areas C, E, F, G, and H.

Healthy & Sustainable Communities

- Opened the new Hillkeep Regional Park located in Chilliwack.
- Completed the fitness room and outdoor upgrades at the Recreation Centre in Hope.
- Developed the Mary Street Parking Lot to provide 60 extra parking spaces for Chilliwack General Hospital.
- Expanded Sunday and holiday transit service hours for the Fraser Valley Express.
- Added a new transit route from Agassiz to Hope, and increased transit service on the FVX 66 to 365 days/year.

Responsive & Effective Public Services

- Launched the new CEDAR Network (Community, Education, Data, and Resources) and the Indigenous Reads Lending Library.
- Upgraded Boston Bar, Lake Errock and Hatzic Prairie water systems.
- Upgraded our mapping tools to help target and improve mosquito control.
- Installed the first "Gateway" sign in Electoral Area E, and the new Deroche Community Digital Sign on Highway 7 to inform and engage the community.
- Completed the Dogwood Valley Water System Upgrade.

Message from the Chair



It is my pleasure to present the Fraser Valley Regional District's 2017 Annual Report. As I complete my first year serving as FVRD Chair, I'd like to thank my fellow Board members for their support, hard work and commitment to serving the FVRD's constituents and its member municipalities.

2017 marked the FVRD's 50th anniversary, and we celebrated throughout the year by hosting a number of commemorative events. We planted trees, invited past Board members to act as honorary chair at Board meetings, buried a time capsule, and gave a historical presentation to each municipal council. It is our sincerest hope that we have left a legacy that will continue for the next 50 years.

Both Board and staff have been working diligently to achieve the priorities identified in the 2014 – 2018 Strategic Plan. In 2017, we secured a number of grants that allowed us to deliver on many of these priorities. Over \$600,000 went towards improving water systems in Boston Bar, Dogwood Valley, Hatzic Prairie and Lake Errock, and broadband service to Boston Bar. The Province of BC committed \$10.5 million to improve the Nicomen Island dyking system. We also opened new parks and trails, expanded transit service, and launched our Waste Wise campaign – all of which support strategic areas of focus identified in our plan.

Jason Lum, Chair
FVRD Board of Directors

2017 Board of Directors

Seated left to right: Moe Gill (Abbotsford), Mayor Leo Facio (Harrison Hot Springs), Ray Boucher (Electoral Area F), Chuck Stam (Chilliwack), Mayor Henry Braun (Abbotsford), Chair Jason Lum (Chilliwack), Vice Chair Patricia Ross (Abbotsford), Dennis Adamson (Electoral Area B), Kelly Chahal (Abbotsford), Bill Dickey (Electoral Area D).
(Standing left to right) Mayor John Van Laerhoven (Kent), Al Stobbart (Electoral Area G), Mayor Wilfried Vicktor (Hope), Jim Hinds (Mission), Mayor Sharon Gaetz (Chilliwack), Taryn Dixon (Electoral Area H), Terry Raymond (Electoral Area A), Dave Loewen (Abbotsford), Orion Engar (Electoral Area E), Ross Siemens (Abbotsford), Alec Niemi (Electoral Area C), Sam Waddington (Chilliwack), Pam Alexis (Mission).



Corporate Structure



Celebrating the 50th anniversary of the FVRD, the Board planted broad leaf maple trees in each of its regional parks. Pictured are Chair Jason Lum, CAO Paul Gipps, and Director Leo Facio.



Some of the many regional programs operated by the FVRD include air quality, animal control, invasive weeds, mosquito control, parks and trails, solid waste management, regional transit and First Nations relations.



Regional Parks

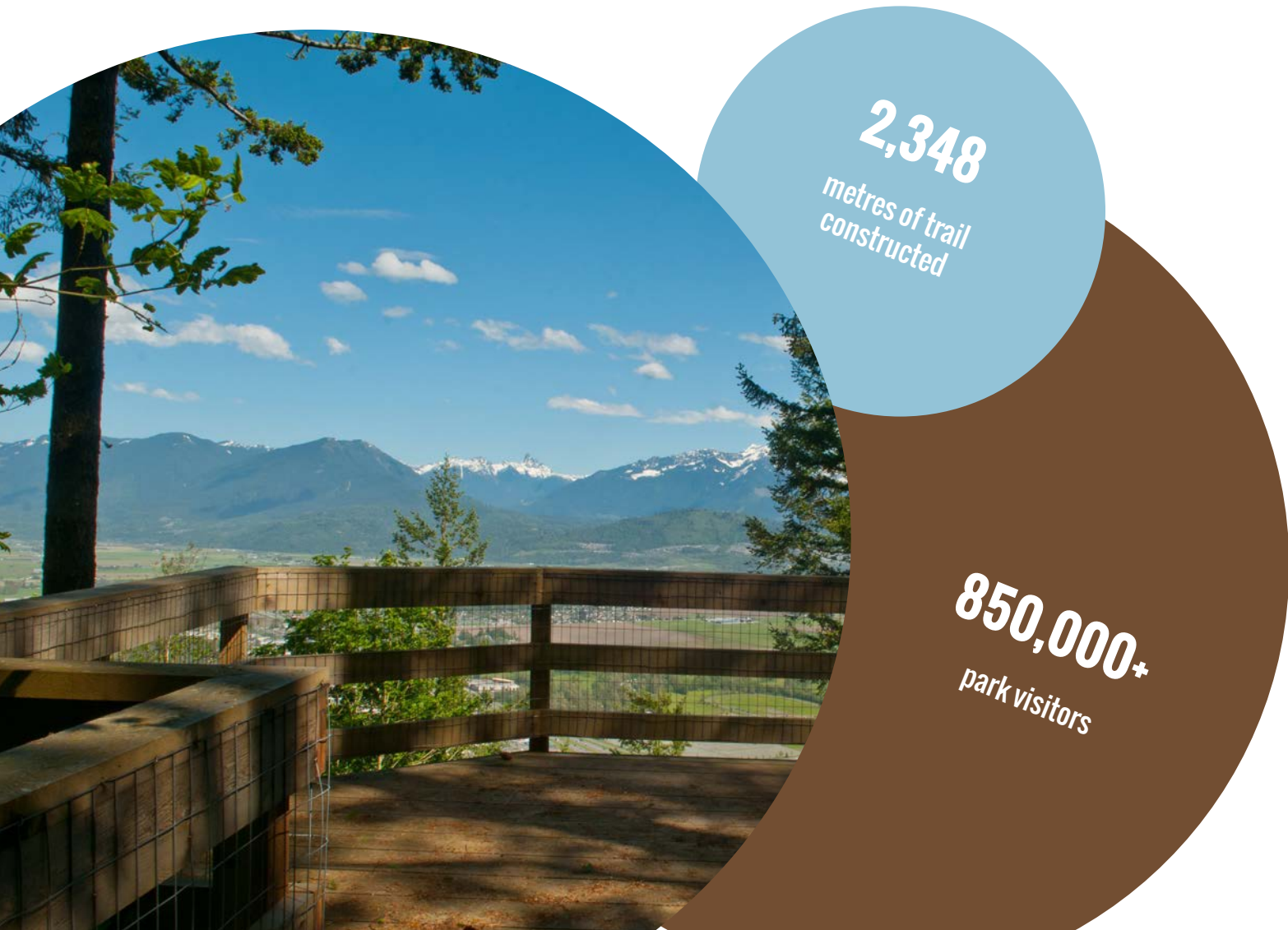
The regional parks team was very busy in 2017, with over 850,000 recorded visitors. Additionally, there were three film productions shot, 9,169 park passes issued, 45 private events booked, and over 700 school-aged children participated in our interpretive programs.

In October, we officially opened a new regional park. Hillkeep Regional Park sits at the top Chilliwack Mountain, and features several kilometres of trails along with stunning views of the Fraser Valley and Cascade Mountain range.

In a collaborative project with the City of Chilliwack, 18 kilometres of Experience the Fraser's Canyon to Coast Trail was constructed. This trail follows the Chilliwack dyke connecting Island 22 Regional Park to Ferry Island Provincial Park. It is perfect for biking and running.

In Popkum, improvements were made to both to Shannon and Parkrose Community Parks by adding seating areas, garbage cans, fencing, and new grassed areas.

Our trail system was also expanded with the addition of three new community trails. We constructed trails in Dogwood Valley and Morris Valley, and also partnered with the Lakeside Trail Society to construct a trail in Columbia Valley.



Environmental Services

Animal Control

We provide animal control services to the municipalities of Abbotsford, Chilliwack, Kent, Harrison Hot Springs, and Mission. We also offer a dangerous and aggressive dog service to Electoral Areas D, E, H, and, in 2017, we grew a little bigger with the addition of Area G. The FVRD's animal control program also provides shelter services to several First Nations communities including Skowkale, Aitchelitz, Yakwekwioose, Seabird Island, and Tzeachten.

With so many municipalities and electoral areas participating in our service, becoming more efficient with our operations and energy use was a high priority for us in 2017.

To streamline, we started the process of standardizing dog licence fees throughout the region. Database upgrades allowed for better time management, which helped make the daily routines of our animal control officers more efficient. New animal transportation procedures helped reduce fuel costs, and energy saving efforts at the CARE Centre reduced unneeded light and improved HVAC efficiency resulting in both energy and cost savings.

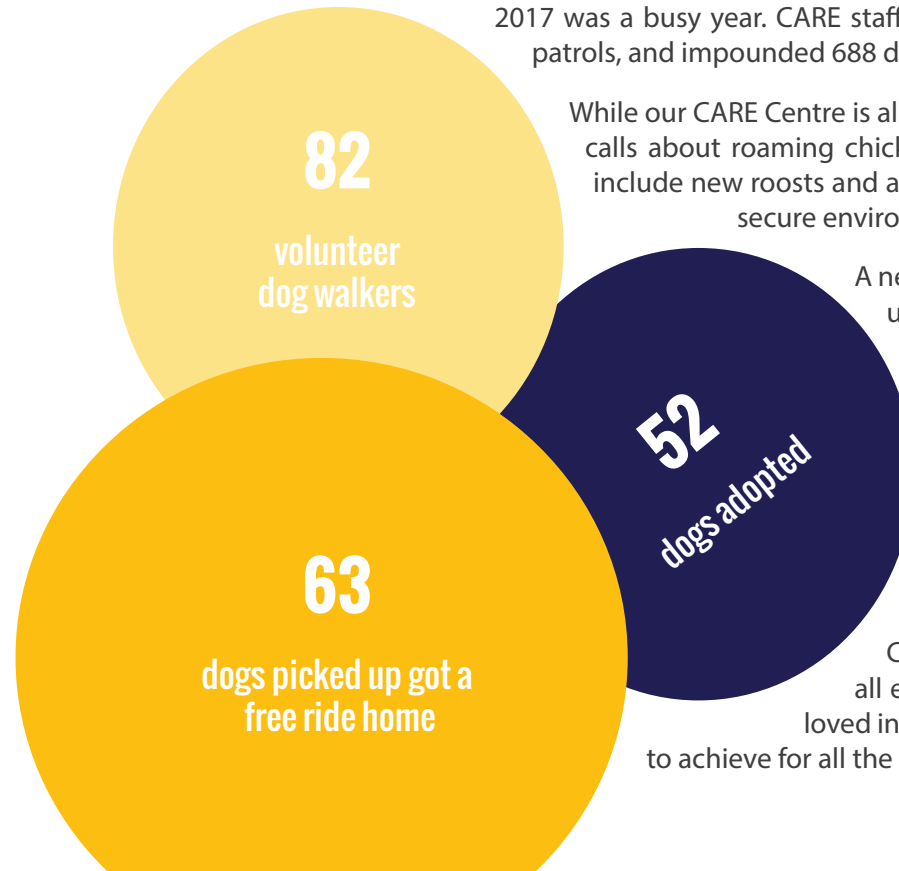


2017 was a busy year. CARE staff responded to 3,697 calls, conducted 1,440 park patrols, and impounded 688 dogs in our service areas.

While our CARE Centre is almost exclusively for dogs, we occasionally receive calls about roaming chickens. In 2017 we upgraded our chicken coop to include new roosts and a covered yard so chickens can roam free in a safe, secure environment.

A new partnership with a local radio station is helping us showcase some of our best! Every two weeks we visit 89.5theDrive with a different adoptable dog. We talk about its housing needs and spread the message about our CARE program and responsible dog ownership.

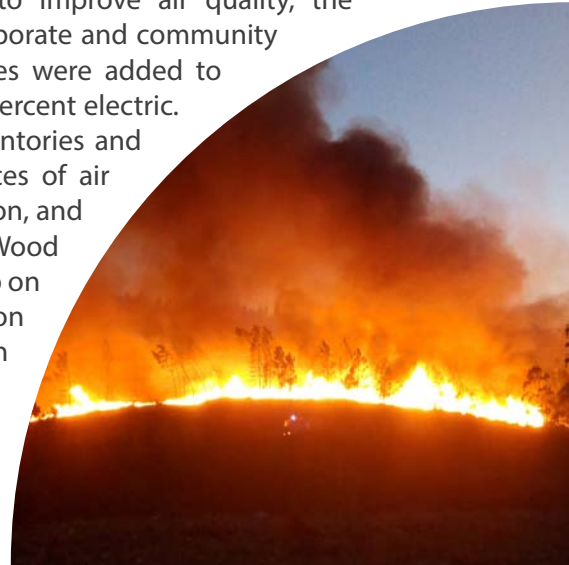
Remember our orphaned six pack of puppies from 2016? In 2017 we reunited four of the six to celebrate their first birthday at Island 22 Dog Park. Thanks to the dedication of FVRD and CARE staff volunteers this story had the happiest of all endings. Six puppies are happy, healthy and well-loved in forever homes — an outcome we are determined to achieve for all the dogs in our CARE.



Air Quality

The summer forest fires of 2017 had a devastating impact on local air quality, with smoke from these fires blanketing the Fraser Valley for days at a time. Nineteen air quality advisories were issued, in which the level of air pollution exceeded acceptable health limits.

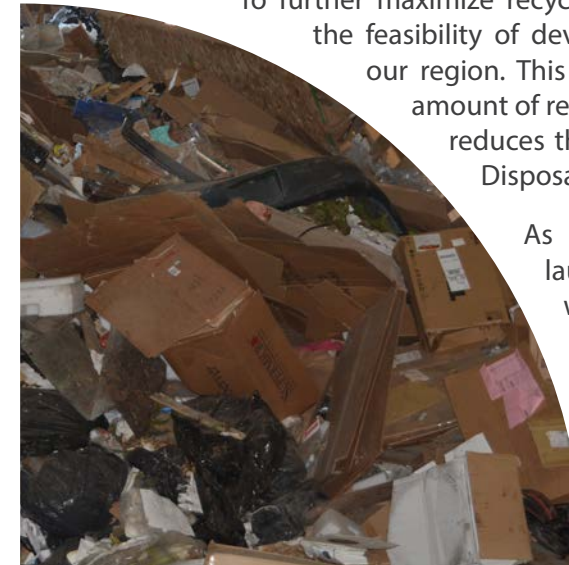
Focusing on long-term initiatives to improve air quality, the FVRD took steps to reduce both corporate and community emissions. Two more electric vehicles were added to the corporate fleet, which is now 16 percent electric. We also contributed to emissions inventories and participated in studies to reduce sources of air pollution from open burning, transportation, and non-road diesel. We continued to deliver the Wood Stove Exchange Program and hosted a workshop on efficient burning techniques. Our public education outreach efforts were achieved through the launch of our well-received school program, "Love our Air", and through increasing the information available on our updated air quality web pages.



Solid Waste

The consultation phase to determine how to implement new regional requirements to divert organics and recycling concluded in 2017. Feedback from stakeholders indicated a preference for an extended implementation timeline (12 - 18 months) for single and multi-family residences, and the Industrial, Commercial and Institutional (ICI) sectors.

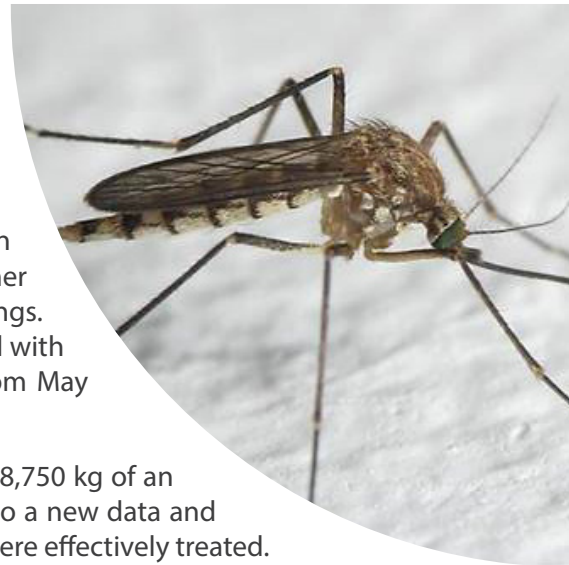
To further maximize recycling and organics diversion, we are examining the feasibility of developing mixed waste materials recovery for our region. This additional step significantly increases the amount of recyclable material recovered, which in turn reduces the amount of material that is landfilled. Disposal costs are also reduced.



As part of our education efforts, we launched a BeWasteWise website. The website features videos, quizzes and general information on how to sort waste. It also alerts residents to the recycling options that are available in their community.

Mosquito Control

Our mosquito control program targets floodwater mosquitoes that hatch every spring during the Fraser River freshet. This year the Fraser River experienced its highest levels since 2012, registering 5.65 metres on the Mission gauge. Consequently, we experienced a higher than normal number of mosquito hatchings. Monitoring of breeding sites started in April with aerial and ground treatment occurring from May through early August.



In total, 1,190 hectares were treated using 8,750 kg of an environmentally-friendly larvicide. Thanks to a new data and mapping system, all known breeding sites were effectively treated. However, high water levels created new breeding sites in the Fraser River islands that affected the residents living close to the river. Identifying and accessing river islands for treatment is exceedingly difficult.

A key component of our mosquito program involves communication and ensuring the public is aware of peak mosquito times and what is being done to address it. We use social media channels, website updates, and news releases. This year we also participated in two community events: the Yarrow Farmer's Market and the Earth Day Vedder River Clean Up.

Invasive Weeds

The invasive weeds program controls and prevents the spread of invasive weeds throughout our region. The focus is on wild chervil and tansy ragwort, both of which are harmful to agricultural production, and giant hogweed and knotweed.



Each year we identify, document, and map infestations of wild chervil, tansy ragwort and giant hogweed. These weeds are controlled primarily through mechanical means, such as digging, hand pulling, or mowing. Due to their expertise, we partner with the Fraser Valley Invasive Species Society to treat knotweed. We also educate the public and raise awareness about the impacts of invasive weeds.

2017 marked the end of the first year of a five year study on milfoil, an aquatic weed that impacts the recreational value of Hatzic and Cultus Lakes, displaces native plants, and reduces fish habitat. Both lakes were heavily infested. After one year of using benthic mats to control growth, results looked encouraging for Cultus Lake, but less so for Hatzic Lake, due to milfoil over-wintering and recolonizing. Treatment and monitoring will continue throughout 2018.

6,000 kg
amount of CO2 emissions
saved by FVRD EV fleet

19
number of
woodstove exchanges

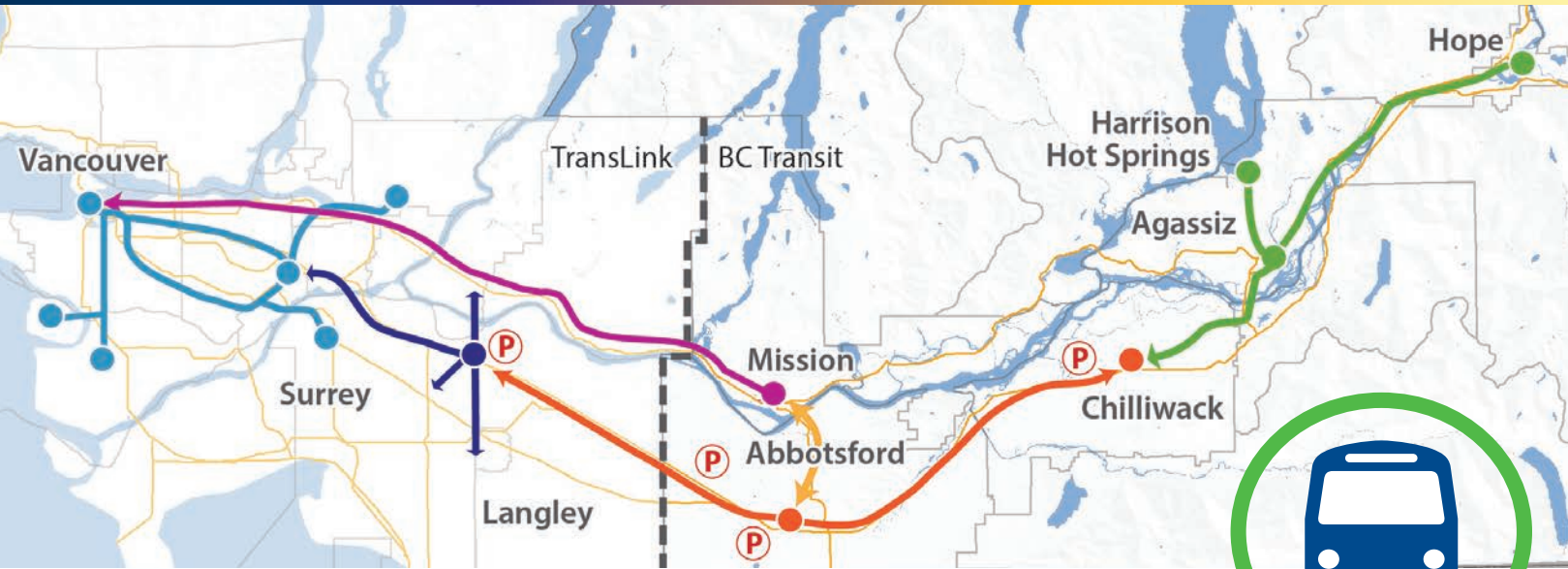
80
million
of potential mosquito
larvae/hectare

4,000 ha
of potential breeding
habitat in the FVRD

221,635
tonnes of waste
disposed of in 2017

840
Chervil and Tansy
Ragwort sites treated

98
Giant Hogweed and
Knotweed sites treated



Agricultural Climate Adaptation

Strategic Planning

Transit

In September 2017, a new bus service to Hope (route #22) was launched, and service on Sundays and holidays was added to the increasingly popular Route #66 Fraser Valley Express (FVX). FVX ridership has continued to grow increasing to 135,000 in 2017 from 113,000 in 2016. Planned service expansions in 2018 include increased service on the FVX on weekends and holidays. Service on Route #22 Hope, and Route #11 Agassiz-Harrison is being monitored and further expansion will be considered as demand for transit increases. Planning will also begin on a new route connecting the communities on the north side of the Fraser River between Agassiz and Mission.

First Nation Relations

The main focus for 2017 was rolling out educational and training programs including Phase I of the CEDAR Network, an online educational resource featuring interactive maps, dynamic searches and pronunciation assistance; conducting education sessions on the Calls to Action of the Truth & Reconciliation Commission; issuing a weekly Connections e-newsletter; creating an Indigenous Reads Lending Library; and offering educational programs through our FVRD Learns program.

At the political level, a visioning session was held to review the Fraser Valley Aboriginal Relations Committee's vision, objectives, and membership status within the context of the principles of reconciliation. An updated terms of reference will shape and drive the FVRD's working relationships with First Nations for years to come.



Climate change will impact the agriculture sector in the Fraser Valley in many ways. Agriculture generates approximately \$3.1 billion/year in economic activity in the FVRD, making it increasingly important for us to support efforts to adapt to climate change. In partnership with the BC Agriculture & Food Climate Action Initiative (CAI), we developed the *Fraser Valley Regional Adaptation Strategies* to identify ways to enhance agriculture's ability to adapt to climate change. One key action identified was to explore the economic impact of a major Fraser River freshet flood on the region's agricultural economy.

In 2017, the *Freshet Flooding and Fraser Valley Agriculture: Evaluating Impacts and Options for Resilience Study* was completed. This study calculated losses for three flood scenarios, two with the present climate conditions and one applying a future climate scenario (year 2100). A major long-duration flood event, (similar to 1894) would cause over \$800 million in damage to agricultural crops, buildings and equipment. The broader economic impacts to FVRD communities would be \$1.1 billion. This information is being used to inform federal and provincial governments of the critical importance of increasing infrastructure funding for flood management in the region.

Housing and Homelessness

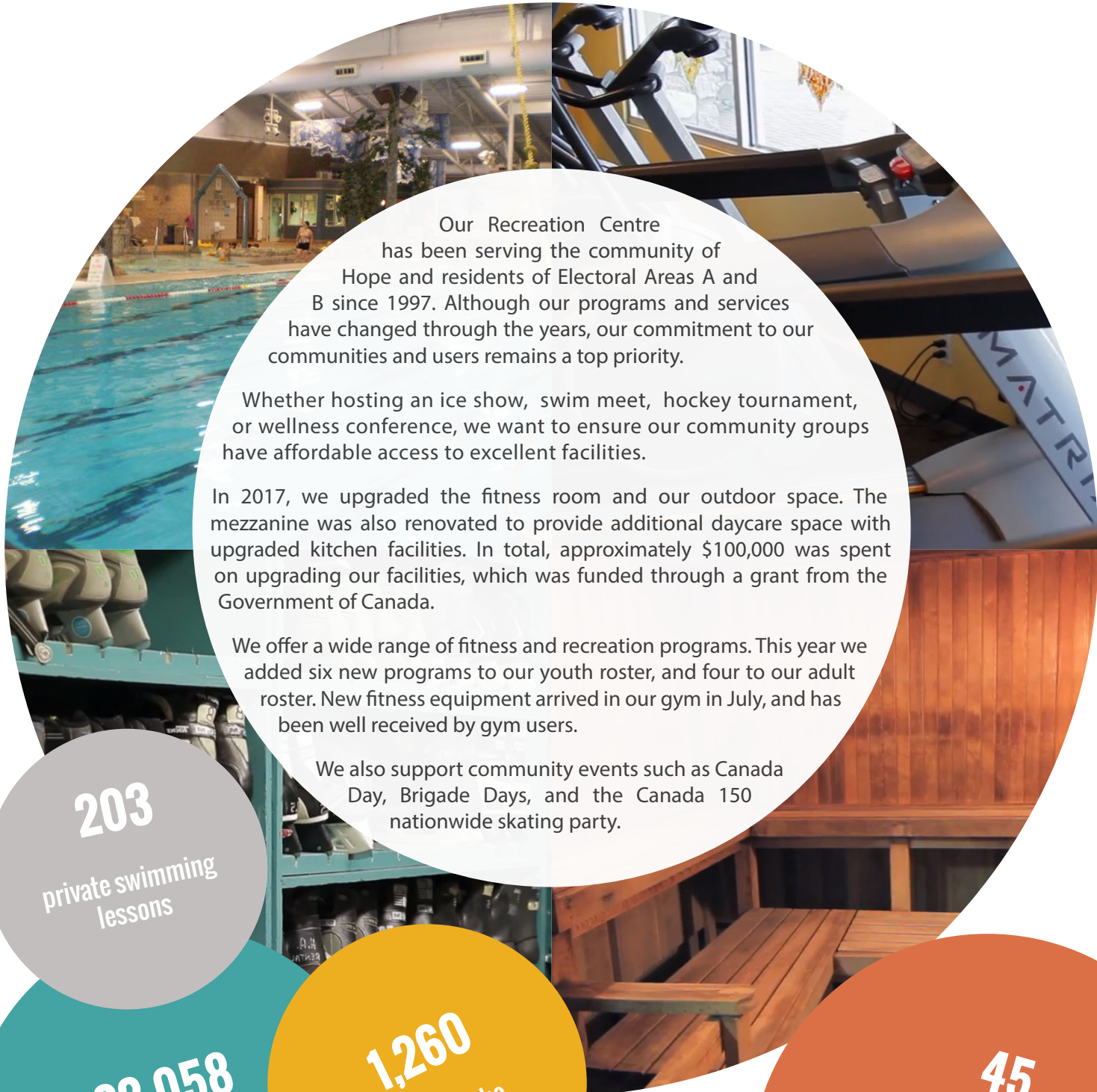
Every three years the FVRD and MCC Community Enterprises (MCCCE) undertakes a 24 hour "snapshot" survey of homelessness in the Fraser Valley. In 2017, the survey was coordinated with a similar process taking place at the same time in Metro Vancouver.

According to the survey, there were 606 homeless individuals in the Fraser Valley, a very significant 75 percent increase from 2014. Homelessness is one of the most pressing issues in this region and across the country. Our communities are working with other levels of government and community agencies to address the needs of those who struggle to find appropriate housing. In addition to supporting municipal homelessness strategies, this data is informing provincial housing policy and the federal government's National Housing Strategy. We also partnered with the Metro Vancouver HPS Community Entity to publish a Lower Mainland report that highlighted the homeless challenges across the Lower Mainland.

Tourism

In 2017, we held a workshop to discuss the potential of outdoor recreation and tourism. A diverse group of participants identified the need for a region-wide economic impact study which would be used to create an outdoor recreation strategic plan, and to support tourism marketing and economic development opportunities. A Gas Tax Strategic Priorities Fund application was submitted and if successful, this work is anticipated to begin in 2018. We are also working closely with Destination BC's destination development planning program to ensure alignment with provincial initiatives in the Fraser Valley.

Recreation, Culture & Airpark



Our Recreation Centre has been serving the community of Hope and residents of Electoral Areas A and B since 1997. Although our programs and services have changed through the years, our commitment to our communities and users remains a top priority.

Whether hosting an ice show, swim meet, hockey tournament, or wellness conference, we want to ensure our community groups have affordable access to excellent facilities.

In 2017, we upgraded the fitness room and our outdoor space. The mezzanine was also renovated to provide additional daycare space with upgraded kitchen facilities. In total, approximately \$100,000 was spent on upgrading our facilities, which was funded through a grant from the Government of Canada.

We offer a wide range of fitness and recreation programs. This year we added six new programs to our youth roster, and four to our adult roster. New fitness equipment arrived in our gym in July, and has been well received by gym users.

We also support community events such as Canada Day, Brigade Days, and the Canada 150 nationwide skating party.

203

private swimming lessons

22,058

Visits to public swimming

1,260

Visits to the ice rink

45

Birthday Parties



Electoral areas are all lands that fall outside municipal boundaries. The FVRD takes on a role similar to municipalities for these areas, administering elections, offering a wide range of community planning services, and providing other vital services such as utilities, fire services, and flood management.

Planning & Development

\$49+
million
value of development
in the FVRD.

76%
increase in single
family permits

158
of applications
received in 2017

2017 was a busy year for the Planning department. Our subdivision applications increased by 36 percent over 2016, and development variance permits increased by 33 percent.

Most of this growth occurred in the communities of Popkum (Electoral Area D), Eagle Point (Electoral Area C), and Lindell Beach (Electoral Area H) and took the form of high-end residential development. The impact of this significant growth has been challenging for many residents. As we look towards planning for the future and updating our official community plans, we encourage residents to participate in the planning process and have a say in shaping their community's future.

In spite of it being a busy year for applications, two major projects were tackled in 2017: the Zoning Consolidation Project and the Natural Hazard Assurance Assessment. Both projects involved creating efficiencies to speed up the application process, while still maintaining an excellent standard of public safety and service.

The FVRD is an amalgamation of three regional districts (Central Fraser Valley RD, Dewdney-Alouette RD and Fraser Cheam RD) and covers 13,336 km². Terrain ranges from flat valley floor to steep canyon walls and everything in between. Planning for development in this region is extremely challenging, and over the years has resulted in nine different zoning bylaws. Our goal was to merge nine bylaws into a single, comprehensive document to ensure consistent interpretation and application of development policies across the region. Implementation is scheduled for 2018.

Our second project was a collaboration with the Association of Professional Engineers and Geoscientists (APEG) to streamline the development permit process in hazard areas. Five forms were reduced to one making the reporting process more efficient for consultants and government staff resulting in a faster turnaround time for clients. Initial feedback has been very positive; so much so, that other jurisdictions are interested in adopting our approach.

Building Department

In 2017, the Building Department expanded its service to include Harrison Hot Springs, Kent and several First Nations bands. This expansion, combined with the construction boom, saw the number of building permits issued increase by 75 percent over 2016.

The majority of these permits were issued for single family dwellings in Electoral Areas C, D, and H. Far fewer permits were issued for residential additions/renovations in 2017 than 2016, a decrease of 35 percent.

In addition to approving building permits, the Building Department manages many of the FVRD's capital projects, such as the construction of the Mary Street Parking Lot and last year's expansion of the CARE Centre and the new Yale Fire Hall. The Building Department also manages facility issues related to FVRD owned properties. We have found it to be more efficient and cost effective to leverage our in-house expertise and manage our own construction projects.

Bylaw Enforcement

The Bylaw Enforcement department is responsible for processing, investigating and resolving contraventions of the FVRD's bylaws. The majority of tickets issued are for building without a permit. In 2017, this infraction accounted for 74 percent of tickets issued.

Only a small minority of tickets are actually issued for nuisance complaints. We prefer to work with the parties concerned and encourage them to resolve their issues amicably through discussion. If that course of action fails, upon receiving a written complaint we will initiate a formal investigation.

Thanks to concerted efforts over the last several years to review, resolve and close many historical bylaw files, in 2017, we achieved a balanced load, closing as many files as were opened.



Engineering & Community Services

The FVRD was the beneficiary of several grant funding programs in 2017 designed to improve water quality and quantity in rural areas. Through this funding, the FVRD was able to complete infrastructure upgrades to the Boston Bar water system ensuring residents have access to clean, potable drinking water, while also reducing water consumption and overall operating expenses.

This funding also provided for upgrades to the Lake Errock and Hatzic Prairie water systems. Aside from ensuring water quality, these upgrades address the issue of water pressure for fire protection service. Work is currently in progress and scheduled for completion in 2018.

By far the largest grant received was \$10.5 million from the Province of BC for dyke improvements and pump upgrades to bring the Nicomen Island dyke up to provincial standards. This grant reflects the Province's commitment to emergency preparedness and public safety.

Other projects completed in 2017 included Phase 1 of the Cultus Lake Integrated Water System; upgrades to the Deroche water system to provide water to the new fire training centre; implementation of a new organics recycling program, and the installation of a new electronic scoring system at the Canyon Lanes Bowling Alley.

157

of homes served by the new Baker Trails Sewer Treatment Plan

80,000,000

of litres of water saved by improvements to the Boston Bar Water System

575

of homes on the Cultus Lake Integrated Water System

Emergency Management Services

The FVRD's emergency services department supports seven fire departments with over 160 volunteer firefighters across eight electoral areas.

The summer of 2017 saw devastating forest fires sweep throughout most of British Columbia. Although our region didn't escape unscathed, compared to the rest of the province fire damage was minimal, and handled quickly by our volunteer fire departments.

We also rely on a team of emergency social services volunteers who are called upon in times of emergency to provide comfort and support to affected residents. They ensure basic needs such as food, clothing and shelter are taken care of, as well as providing comfort and support.

Our Emergency Social Services (ESS) team helped out at the Chilliwack reception centre handling registrations and providing comfort and support to fire evacuees. Several FVRD staff travelled to the Cariboo Regional District to provide relief for staff operating their emergency operations centre. Our staff gained valuable knowledge and experience that will be incorporated in the our emergency response programs. This experience was the very definition of "baptism by fire".

700

hours logged by ESS volunteers in 2017

948

of times FVRD firefighters responded to calls

24%

increase in incidents from 2016

Consolidated Financial Statements

For the year ending December 31, 2017

Auditors: KPMG LLP
Bank: Envision Financial
Prepared by: The Finance Department of the
Fraser Valley Regional District

2017

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.



Mike Veenbaas, CPA, CMA
Director of Financial Services/Chief Financial Officer



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 Canada
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 Fax (604) 793-4747

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fraser Valley Regional District

We have audited the accompanying consolidated financial statements of Fraser Valley Regional District, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fraser Valley Regional District as at December 31, 2017, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Chartered Professional Accountants

April 24, 2018

Chilliwack, Canada

Fraser Valley Regional District
Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
Financial Assets		
Cash and cash equivalents (Note 1)	\$ 5,019,060	\$ 207,939
Accounts receivable (Note 2)	4,765,574	3,839,152
Inventories	26,007	19,958
Investments (Note 3)	31,481,601	23,625,048
Investment in government business partnership (Note 4)	284,343	362,550
	<u>41,576,585</u>	<u>28,054,647</u>
Financial Liabilities		
Trade payables and accrued liabilities	4,642,483	2,128,156
Accrued interest	51,566	36,848
Due to Local governments	2,156,741	2,265,813
Landfill retirement costs (Note 5)	266,793	261,813
Municipal Finance Authority equipment financing	36,826	48,740
Municipal Finance Authority debentures (Note 7)	5,900,542	3,452,279
Municipal Finance Authority leases	-	20,544
Development levies and deferred revenue (Note 8)	12,134,456	874,122
Community Works funds (Note 9)	3,374,481	3,598,987
	<u>28,563,888</u>	<u>12,687,302</u>
Net Financial Assets	<u>13,012,697</u>	<u>15,367,345</u>
Non-Financial Assets		
Prepaid expenses	295,940	207,761
Tangible Capital Assets (Note 10)	40,213,328	35,668,236
Intangible Capital Assets (Note 11)	578,075	-
	<u>41,087,343</u>	<u>35,875,997</u>
Accumulated Surplus	<u>\$ 54,100,040</u>	<u>\$ 51,243,342</u>
Commitments (Note 12)		
Contingent Liabilities (Note 13)		

Approved on behalf of the Board:



Chief Financial Officer

Fraser Valley Regional District
Consolidated Statement of Financial Activities
Year Ended December 31, 2017

	Budget 2017 (Note 15)	Actual 2017	Actual 2016
Revenues			
Member requisitions	\$ 13,494,205	\$ 13,452,754	\$ 13,229,606
Government grants	2,821,390	2,970,271	1,604,880
Utility user fees	506,286	603,832	522,318
Sale of services	2,517,289	4,462,651	3,558,516
Other	2,094,391	3,114,511	1,694,062
Interest	73,940	392,103	365,020
Income (loss) from government business partnerships	-	(78,207)	362,550
	<u>21,507,501</u>	<u>24,917,915</u>	<u>21,336,952</u>
Expenses			
General government services	3,048,905	3,414,274	3,201,037
Protective services	5,343,035	5,570,015	5,315,159
Transportation services	2,694,600	2,807,252	2,626,721
Environmental health services	2,135,530	2,171,109	2,371,628
Environmental development services	1,759,150	1,579,899	1,519,763
Recreation and cultural services	3,864,365	4,439,767	4,111,250
Utilities services	1,150,183	2,078,902	1,518,966
	<u>19,995,768</u>	<u>22,061,218</u>	<u>20,664,524</u>
Annual Surplus	1,511,733	2,856,697	672,428
Accumulated Surplus, Beginning of Year	51,243,342	51,243,342	50,570,914
Accumulated Surplus, End of Year	<u>\$ 52,755,075</u>	<u>\$ 54,100,039</u>	<u>\$ 51,243,342</u>

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

Year Ended December 31, 2017

	2017	2016
Annual surplus	\$ 2,856,697	\$ 672,428
Acquisition of tangible capital assets	(6,207,223)	(2,528,681)
Amortization of tangible capital assets	1,613,503	1,530,243
Loss on sale of tangible capital assets	1,629	-
Proceeds on sale of tangible capital assets	47,000	-
Acquisition of intangible capital assets	(608,500)	-
Amortization of intangible capital assets	30,425	-
Change in prepaid expenses	(88,179)	188,817
Change in Net Financial Assets	(2,354,648)	(137,193)
Net Financial Assets, Beginning of Year	15,367,345	15,504,538
Net Financial Assets, End of Year	\$ 13,012,697	\$ 15,367,345

Fraser Valley Regional District
Consolidated Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
Operating Activities		
Annual surplus	\$ 2,856,697	\$ 672,428
Items not involving cash		
Amortization of tangible capital assets	1,613,503	1,530,243
Loss on sale of tangible capital assets	1,629	-
Amortization of intangible capital assets	30,425	-
Partnership (income) loss	78,207	(362,550)
	4,580,461	1,840,121
Change in non-cash operating items		
Accounts receivable	(926,422)	2,101,024
Inventories	(6,049)	(4,057)
Prepaid expenses	(88,179)	188,817
Trade payables and accrued liabilities	2,514,327	439,741
Local governments	(109,072)	24,006
Accrued interest	14,718	(1,479)
Landfill retirement costs	4,980	10,069
Development levies and deferred revenue	11,260,334	226,684
Community works fund	(224,506)	621,420
	17,020,592	5,446,346
Investing Activities		
Acquisition of tangible capital assets	(6,207,223)	(2,528,681)
Proceeds on sale of tangible capital assets	47,000	-
Acquisition of intangible capital assets	(608,500)	-
	(6,768,723)	(2,528,681)
Financing Activities		
Proceeds from debenture debt	2,900,000	-
Repayment of debenture debt	(463,651)	(445,725)
Repayment of capital leases	(20,544)	(45,971)
	2,415,805	(491,696)
Investing Activities		
Increase in portfolio investments	(7,856,553)	(2,312,846)
Change in Cash	4,811,121	113,123
Cash and cash equivalents, Beginning of Year	207,939	94,816
Cash and cash equivalents, End of Year	\$ 5,019,060	\$ 207,939
Supplementary cash flow information:		
Interest paid	\$ 277,539	\$ 284,936

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2017

Basis of Presentation	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.
Basis of Consolidation	<p>The financial statements are presented on a consolidated basis and include the following funds:</p> <p>(a) Operating Fund</p> <p style="padding-left: 40px;">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 style="padding-left: 40px;">The capital fund reflects the financial activities associated with the acquisition, construction and funding of capital assets.</p> <p>(c) Reserve Fund</p> <p style="padding-left: 40px;">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>
Budget Amounts	Budget amounts reflect the statutory annual budget as adopted by the board on April 23rd, 2017.
Comparative Figures	Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.
Revenue Recognition	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.
Cash and Cash Equivalents	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.
Portfolio Investments	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, 2017

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.

(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, 2017

Non-Financial Assets (con't)

(iii) Contributions of Tangible Capital Assets

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

(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 generally accepted accounting principles 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.

Financial Instruments

Financial instruments consist of cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities and other current liabilities. The Regional District classifies its cash and cash equivalents as held-for-trading, accounts receivable as held to maturity and its accounts payable and other current liabilities as other financial liabilities. The Regional District does not currently have any derivative instruments requiring recording on the statement of financial position. The fair values of the Regional District's financial instruments approximate their carrying value unless otherwise noted. It is management's opinion that the Regional District is not exposed to significant interest, currency or credit risk relating to its financial instruments.

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2017

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, 2017, 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, 2017

1. Cash and cash equivalents

	2017	2016
Cash	\$ 19,060	\$ 166,339
Cash Equivalents	<u>5,000,000</u>	<u>41,600</u>
	<u>\$ 5,019,060</u>	<u>\$ 207,939</u>

2. Accounts Receivable

	2017	2016
Accrued interest - investments	\$ 254,536	\$ 216,728
Local government	768,677	720,780
Provincial Government	1,121,116	135,077
MFA Debt Reserve - Cash	1,557,703	1,524,420
Regional Hospital District	592	1,382
Trade Accounts and User Fees	<u>1,062,950</u>	<u>1,240,765</u>
	<u>\$ 4,765,574</u>	<u>\$ 3,839,152</u>

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2017

3. Investments

The District holds investments in bonds, GICs

Bonds and GICs held at December 31, 2017 are as follows:

	Amount	Effective Interest Rate	Maturity Date
Bonds:			
BMO FXD/ FLT	\$ 3,793,000	3.12%	September 19, 2024
BNS DEP NOTE	1,509,000	1.905%	December 2, 2021
BTLBK CDA	530,000	2.06%	November 24, 2022
Premium on purchase of bonds	102,281		
GICs:			
CCS GIC	1,020,080	1.56%	August 7, 2018
VANCITY GIC	996,000	1.44%	April 29, 2019
CCS GIC	2,000,000	1.61%	April 29, 2019
CCS GIC	3,000,000	1.46%	April 29, 2019
SCOTIA BK GIC	1,333,333	1.81%	May 25, 2018
SCOTIA BK GIC	1,000,000	1.85%	August 27, 2018
SCOTIA BK GIC	1,000,000	1.85%	August 28, 2018
NATL BK GIC	1,333,333	2.06%	May 27, 2019
CCS CSH GIC	5,000,000	1.38%	September 19, 2024
NATL BK GIC	1,333,334	2.31%	May 26, 2020
BMO GIC	531,240	1.45%	November 16, 2018
BMO GIC	4,000,000	1.45%	April 29, 2019
HSBC BK GIC	<u>3,000,000</u>	1.85%	August 7, 2018
	<u>\$ 31,481,601</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, 2017 have a total carrying value of \$31,736,137 (2016 - \$23,841,776), consisting of amortized cost of \$31,481,601 (2016 - \$23,625,048) and related accrued interest of \$254,536 (2016 - \$216,728). The market value of these investments at December 31, 2017 is approximately \$31,632,035 (2016 - \$23,758,170).

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2017

4. 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, 2017 are summarized below. 2016 Partnership income includes 2015 results as they were not determined prior to the 2015 audit report date.

CLCCF Condensed Financial Statements:

	2017	2016
Assets		
Cash	\$ 825,809	\$ 1,176,721
Other Current Assets	33,686	5,907
	\$ 859,495	\$ 1,182,628
Liabilities		
Accounts Payable	\$ 6,467	\$ 94,979
Partnership Equity	853,028	1,087,649
	\$ 859,495	\$ 1,182,628
	2017	2016
Total Revenue	\$ 25,689	\$ 861,545
Total Expenses	266,640	304,489
Net Income (loss)	\$ (240,951)	\$ 557,056

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2017

5. Landfill Retirement Costs

Asset retirement obligations consist of landfill closing and post closure costs. Progressive closure costs are estimated at \$1,142,000. 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 2017, post closure costs were estimated at \$429,000. 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 65 years. The interest rate currently being paid by the Fraser Valley Regional District on MFA debt is 4.0%.

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 \$266,793 has been set aside at December 31, 2017.

6. 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, 2017 are projected for the next five years as follows:

	Member Municipalities	Regional District	Total
2018	\$ 7,955,249	\$ 347,816	\$ 8,303,065
2019	7,805,674	336,716	8,142,390
2020	7,608,463	336,716	7,945,179
2021	7,558,285	336,716	7,895,001
2022	7,558,285	311,310	7,869,595
	\$ 38,485,956	\$ 1,669,274	\$ 40,155,230

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

Year ended December 31, 2017

7. 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:

	2017	2016
Debentures	\$ 75,426,455	\$ 77,400,544
Debt charges recoverable	(69,525,913)	(73,948,265)
	<u>\$ 5,900,542</u>	<u>\$ 3,452,279</u>

8. 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.

	2017	2016
West Popkum Drainage	\$ 199,747	\$ 131,392
Lakeside Trail	240,530	-
Bell Acres Water	18,761	18,352
Dogwood Water System	-	42,287
Parkview Water	68,173	66,686
Area D Water	109,067	291,574
Deroche Water	58,984	57,697
Area C Community Parks	17,905	17,514
Area D Parks Cash in Lieu	97,354	50,930
Area F Parks Cash in Lieu	39,932	39,061
Community Parks Cash in Lieu	<u>25,619</u>	<u>151,119</u>
	<u>\$ 876,072</u>	<u>\$ 866,612</u>

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

Year ended December 31, 2017

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

	2017	2016
Deferred Revenue - Utilities	6,644	-
Deferred Revenue	428,192	4,992
Deferred Grants - Capital projects	10,820,275	-
Deferred Revenue - Hope Recreation	<u>3,273</u>	<u>2,518</u>
	<u>11,258,384</u>	<u>7,510</u>
Total development levies and deferred revenue	<u>12,134,456</u>	<u>874,122</u>
	-	-

9. 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

	2017	2016
Opening balance of unspent funds	\$ 3,598,987	\$ 2,977,567
Add: Amount received during the year	763,909	754,157
Interest earned	75,176	67,041
Less: Amount spent on projects	<u>(1,063,591)</u>	<u>(199,778)</u>
	<u>\$ 3,374,481</u>	<u>\$ 3,598,987</u>

Fraser Valley Regional District
Notes to the Consolidated Financial Statements

Year ended December 31, 2017

10. Tangible Capital Assets

Cost	Balance at December 31, 2016	Additions	Transfers and Disposals	Balance at December 31, 2017
Land	\$ 3,651,553	\$ -	\$ -	\$ 3,651,553
Engineering structures	26,522,869	208,408	-	26,731,277
Buildings and building improvements	14,078,056	438,134	-	14,516,190
Vehicles, machinery and equipment	10,331,818	807,392	(222,746)	10,916,464
Assets under construction	2,090,559	4,935,743	(182,453)	6,843,849
Total	\$ 56,674,855	\$ 6,389,677	\$ (405,199)	\$ 62,659,333

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Engineering structures	\$ 7,721,021	\$ -	\$ 532,213	\$ 8,253,234
Buildings and building improvements	6,351,218	-	493,981	6,845,199
Vehicles, machinery and equipment	6,934,380	(174,117)	587,309	7,347,572
Total	\$ 21,006,619	\$ (174,117)	\$ 1,613,503	\$ 22,446,005

	Net book value December 31, 2016	Net book value December 31, 2017
Land	\$ 3,651,553	\$ 3,651,553
Engineering structures	18,801,848	18,478,043
Buildings and building improvements	7,726,838	7,670,991
Vehicles, machinery and equipment	3,397,438	3,568,892
Assets under construction	2,090,559	6,843,849
Total	\$ 35,668,236	\$ 40,213,328

(a) Assets Under Construction

Assets under construction having a value of \$6,843,849 (2016 - \$2,090,559) 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, 2017

11. Intangible Capital Assets

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

Cost	Balance at December 31, 2016	Additions	Transfers and Disposals	Balance at December 31, 2017
Campground license	\$ -	\$ 608,500	\$ -	\$ 608,500
Total	\$ -	\$ 608,500	\$ -	\$ 608,500

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Campground license	\$ -	\$ -	\$ 30,425	\$ 30,425
Total	\$ -	\$ -	\$ 30,425	\$ 30,425

	Net book value December 31, 2016	Net book value December 31, 2017
Campground license	\$ -	\$ 578,075
Total	\$ -	\$ 578,075

Fraser Valley Regional District Notes to the Consolidated Financial Statements

Year ended December 31, 2017

12. 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, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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 valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred at the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Regional District paid \$476,555 (2016 - \$466,832) for employer contributions to the plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

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.

13. Contingent liabilities

a) Legal Actions

As at December 31, 2017 certain legal actions are pending against the Fraser Valley Regional District, the outcome of which cannot be reasonably determined. These actions will be settled subsequent to year end and are not of determinable amount. When the amount becomes determinable it will be included in the financial statements.

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.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

15. 2017 Plan

The budget data presented in these financial statements was included in the Fraser Valley Regional District 2017 - 2021 Financial Plan, adopted through Bylaw No. 1423, 2017 on April 23, 2017. The following table reconciles the approved budget to the budget figures in these consolidated financial statements.

	2017
Revenues:	
Budget	\$ 24,360,846
Less:	
Internal Recoveries	(2,853,345)
Budgeted revenues per Statement of Operations	21,507,501
Expenses:	
Budget	22,849,113
Less:	
Internal Recoveries	(2,853,345)
Budgeted expenses per Statement of Operations	\$ 19,995,768

16. 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 three (3) sanitary sewer systems.

16. Segmented Information (continued)

	General Government	Protective Services	Transportation Services	Environmental Health	Environmental Development	Recreation & Culture	Utility Services	2017	2016
Revenues									
Member requisitions	\$ 2,097,130	\$ 3,320,775	\$ 1,178,240	\$ 1,493,440	\$ 1,367,850	\$ 3,212,204	\$ 783,115	\$ 13,452,754	\$ 13,229,606
Government grants	103,826	74,216	989,963	69,003	18,091	346,349	1,368,823	2,970,271	1,604,880
Sales of service	525,391	1,519,305	767,474	513,071	65,108	1,065,562	610,572	5,066,483	3,558,516
Other	287,691	862,531	9,640	79,333	84,752	167,267	1,937,193	3,428,407	2,943,950
	<u>3,014,038</u>	<u>5,776,827</u>	<u>2,945,317</u>	<u>2,154,847</u>	<u>1,535,801</u>	<u>4,791,382</u>	<u>4,699,703</u>	<u>24,917,915</u>	<u>21,336,952</u>
Expenditures									
Salaries and benefits	3,383,208	1,753,644	25,724	668,520	1,119,671	1,608,578	570,457	9,129,802	8,412,730
Director's expenses	388,319	-	-	-	-	-	-	388,319	375,310
Program support	1,425,645	2,566,335	2,651,603	995,800	169,764	1,858,608	799,895	10,467,650	9,628,241
Vehicle, Building and Equipment Expenses	248,663	353,415	13,398	254,522	7,414	291,988	196,203	1,365,603	1,566,637
Internal Services	467,450	512,000	96,100	211,750	297,400	358,100	76,700	2,019,500	1,942,627
Recoveries from other functions	(2,799,595)	(23,300)	-	(7,231)	(14,350)	(71,641)	(37,467)	(2,953,584)	(2,791,264)
Amortization of tangible capital assets	300,584	407,921	20,427	47,748	-	363,709	473,114	1,613,503	1,530,243
Amortization of intangible assets	-	-	-	-	-	30,425	-	30,425	-
	<u>3,414,274</u>	<u>5,570,015</u>	<u>2,807,252</u>	<u>2,171,109</u>	<u>1,579,899</u>	<u>4,439,767</u>	<u>2,078,902</u>	<u>22,061,218</u>	<u>20,664,524</u>
	<u>\$(400,236)</u>	<u>\$ 206,812</u>	<u>\$ 138,065</u>	<u>\$ (16,262)</u>	<u>\$ (44,098)</u>	<u>\$ 351,615</u>	<u>\$ 2,620,801</u>	<u>\$ 2,856,697</u>	<u>\$ 672,428</u>



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