



REGIONAL DISTRICT  
of Fraser-Fort George

REGIONAL DISTRICT OF FRASER-FORT GEORGE  
**2021 CONSOLIDATED  
FINANCIAL STATEMENTS**

*Front cover picture is an aerial view of Salmon River & Valley taken from Kristian Winther Regional Park, Electoral Area A by Darrin Rigo*



Public Safety Operations Building



Cummings Road Regional Transfer Station Reconstruction



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## **REPORT FROM THE GENERAL MANAGER OF FINANCIAL SERVICES**

April 11, 2022

TO: Chairperson Art Kaehn and the Directors of the Regional District of Fraser-Fort George

The financial report and Consolidated Financial Statements for the Regional District of Fraser-Fort George (“Regional District”) for the year ended December 31, 2021, are submitted pursuant to the requirements of the *Local Government Act*.

The enclosed information includes the Consolidated Financial Statements of the Regional District along with supplementary information in schedule format. The Consolidated Financial Statements have been prepared in accordance with the Public Sector Accounting Board recommendations for financial statement presentation. The objective of the Consolidated Financial Statements is to fairly present the consolidated financial position of the Regional District. The firm of KPMG LLP is responsible to report to the Regional District Board with the results of their audit. Their Independent Auditors’ Report, with an unqualified opinion, is included in these Consolidated Financial Statements.

### **2021 HIGHLIGHTS**

The Regional District delivers ninety-two (92) services ranging from small local services such as a series of street lights in a rural area to large and complex region wide services such as Solid Waste Management and 9-1-1 Emergency Management. These services are delivered through a number of business units within the Regional District: Corporate Services, Community Services (includes Public Safety), Development Services, Environmental Services and Financial Services. The following is an overview of the focus and accomplishments of these business units.

### **CORPORATE SERVICES**

Corporate Services manages the Regional District’s records, manages and responds to Freedom of Information requests, corporate records, policies and procedures, provides support for the Regional District Board operations and directors, manages the Regional District’s staff resources, communications and external relations and processes a large variety of requests for information and assistance from staff and the general public.

In 2021, Corporate Services managed a number of processes on behalf of the Regional District, including:

- further development of a Records Management Program;
- continued management of FOI requests and related FOI matters and considerations;
- continued the journey on being active in defining reconciliation with our First Nation partners including participation in recognizing the atrocities of the residential school system;
- continuation of the Regional Report; a quarterly external newsletter highlighting recent initiatives and projects underway within the Regional District;
- oversight and legislative support in the preparation of bylaws;
- oversight in policy, procedure and contract development;



- oversight and support in legal and insurance matters;
- ongoing support for Community Consultation Committees;
- continued implementation of the Regional District's Communications Plan;
- implementation of a rural broadband study to facilitate improvements in rural internet connectivity;
- provided leadership in adjusting corporate wide business practices to allow for continued delivery of services during the COVID-19 pandemic;
- oversight on implementation of the Regional District's Corporate Climate Change Action Plan;
- oversight on implementation of the Regional District's Asset Management Strategy;
- oversight of the Cultural Endowment Fund Grant program;
- continue to implement the Regional Cultural Plan for 2021-2022 focused on supporting regional cultural organizations through the COVID-19 pandemic;
- continued implementation of the Northern Routes cultural marketing program to promote museums, galleries and heritage sites within the region;
- implementation of public education and community engagement strategies for a number of Regional District programs and services;
- continued work in partnership with the Villages of McBride and Valemount to implement strategies from the Robson-Canoe Valley Economic Opportunities Plan;
- being a resource to administrative colleagues in the Regional District's smaller member municipalities in sharing our knowledge and best practices in the operation and delivery of local government services; and
- implementation of an Information Technology Strategy and Business Plan to work with departments to harness information technology to improve service delivery.

## **COMMUNITY SERVICES**

Community Services Administration assists community groups in the development and ongoing service delivery for the long-term sustainability of their community, through the provision of community and public safety services, as well as the administration of the Community and Recreation Grant-in-Aid programs.

In 2021, Community Services Administration's focus was on:

- Public Health Order Compliance support for Robson Valley Recreation and Community Centres and community groups who operate Regional District facilities;
- completion of Tete Jaune Community Cemetery regulatory requirements and preparation for opening in 2022;
- assisting with grant applications, competitive bidding and associated project management and reporting requirements;
- continuation of investigating the feasibility of a community hall service for the Miworth community;



- completion of the feasibility study for a natural gas extension for Lambertus Road in Electoral Area A;
- continued evaluation of Reid Lake Community Hall service;
- continuation of overhead street light inventory reconciliation for street lighting local service areas with BC Hydro, ongoing tasks in relation to transition from high pressure sodium to LED overhead street lights;
- evaluation of Robson Valley facilities contract, rate sheet, and risk mitigation forms in preparation for rates and regulation bylaw;
- supporting ongoing Emergency Operations Centre activations and the Dore River Mitigation Project;
- completing the competitive bid process for “As and When” services for Engineering and Project Management; and
- administrative support for Robson Valley facilities including the Robson Valley Recreation Centre and Canoe Valley recreation chiller projects and Investing in Canada Infrastructure Program – Rural and Northern Communities Program (ICIP-RNC) grant management.

### *Grants*

Each year, the Regional District provides community grants to organizations in its electoral areas that will benefit residents. In 2021, \$531,036 was provided through 62 Community Grant-in-Aid requests, and \$46,858 through 17 Recreation Grant-in-Aid requests to various organizations within the Regional District.

### *Recreation Service*

The Canoe Valley Recreation Centre, Robson Valley Recreation Centre, and Robson Valley Community Centre are all operated and maintained in a safe and efficient manner to provide Electoral Area H with a wide range of year-round activities and opportunities to benefit residents and visitors.

In 2021, the focus of the Canoe Valley and Robson Valley Recreation Centres and Robson Valley Community Centre was on COVID-19 support to keep the facilities operating. Work is ongoing to support capital and asset management replacement items, focusing on chiller replacement, along with structural and electrical upgrade projects at the two recreation centres.

## **PUBLIC SAFETY**

### *9-1-1 Emergency Response*

The 9-1-1 Emergency Response Service provides for emergency 9-1-1 call taking services, transfer of emergency calls to the appropriate downstream agency, and coordinated fire dispatch and communications services of eighty fire/rescue agencies. The 9-1-1 Emergency Response service budget supports the administration and operation of the primary 9-1-1 call answer function and the centralized fire/rescue dispatch communication system. The 9-1-1 Service further supports the operation, maintenance, and development of a fire/rescue radio



dispatch and communications system for fire/rescue services in the Regional District and a centralized fire dispatch facility located in the Fire Operations Communications Centre (FOCC).

9-1-1 services are provided to over 210,000 residents within the Regional District of Fraser-Fort George, Cariboo Regional District, Regional District of Kitimat-Stikine, Regional District of Bulkley-Nechako and a portion of the Regional District of Central Kootenay.

In 2021, Public Safety Administration's focus was on:

- continued development of the Public Safety Operations Quality Assurance Coordinator position;
- large tower maintenance of the radio communications system and sites;
- providing expertise to radio contractors working on the field radio systems in Partner Regional Districts;
- providing expertise to Prince George Fire Rescue and RDIFFG volunteer fire services on radio specifications, requirements, and programming;
- ensuring the continued operation of the fire/rescue agencies' field radio system and the dispatch radio console at the FOCC;
- negotiation of a two-year extension to the E-Comm Call Answer contract;
- computer aided dispatch and records management system maintenance and design planning for new systems infrastructure; and
- execution of planned procurement and construction activities in support of the 9-1-1 Infrastructure Upgrade Implementation (IUI) Strategy:
  - Construction of the new Public Safety Operations Building
  - Working with vendors on the development of technologies for the new radio console, call handling system, and data and media logging system

#### *Fire Department Coordination Service*

The Fire Department Coordination Service oversees the Regional District's fire and rescue services to help ensure high service levels; that the standards are implemented, followed, and maintained; and that required training and certification is readily available and affordable.

In 2021, Fire Department Coordination's focus was on:

- taking delivery of a new Chief 1 Command Vehicle for Pineview VFD/Area D Rescue;
- replacement of the McBride Fire Hall's concrete apron;
- repair of the parking lot and install of a new driveway for the Shell Glen Fire Hall;
- competitive bid process for the Ness Lake Fire Hall roof repairs/replacement;
- development and implementation of COVID Safety Plans and procedures for the volunteer fire and rescue departments;



- applying for and delivery of various grant programs providing an additional \$630,000 of support to the volunteer fire and rescue departments;
- coordination of regional training opportunities;
- coordination of providing resources to support the provincial wildfire response;
- supporting the development of the Fire and Rescue Coordinator position;
- development and modification of delivery of public safety programs; and
- assisting fire/rescue agencies with 2021 budgeted projects.

### *Emergency Preparedness Service*

The Emergency Preparedness Service provides the operational capability of the Emergency Management Program which has been established to fulfill the requirements of the Regional District under the *Emergency Program Act*.

The Emergency Management Program encompasses the strategic and operational development of the components of the emergency management plans. The components of the program are mitigation, planning, preparedness, response and recovery. The emergency plans outline the authority and responsibility to act in emergencies and communicate the policies and procedures to be followed.

Currently, there are approximately twenty-seven staff members available to work in the Emergency Operations Centre and provide evacuee support services.

In 2021, the Emergency Management Program's focus was on:

- activations in the spring for freshet flooding, in July for wildfires and with a joint response with the Village of Valemount to the Swift Creek Landslide in August;
- provision of ESS to families whose primary residences were impacted by wildfire and freshet flooding;
- set up of Robson Valley Cooling Center in respond to record breaking heat wave;
- completion of the Community Resiliency Grant funded FireSmart education campaign and associated activities within the Area of Interest as identified in the service agreement with the City of Prince George;
- weekly spring hazard readiness EOC meetings were conducted (virtually when possible);
- ongoing development of the EOC's Activation Guide, Immediate Response Plans and support annexes;
- participating and presenting at the Firesmart BC Symposium, FireSmart plant tagging program at Art Knapps', Northern Emergency Support Services Training conference and Farm and Ranch Wildfire Preparedness workshop;
- completion of the UBCM grant funded activities to fund the purchasing of EOC related equipment and furniture for the new Public Safety Operations Building;



- participation in an After-Action Review (AAR) of the response to the Swift Creek Landslide in Valemount that will ensure response learnings are incorporated in future emergency responses; and
- ongoing participation in the Dore River Mitigation Project.

## **DEVELOPMENT SERVICES**

### *Land Use Planning*

The Regional District's Land Use Planning Service is a region wide service fulfilling the obligations of land use planning under Part 14 of the *Local Government Act*. Planning is an integral part of Development Services which also includes civic addressing, building inspection and bylaw compliance. Development Services works closely with the Economic Development Service, Community Services, Information Technology Service (Geographic Information System) and outside agencies, such as the Northern Health Authority; the Ministries of Transportation and Infrastructure, Municipal Affairs and Housing, Environment and Climate Change Strategy; Forest, Lands and Natural Resource Operations and Rural Development; and the Provincial Agricultural Land Commission in order to provide efficient public service.

In 2021, the focus of Land Use Planning was on:

- intake and of approximately ninety-five (95) land use applications (including applications for: Agricultural Land Reserve, Zoning Bylaw, Official Community Plan, Temporary Use Permit, Development Variance Permit and Development Permit). This is up slightly from the approximately seventy-five (75) land use applications received in 2020;
- providing referral responses to provincial ministries, such as: Forests, Lands and Natural Resource Operations and Rural Development and Ministry of Transportation and Infrastructure for various proposed land use and development;
- hosting a Regional Agricultural Forum;
- development of a Housing Needs Report;
- participation in consultation of Addition to Reserve referrals from Indigenous partners;
- starting the process to commission a Regional Agricultural Strategy;
- starting the process to commission a HUB software to facilitate development application processes;
- continued dialogue with various utility operators regarding development in the Regional District; and
- continued partnership with the Prince George Air Improvement Roundtable.

### *Economic Diversification*

Development Services works with Regional District member municipalities in the development and delivery of economic development programs and initiatives.

In 2021, the focus of Economic Diversification was on:

- continued partnership with the Villages of Valemount and McBride regarding the Robson Valley Region program with the Regional District responsible for the overall delivery of the program;
- establishment of marketing contract for the Robson Valley Region program; and
- continued partnership with the City of Prince George for marketing industrial lands within the Regional District's Electoral Areas.

### *Building Inspection*

The Regional District regulates the construction, alteration, repair or demolition of buildings and structures for the health, safety and protection of persons and property in accordance with the BC Building Code, *Local Government Act* and through the Regional District Building Bylaw.

In 2021, the focus of Building Inspection was on:

- inspections throughout the Regional District with a total of 268 permits being issued in its electoral areas with 64 of them being for new dwellings. Total permit values in 2021 were \$35,193,000 with \$23,431,000 of that value for new dwellings;
- continuing the partnership with the Villages of McBride and Valemount to maintain office hours at each location for the Robson Valley/Canoe Valley Building Inspector, allowing for a cohesive approach and consistency to building inspections in Electoral Area 'H';
- the completion of a project to move from paper copies of inspection certificates to completing the inspections on an electronic tablet. The change will provide better consistency during inspections and deliver immediate notification to the owner and/or contractor and update the Regional District system; and
- adoption of the new Building Bylaw No. 3239 to reflect the new BC Building Code and Building Act. This Bylaw also introduces BC Energy Step Code – Step 1 requirements to building permit process starting in April 2022. This makes the Regional District the first local government north of Kamloops to implement the BC Energy Step Code.

### *Untidy and Unsightly Premises*

Regulation compliance is a complaint driven program. Upon receipt of a complaint, it is investigated and typically compliance is achieved voluntarily through direct contact with the property owner/occupant. If compliance cannot be achieved through education and persuasion, a compliance order can be issued by the Bylaw Enforcement Officer or for more serious situations, the matter comes before the Board for authorization to either resolve the issue through direct enforcement provisions, at cost to the owner, or to seek some form of legal action.



In addition to unsightly premises, Bylaw Enforcement also assists in achieving compliance with land use planning regulations, building inspection and other miscellaneous regulations.

The Regional District provides regulatory compliance within the Electoral Areas through this service. Authority for this service is provided through the Unsightly Premises Regulatory Service Conversion Bylaw No. 3186, 2020 and the *Local Government Act*.

In 2021, the focus of Untidy and Unsightly Premises was on:

- the completion of a project to implement a new software to track Bylaw Enforcement investigations;
- securing a contractor on retainer to be able to remove derelict vehicles, rubbish and other things considered unsightly as defined in the Unsightly Premises Regulation Bylaw No. 3194, 2020;
- revising the Regional District's bylaw enforcement policy DS-18-20 to capture the enforcement of buildings/structures as well as some administrative revisions; and
- adopting the various procedures (screening officer, receiving disputes, adjudication and collecting penalties) to ensure compliance with the provisions of the Bylaw Notice Enforcement Bylaw No. 3201 system and in accordance with the Local Government Bylaw Notice Enforcement Act.

## ENVIRONMENTAL SERVICES

### *Solid Waste Management*

Solid Waste Management is a region wide service and includes residual waste management and waste diversion following the 2015 Regional Solid Waste Management Plan and 2016 Waste Diversion Implementation Plan. This service encompasses operation and maintenance of 18 transfer stations, one recycling facility, 2 select landfill sites and one municipal solid waste landfill.

In 2021, the focus of Solid Waste Management was on:

- continuation of remediation earthworks at the Foothills Boulevard Regional Landfill facilitating the use of additional air space;
- completion of the landfill gas well field expansion with 16 new vertical wells to the south of cell 1 at Foothills Boulevard Regional Landfill;
- expanding the landfill gas well field to the south of cell 1 at Foothills Boulevard Regional Landfill;
- Emergency Response Plan completion and commencement of training and plan implementation for Foothills and Mackenzie landfill facilities;
- permitted leachate discharge from the Foothills facility to the wastewater treatment facility at the City of Prince George;
- implementation of Phase 1 and 2 of the Demolition, Land clearing, Construction waste diversion program;



- continuation of yard & garden waste diversion with exceeding \$100,000 in Norgrow compost sales;
- purchasing and installation of 3 cardboard compactor bins at the Mackenzie, Valemount and McBride Regional Transfer Stations;
- engaged with Clean Farms in a pilot project for Agricultural Plastics Recycling;
- construction of the redesigned Cummings Road Regional Transfer Station;
- finalization and submission of a mandatory Rural Landfill Closure Plan for 13 closed rural landfills to the Ministry of Environment and Climate Change; and
- continued adhering to and updating of COVID-19 measures at all solid waste facilities for uninterrupted and safe, service provision

Ongoing operation and maintenance tasks at all transfer station and active landfill facilities were conducted and the following reporting requirements met:

- 2020 Annual Reports for all three landfill facilities
- 2020 Annual Groundwater Monitoring Reports for five closed and active landfill facilities
- 2020 Greenhouse Gas Emission Reduction Report for Foothills Boulevard Regional Landfill
- 2020 Landfill Gas Generation Assessment

The programs and policies introduced by the Regional District through its Regional Solid Waste Management Plan have resulted in considerable success towards waste diversion.

### *Regional Parks*

The Regional District operates and maintains 11 regional parks located throughout the Regional District encompassing a total of 330 hectares of land. In addition to routine maintenance work, several improvement projects were undertaken at a variety of parks including:

- completion of Regional Parks Plan review;
- shoreline mitigation works monitored for success at Harold Mann Regional Park; and
- improvement to trail system and signage throughout regional parks

In addition to these works, 2021 saw a steady number in visitation at various parks, thereby incurring slightly higher maintenance costs.

### *Utilities*

The Regional District operates two small community water systems and five community sewer systems. The Regional District operates these systems in accordance with provincial regulatory requirements to meet public health, safety and environmental protection objectives.

The main roles of the Regional District at these sites for 2021 included:

- operating spray irrigation systems for the community sewer systems at three of the five systems;
- performing routine sampling and monitoring of the two community water systems;



- completing a Well Head Protection Plan for Azu and Bear Lake drinking water systems; and
- conducting emergency repair works at the Azu drinking water system under winter conditions

Ongoing operation and maintenance tasks at all utilities were conducted year-round.

## **FINANCIAL SERVICES**

### **FINANCIAL MANAGEMENT AND CONTROL**

The Regional District's Board adopts five-year financial plans for each Service. These five-year financial plans provide the budget for the current year, the financial plan for the next four years, and incorporate both operating and capital components. The budget process commences in the fall and the five-year financial plan bylaw must be adopted by March 31<sup>st</sup> of each year.

Management is responsible for the preparation, monitoring and management of their operating and capital budgets. There were ninety-two operating budgets prepared in 2021 for the various Services offered by the Regional District.

Financial Services is responsible for compiling the budgets and preparing the five-year financial plan for presentation to the Board. This Service is also responsible for analyzing the budget and making recommendations to the Administrator.

Financial Services has established an accounting system and internal controls to provide reasonable assurance for the safekeeping of assets and the reliability of the financial records. The financial management system allows all Services ready access to current financial and budget information. Authorized users have on-line access to a wide variety of financial information that is pertinent to their duties, such as payroll information, accounts payable, accounts receivable and general account and budget detail.

### **SIGNIFICANT ACTIVITIES**

- 1) Reserve Funds: Each year the Regional District budgets for annual contributions to be made into the reserve funds. This allows the Regional District to internally finance, for specific purposes, such as the purchase of capital equipment and landfill closure and post-closure costs. These funds are accounted for separately for each Service and the monies are invested until such time as they are required.

At December 31, 2021, the Regional District held approximately 225 unique reserve funds. In 2021, \$8,746,440 was contributed from Operating Funds to Reserve Funds and \$395,638 was earned in interest. During the year, \$8,085,967 in total was transferred from reserves to fund various projects within Regional District Services. This included funds for the construction of the Public Safety Operations Building for the 9-1-1 Emergency Response Service and for the construction of the Cummings Road Transfer Station Reconstruction. Reserve funds also helped to fund lagoon embankment upgrades for the Tabor Lake Sewer Lagoon. At December 31, 2021, the total in the Reserve Funds is \$68,705,927.



- 2) Debt: The Regional District borrows on behalf of the municipalities within its boundaries and for its own use. Debentures are issued to the Municipal Finance Authority of British Columbia for these funds. Although the Regional District is ultimately responsible for the retirement of the debenture debt, the municipalities are responsible for repayment to the Regional District of their share of this liability.

Each year, principal payments are made from the Operating Funds to repay the Regional District's portion of the debenture debt. Of the \$69,958,959 in debenture debt at December 31, 2021, the Municipalities (City of Prince George and the Village of Valemount) are responsible for the retirement of \$65,292,420.

- 3) The Audit: The Regional District is required by the Section 169 of the *Community Charter* to appoint an external auditor. The auditor is required to give an opinion as to whether the Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Regional District as at December 31<sup>st</sup>, including the consolidated results of operations, consolidated changes in net financial assets, consolidated remeasurement gains and losses and the consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

The independent auditor's role is to examine the consolidated financial statements, procedures, documentation, systems and other matters in order to form an opinion on the Regional District's Consolidated Financial Statements. The Consolidated Financial Statements are prepared by, and are the responsibility of, the management of the Regional District.

Respectfully submitted,

***“Chris Calder”***

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Chris Calder, CPA, CA  
General Manager of Financial Services



**BOARD OF DIRECTORS AS OF DECEMBER 31, 2021**

Chairperson..... Art Kaehn  
 Vice Chairperson ..... Lara Beckett

***Municipal Directors***

City of Prince George ..... Lyn Hall (Mayor)  
 ..... Murry Krause  
 ..... Terri McConnachie  
 ..... Kyle Sampson  
 District of Mackenzie ..... Joan Atkinson (Mayor)  
 Village of McBride ..... Allan Frederick  
 Village of Valemount..... Owen Torgerson (Mayor)

***Electoral Area Directors***

Area A – Salmon River – Lakes..... Warren Wilson  
 Area C – Chilako River – Nechako ..... Lara Beckett  
 Area D – Tabor Lake – Stone Creek..... Bill Empey  
 Area E – Woodpecker – Hixon ..... Art Kaehn  
 Area F – Willow River – Upper Fraser ..... Kevin Dunphy  
 Area G – Crooked River – Parsnip ..... Pat Crook  
 Area H – Robson Valley – Canoe ..... Dannielle Alan

Letters patent were issued in 1967 to create the Regional District of Fraser-Fort George. The Regional District has powers and authority as set out in the *Local Government Act*. The governing board of the Regional District is composed of fourteen directors: four selected by the City of Prince George from amongst its council, one selected by each of the councils of the District of Mackenzie, Village of McBride and Village of Valemount, and seven directors elected from within each of the seven electoral areas which cover the unincorporated portions of the Regional District.



***BOARD CHAIRPERSON SINCE INCORPORATION***

Paul Klotz .....	1967
George McAndrew.....	1968 - 1970
Levi Johnson .....	1971 - 1973
Len Proppe.....	1974 - 1977
Harold Mann.....	1978 - 1979
Art Stauble .....	1980 - 1981
George McKnight .....	1982
Art Stauble .....	1983 - 1986
Monica Becott.....	1987 - 1988
Colin Kinsley.....	1989 - 1992
Bob Headrick.....	1993 - 2000
Colin Kinsley.....	2001 - 2006
Art Kaehn .....	2007 - Present

***REGIONAL DISTRICT OFFICERS***

Chief Administrative Officer .....	Jim Martin
General Manager of Legislative and Corporate Services (Corporate Officer) .....	Karla Jensen
General Manager of Financial Services (Financial Officer) .....	Chris Calder



***REGIONAL DISTRICT FUNCTIONS***

***GENERAL GOVERNMENT SERVICES***

Administration  
Bear Lake Community Commission  
Regional District Board  
Community Services  
Electoral Area Administration  
Community Grants-in-Aid  
Regional Grants-in-Aid

***PROTECTIVE SERVICES***

Bear Lake Fire Protection  
Beverly Fire Protection  
Buckhorn Fire Protection  
Emergency Preparedness Service  
Ferndale/Tabor Fire Protection  
Fire Department Coordination  
Hixon Fire Protection  
Inspection Services  
McBride District Fire Protection  
Ness Lake Fire Protection  
Pilot Mountain Fire Protection  
Pineview Fire Protection  
Red Rock/Stoner Fire Protection  
Salmon Valley Fire Protection  
Shell-Glen Fire/Rescue Protection  
Unightly and Untidy Premises  
Valemount and District Fire Protection

***TRANSPORTATION SERVICES***

Bear Lake Street Lighting  
Buckhorn Street Lighting  
Hixon Street Lighting  
McLeod Lake Street Lighting  
Pineview Street Lighting  
Red Rock Street Lighting  
Shelley Street Lighting  
Syms Road Street Lighting  
Willow River Street Lighting

***ENVIRONMENTAL HEALTH SERVICES***

Adams Road Community Sewer System  
Azu Water System  
Bear Lake Water System  
Bendixon Community Sewer System  
Blackburn Water System  
Buckhorn Community Sewer System  
Rural Transfer Station Service  
Sewage Service – Holding Tanks  
Shelly Riverbank Erosion Protection  
Solid Waste Management  
Special Events Regulation  
Tabor Lake Sewer System  
Tallus Road Community Sewer System  
Waste Reduction  
West Lake Community Sewer System

***PUBLIC HEALTH AND WELFARE SERVICES***

9-1-1 Emergency Response  
Area D Rescue Service  
Bear Lake Ambulance Station  
Bear Lake Cemetery  
Chilako/Nechako Rescue Service  
Tete Jaune Cemetery  
Valemount and District Rescue Service

***ENVIRONMENTAL DEVELOPMENT SERVICES***

Economic Development Commission  
House Numbering  
Noise Control  
Regional Land Use Planning

***FISCAL SERVICES***

Debt Charges – Member Municipalities



*RECREATION AND CULTURAL SERVICES*

Area H Arenas  
Bear Lake Recreation Facility  
Canoe Valley Recreation Centre  
Dome Creek Recreation Facility  
East Line Community Facilities  
Heritage Conservation  
Nukko Lake Community Hall  
Prince George/Mackenzie Libraries  
Recreation Programs  
Regional Parks  
Reid Lake Community Hall  
Robson Valley/Canoe Libraries  
Robson Valley Exploration and Learning  
Robson Valley Recreation Centre  
Robson Valley TV Rebroadcasting  
Sinclair Mills Community Hall  
Tete Jaune Community Hall  
Valemount and District TV Rebroadcasting

*OTHER SERVICES*

Dome Creek Telephone  
Feasibility Studies



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## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying consolidated financial statements of the Regional District of Fraser-Fort George (the "Regional District") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the consolidated financial statements. The preparation of consolidated 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.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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.

***"Chris Calder"***

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Chris Calder, CPA, CA  
*General Manager of Financial Services*



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## INDEPENDENT AUDITORS' REPORT

To the Chairperson and Directors of the Regional District of Fraser-Fort George

### **Opinion**

We have audited the consolidated financial statements of Regional District of Fraser-Fort George (the "Regional District"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Regional District as at December 31, 2021 and its consolidated results of operations, change in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**" section of our auditors' report.

We are independent of the Regional District in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



## ***Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is responsible for assessing the Regional District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Regional District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional District's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Regional District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Regional District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Regional District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants

Prince George, Canada

April 21, 2022



# REGIONAL DISTRICT of Fraser-Fort George

## Consolidated Statement of Financial Position

As at December 31, 2021

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 18,492,740	\$ 15,993,210
Portfolio investments (Note 4)	59,401,715	59,220,177
Accounts receivable (Note 5)	3,662,205	2,854,921
Deposits - Municipal Finance Authority (Note 6)	42,736	42,021
Debt recoverable - member municipalities	65,292,420	57,334,468
<b>Total financial assets</b>	<b>146,891,816</b>	<b>135,444,797</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	5,562,809	4,985,657
Provision for landfill closure and post-closure (Note 9)	30,644,127	27,098,611
Deferred revenue (Note 10)	1,076,625	98,808
Reserve - Municipal Finance Authority (Note 6)	42,736	42,021
Debt, net of sinking funds (Note 11)	69,958,959	60,367,242
<b>Total liabilities</b>	<b>107,285,256</b>	<b>92,592,339</b>
<b>NET FINANCIAL ASSETS</b>	<b>39,606,560</b>	<b>42,852,458</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	50,352,598	43,320,271
Prepaid expenses	539,403	463,444
<b>Total non-financial assets</b>	<b>50,892,001</b>	<b>43,783,715</b>
<b>ACCUMULATED SURPLUS</b>	<b>90,498,561</b>	<b>86,636,173</b>
<b>Accumulated surplus consists of:</b>		
Accumulated surplus (Note 12)	91,210,095	86,820,635
Accumulated remeasurement losses	(711,534)	(184,462)
<b>ACCUMULATED SURPLUS</b>	<b>\$ 90,498,561</b>	<b>\$ 86,636,173</b>
Commitments (Note 17)		
Contractual obligations (Note 18)		
Contractual rights (Note 19)		

***“Chris Calder”***

Chris Calder, CPA, CA, General Manager of Financial Services

***"Art Kaehn"***

Art Kaehn, Chair

The accompanying notes and schedules are an integral part of these consolidated financial statements.

**Consolidated Statement of Operations and Accumulated Surplus**

<i>For the year ended December 31, 2021</i>	<b>2021 Budget (Note 14)</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>			
Requisition and parcel taxes	\$ 20,214,456	\$ 20,214,456	\$ 19,931,670
Municipal debt recovery	10,672,005	10,879,942	10,681,103
Sale of services, utilities and rentals	8,194,100	9,005,422	7,605,714
Government transfers (Note 13)	1,693,262	3,104,495	3,482,889
Grants-in-lieu	1,225,000	1,446,691	1,378,803
Permit fees	153,900	243,760	412,030
Return on investments	-	968,781	1,202,003
Gain on disposal of tangible capital assets	-	7,056	791
Other revenue	479,462	665,670	1,198,167
<b>Total revenues</b>	<b>42,632,185</b>	<b>46,536,273</b>	<b>45,893,170</b>
<b>EXPENSES</b>			
General government services	7,461,486	6,207,000	6,213,783
Protective services	3,857,755	4,398,456	4,239,597
Transportation services	81,038	78,817	68,230
Environmental health services	9,858,506	11,511,223	7,888,082
Public health and welfare services	4,115,385	3,860,247	3,594,600
Environmental development services	997,769	917,907	646,978
Fiscal services	10,672,005	10,879,942	10,681,103
Recreation and cultural services	4,613,157	4,293,221	4,244,792
<b>Total expenses</b>	<b>41,657,101</b>	<b>42,146,813</b>	<b>37,577,165</b>
<b>ANNUAL SURPLUS</b>	<b>975,084</b>	<b>4,389,460</b>	<b>8,316,005</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>86,820,635</b>	<b>86,820,635</b>	<b>78,504,630</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b><u>\$ 87,795,719</u></b>	<b><u>\$ 91,210,095</u></b>	<b><u>\$ 86,820,635</u></b>

The accompanying notes and schedules are an integral part of these consolidated financial statements.

***Consolidated Statement of Changes in Net Financial Assets***

<i>For the year ended December 31, 2021</i>	<b>2021 Budget (Note 14)</b>	<b>2021</b>	<b>2020</b>
<b>Annual surplus</b>	\$ 975,084	\$ 4,389,460	\$ 8,316,005
Acquisition of tangible capital assets	(22,665,918)	(8,918,552)	(2,076,605)
Increase in capital projects in progress	-	(207,938)	(3,219,444)
Proceeds on disposal of tangible capital assets	-	9,056	1,791
Amortization of tangible capital assets	-	2,092,163	1,864,769
Gain on disposal of tangible capital assets	-	(7,056)	(791)
Acquisition of prepaid expenses	-	(539,403)	(463,444)
Use of prepaid expenses	-	463,444	291,303
Net remeasurement gains and losses	-	<u>(527,072)</u>	<u>453,202</u>
	(22,665,918)	(7,635,358)	(3,149,219)
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	(21,690,834)	(3,245,898)	5,166,786
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>42,852,458</u>	<u>42,852,458</u>	<u>37,685,672</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 21,161,624</u>	<u>\$ 39,606,560</u>	<u>\$ 42,852,458</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements.



**REGIONAL DISTRICT**  
**of Fraser-Fort George**

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***Consolidated Statement of Remeasurement Gains and Losses***

***For the Year Ended December 31, 2021***

	<b>2021</b>	<b>2020</b>
Accumulated remeasurement losses, beginning of year	\$ (184,462)	\$ (637,664)
Remeasurement losses realized and reclassified to the Consolidated Statement of Operations and Accumulated Surplus	334,785	261,238
Change in unrealized loss on portfolio investments	<u>(861,857)</u>	<u>191,964</u>
<b>ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR</b>	<b><u><u>\$ (711,534)</u></u></b>	<b><u><u>\$ (184,462)</u></u></b>

The accompanying notes and schedules are an integral part of these consolidated financial statements.



# REGIONAL DISTRICT of Fraser-Fort George

## Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 4,389,460	\$ 8,316,005
<b>Non-cash items included in annual surplus:</b>		
Amortization of tangible capital assets	2,092,163	1,864,769
Gain on disposal of tangible capital assets	(7,056)	(791)
Increase in provision for landfill closure and post-closure	3,545,516	359,108
(Increase) decrease in accumulated remeasurement loss	(527,072)	453,202
<b>Non-cash charges to operations (net change):</b>		
Increase in accounts receivable	(807,284)	(423,676)
Increase in prepaid expenses	(75,959)	(172,141)
Increase in accounts payable and accrued liabilities	577,152	860,109
Increase in deferred revenue	977,817	82,658
<b>Net change in cash from operating transactions</b>	<u>10,164,737</u>	<u>11,339,243</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(8,918,552)	(2,076,605)
Increase in capital projects in progress	(207,938)	(3,219,444)
Proceeds from disposal of tangible capital assets	9,056	1,791
<b>Net change in cash from capital transactions</b>	<u>(9,117,434)</u>	<u>(5,294,258)</u>
<b>INVESTING TRANSACTIONS</b>		
Increase in portfolio investments	(181,538)	(16,083,734)
<b>Net change in cash from investing transactions</b>	<u>(181,538)</u>	<u>(16,083,734)</u>
<b>FINANCING TRANSACTIONS</b>		
Long-term debt proceeds	1,970,000	1,088,370
Repayment of long-term debt	(336,235)	(284,511)
<b>Net change in cash from financing transactions</b>	<u>1,633,765</u>	<u>803,859</u>
<b>NET CASH AND CASH EQUIVALENTS INCREASE (DECREASE)</b>	2,499,530	(9,234,890)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>15,993,210</u>	<u>25,228,100</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 18,492,740</u>	<u>\$ 15,993,210</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements.

## ***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

### **GENERAL**

The notes to the Consolidated Financial Statements are an integral part of the Consolidated Financial Statements. They explain the significant accounting and reporting policies, and the principles that form the basis for these Consolidated Financial Statements. The notes also provide important supplementary information and explanations, which cannot be conveniently integrated into the Consolidated Financial Statements.

### **1. DESCRIPTION OF BUSINESS**

The Regional District of Fraser – Fort George (the "Regional District") was incorporated by Letters Patent of the Province of British Columbia on March 8, 1967. The Regional District's principal activities are the provision of regional, sub-regional and local government services to the residents of the four municipalities and seven electoral areas within its boundaries.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **a. Basis of presentation**

The Consolidated Financial Statements of the Regional District are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The Consolidated Financial Statements reflect the combined results and activities of the Regional District's Operating, Capital, and Reserve Funds. The purpose of these funds is as below:

- i) Operating Funds – These funds include the General, Water, and Sewer operations of the Regional District. Operating funds are used to record the costs associated with providing Regional District services.
- ii) Capital Funds – These funds include the General, Water, and Sewer Capital Funds. These funds track the acquisition costs of various tangible capital assets and the funding of these assets including related long-term debt.
- iii) Reserve Funds – Under the *Local Government Act* of British Columbia, the Board of Directors of the Regional District may, by bylaw, establish Reserve Funds for specific purposes. Money in a Reserve Fund and interest thereon must be used only for the purpose for which the fund was established. If the amount in a Reserve Fund is greater than required, the Board of Directors may, by bylaw, transfer all or part of the balance to another Reserve Fund.



***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b. Basis of accounting**

The Regional District follows the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the period when they are earned, can be measured and there is reasonable assurance that they will be collected. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

**c. Revenue recognition**

Each municipality and electoral area within the Regional District is requisitioned for their portion of each service in which they participate. These funds are then levied by the municipalities and the Province for electoral areas to individual taxpayers and are to be remitted to the Regional District by August 1 of each year. Requisition and parcel tax revenues are recognized in the year in which they are levied.

Operating grants are recognized as earned. Capital grants are recognized as revenues in the year in which the related expenditures are incurred. Sale of services and user fee revenues are recognized when the service or product is provided by the Regional District.

Government transfers are recognized as revenues in the period in which events giving rise to the transfer occur in accordance with PS 3410 Government Transfers. PS 3410 Government Transfers requires recognition when a transfer is authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Grants in lieu of taxes are recorded on an accrual basis when it is possible to reasonably estimate the amounts receivable.

**d. Return on investments**

Return on investments is recognized as revenue in the period the investment income is earned. A portion of the return on investments is allocated to all the functions based on the average function balances throughout the year.

***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e. Financial instruments**

Financial instruments are classified into two categories: fair value or cost.

- i) Fair value category: portfolio investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.
- ii) Cost category: portfolio investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the Regional District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Regional District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**f. Deferred revenue**

Deferred revenue represents amounts received from outside funding sources in anticipation of specific future project expenditures. These amounts are recognized as revenues in the period that the related expenditures are incurred and eligibility criteria are met.

**g. Cash and cash equivalents**

Cash and cash equivalents include cash and short term investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

**h. Debt**

Debt is recorded net of related sinking fund balances.

***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i. Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 - 100 years
Buildings	20 - 50 years
Equipment	5 - 35 years
Engineering structures	50 years
Historical artifacts	not amortized
Sewer systems	50 years
Water systems	50 years

Half a year of amortization is charged in the year of acquisition and half a year in the year of disposal. Capital projects in progress are not amortized until the tangible capital asset is available for productive use. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

**j. Equity in tangible capital assets**

Equity in tangible capital assets reflects the accumulated historical cost of tangible capital assets for which there is no outstanding debt, less accumulated amortization.

**k. Provision for landfill closure and post-closure**

The liability for closure of operational landfill sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the site's estimated remaining capacity at the end of the year. The change in this liability during the year is recorded as a charge to operations in the Consolidated Statement of Operations and Accumulated Surplus. These estimates are reviewed and adjusted annually.

***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Employee future benefits**

The Regional District and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other benefits are available to the Regional District's employees. The cost of these benefits are determined based on service and best estimates of retirement ages and wages. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

**m. Segmented information**

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Regional District has provided definitions of the Regional District's segments as well as presented financial information in segmented format in Note 16.

**n. 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 all of the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the Regional District is directly responsible or accepts responsibility;
- iv) future economic benefits will be given up; and
- v) a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

## ***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **o. Financial risks and concentration of risk**

The Regional District is potentially exposed to credit risk, market and interest rate risk, liquidity risk, and foreign exchange risk from the entity's financial instruments. Qualitative and quantitative analysis of the significant risks from the Regional District's financial instruments is provided below by type of risk.

##### **i) Credit risk**

Credit risk primarily arises from the Regional District's cash and cash equivalents, accounts receivable and portfolio investments. The risk exposure is limited to their carrying amounts at the date of the Consolidated Statement of Financial Position. Accounts receivable primarily consist of amounts receivable from government organizations, residents and other customers. To reduce the risk, the Regional District regularly reviews the collectability of its accounts receivable and if needed, will establish an allowance based on its best estimate of potentially uncollectible amounts. As at December 31, 2021, the amount of allowance for doubtful debts was nil (2020 - nil). The Regional District historically has not had difficulty collecting receivables, nor have counterparties defaulted on any payments.

##### **ii) Market and interest rate risk**

Market risk is the risk that changes in market prices and inputs, such as interest rates, will affect the Regional District's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The Regional District manages market risk by holding cash balances with top rated Canadian Schedule I financial institutions and local credit unions. The portfolio investments are managed following the investment policy which is approved by the Regional District's Board of Directors. The Regional District periodically reviews its investments and is satisfied that the portfolio investments are being managed in accordance with the investment policy. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Regional District's portfolio investments are disclosed in Note 4 and changes in the fair value of portfolio investments have parallel changes in unrealized gains or losses until realized on disposal. There has been no change to the interest rate risk exposure from 2020.

##### **iii) Liquidity risk**

Liquidity risk is the risk that the Regional District will not be able to meet its financial obligations as they become due. The Regional District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations, anticipated investing, and financial activities to ensure that its financial obligations are met.

##### **iv) Foreign exchange risk**

The Regional District has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks, as management believes that the foreign exchange risk derived from currency conversions is not significant.

## ***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**p. Use of estimates**

The preparation of the Consolidated Financial Statements in accordance 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the provision for landfill closure and post closure costs, determination of accrued sick benefits and vacation liability, collectibility of accounts receivable, useful life of tangible capital assets and provisions for commitments, contractual obligations, contractual rights and contingent assets. Actual results could differ from estimates. Adjustments, if any, will be reflected in the Consolidated Statement of Operations and Accumulated Surplus in the period of settlement.

### **3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents is comprised of operating and savings account balances plus amounts held with CIBC in a pooled high interest savings account.

	<b>2021</b>	<b>2020</b>
Operating	\$ 3,061,934	\$ 3,171,940
CIBC Savings	1,002,455	1,000,000
CIBC High Interest Savings Account	14,428,351	11,821,270
<b>Total cash and cash equivalents</b>	<b>\$ 18,492,740</b>	<b>\$ 15,993,210</b>

### **4. PORTFOLIO INVESTMENTS**

Portfolio investments are comprised of investments held with the Municipal Finance Authority ("MFA") in money market, government focused ultra-short bond, short-term bond and mortgage pooled investment funds along with term deposits of varying maturity held with Schedule I financial institutions and a local credit union. MFA Government Focused Ultra-Short Bond Fund (formerly MFA Intermediate Fund), Short-Term Bond Fund and Mortgage Fund investments are quoted in an active market and therefore are recorded at fair market value. Term deposits are recorded at cost and interest is accrued as earned.

The portfolio investments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**4. PORTFOLIO INVESTMENTS (CONTINUED)**

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Hierarchy	Maturity	Interest Rate	2021	2020
Term Deposit - Spruce Credit Union	Level 1	January 2021	2.65%	\$ -	\$ 2,000,000
Term Deposit - Coast Capital Savings	Level 1	May 2021	2.55%	-	2,000,000
Term Deposit - Coast Capital Savings	Level 1	August 2021	1.70%	-	3,082,952
Term Deposit - Coast Capital Savings	Level 1	September 2021	1.60%	-	2,567,685
Term Deposit - Coast Capital Savings	Level 1	September 2021	1.60%	-	2,000,000
Term Deposit - Spruce Credit Union	Level 1	September 2021	1.20%	-	1,566,250
Term Deposit - Spruce Credit Union	Level 1	January 2022	2.70%	2,000,000	2,000,000
Term Deposit - Spruce Credit Union	Level 1	January 2022	0.80%	2,050,831	-
Term Deposit - Coast Capital Savings	Level 1	May 2022	2.55%	2,000,000	2,000,000
Term Deposit - Coast Capital Savings	Level 1	May 2022	1.15%	2,051,000	-
Term Deposit - Coast Capital Savings	Level 1	August 2022	1.15%	1,635,362	-
Term Deposit - Spruce Credit Union	Level 1	September 2022	1.30%	1,000,000	1,000,000
Term Deposit - Canadian Western Bank	Level 1	September 2022	1.25%	2,000,000	-
Term Deposit - Spruce Credit Union	Level 1	September 2022	1.05%	1,585,045	-
Term Deposit - Coast Capital Savings	Level 1	September 2022	1.20%	2,608,768	-
Term Deposit - Coast Capital Savings	Level 1	September 2022	1.20%	1,032,000	-
Term Deposit - Coast Capital Savings	Level 1	May 2023	1.30%	1,500,000	-
Term Deposit - Coast Capital Savings	Level 1	August 2023	1.30%	1,500,000	-
Term Deposit - Canadian Western Bank	Level 1	September 2023	1.60%	1,500,000	-
Term Deposit - Coast Capital Savings	Level 1	October 2023	1.55%	2,000,000	-
Term Deposit - Coast Capital Savings	Level 1	September 2024	1.50%	1,000,000	-
MFA Money Market Fund	Level 1			2,063,291	6,057,071
MFA Government Focused Ultra-Short Bond Fund	Level 2			9,875,996	18,124,903
MFA Short-Term Bond Fund	Level 2			16,787,839	12,915,475
MFA Mortgage Fund	Level 3			5,211,583	3,905,841
<b>Total portfolio investments</b>				<b>\$ 59,401,715</b>	<b>\$ 59,220,177</b>

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**4. PORTFOLIO INVESTMENTS (CONTINUED)**

The following table reconciles the changes in fair value of the financial instruments classified as Level 3 during the year.

	<b>2021</b>
<b>Balance, beginning of year</b>	\$ 3,905,841
Unrealized gains	55,742
Purchases	1,250,000
<b>Balance, end of year</b>	<u>\$ 5,211,583</u>

**5. ACCOUNTS RECEIVABLE**

Accounts receivable is comprised of the following:

	<b>2021</b>	<b>2020</b>
Federal Government	\$ 605,722	\$ 243,433
Province of British Columbia	1,237,599	733,799
Local governments	1,084,164	1,180,216
Accrued interest	303,977	212,953
Trade	430,743	484,520
<b>Total accounts receivable</b>	<u>\$ 3,662,205</u>	<u>\$ 2,854,921</u>

**6. MUNICIPAL FINANCE AUTHORITY - DEPOSITS AND RESERVES**

The MFA provides long term capital financing for Regional Districts and their Member Municipalities. As protection against loan default, the MFA is required to establish a debt reserve fund into which Regional Districts and Member Municipalities contribute amounts set out in each respective loan agreement. Cash deposits (including investment earnings) are an obligation of the MFA to the Regional District. Demand notes are contingent on the MFA calling the outstanding notes in the event of a loan default. Cash deposits of Member Municipalities are not recorded in these consolidated financial statements.

	<b>2021</b>	<b>2020</b>
<b>Regional District</b>		
Cash deposits	<u>\$ 42,736</u>	<u>\$ 42,021</u>

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**7. DEBT RECOVERABLE**

The debt, net of sinking funds liability in the Consolidated Statement of Financial Position reflects the total debenture debt offset by the principal payments made to date. The Regional District's portion of the debenture debt will be retired by future contributions from the general operating fund, funded through tax requisitions. The debenture debt liability on behalf of the member municipalities is offset by a corresponding receivable from the municipalities.

	<u>2021</u>	<u>2020</u>
City of Prince George	\$ 64,794,517	\$ 56,775,966
Village of Valemount	497,903	558,502
<b>Total debt recoverable from member municipalities</b>	<u>\$ 65,292,420</u>	<u>\$ 57,334,468</u>

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable is comprised of the following:

	<u>2021</u>	<u>2020</u>
Trade payables	\$ 2,727,568	\$ 1,813,130
Accrued liabilities	744,746	1,258,705
Accrued wages and benefits	1,938,544	1,720,122
Holdbacks payable	94,812	130,930
Taxes payable	40,365	45,573
Accrued debt interest	16,774	17,197
<b>Total accounts payable and accrued liabilities</b>	<u>\$ 5,562,809</u>	<u>\$ 4,985,657</u>



## ***Notes to the Consolidated Financial Statements***

**For the year ended December 31, 2021**

### **9. PROVISION FOR LANDFILL CLOSURE AND POST-CLOSURE**

The Regional District is responsible for the closure and post-closure care of landfill sites at Foothills, Mackenzie and 13 closed rural landfill sites. British Columbia environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

In 2019, the Mackenzie Regional Landfill ("Mackenzie") was transitioned from a full service landfill to receiving only demolition, land clearing and construction ("DLC") refuse with the construction of a transfer station on the same site that opened in December 2019 to accept non DLC waste. The Mackenzie Regional Landfill continues to operate in a limited capacity, thereby extending the estimated remaining useful life of this site. The remaining capacity and the effect of the change to a transfer station model on Mackenzie's accrued closure liability will be assessed in greater detail in a future period.

At the Foothills Boulevard Regional Landfill ("Foothills"), the closure and post closure costs outlined are for Cell 1 of the landfill. Cell 2 is planned to be built towards the end of the useful life of Cell 1 to maintain uninterrupted site continuity. Cell 2 is estimated to have a capacity of 3 million cubic metres and no costs have been incurred in relation to Cell 2 as of December 31, 2021. Therefore, all provisions as of December 31, 2021 relate to the closure and post closure of Cell 1 only. Once expenses are incurred for Cell 2 and there is a viable estimate for closure costs, this estimate will be added to the provision for landfill closure and post closure.

The estimated total liability provision is based on the sum of discounted future cash out-flows for closure and post-closure activities for 30 years after closure using a discount rate of 2.0% (2020 - 2.0%) and a projected annual inflation rate of 2.0% (2020 - 2.0%) for a net discount rate of 0.0% (2020 - 0.0%). The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of Cell 1 at the Foothills site is estimated at 4 million cubic metres. The estimated remaining capacity of Cell 1 is 0.696 (2020 – 0.817) million cubic metres. Based on current projections, Cell 1 at Foothills is expected to reach capacity in approximately the year 2029. Remediation work is planned within Cell 1 that is expected to result in additional capacity, thereby extending the useful life of Cell 1 to reach capacity in approximately the year 2035. The accrued liability calculation will be updated accordingly once the remediation work is complete.

During 2021, a Generic Closure Plan for Rural Landfill Sites was developed that provided a risk-based assessment of the Regional District's rural landfill sites and the estimated closure and post-closure costs to meet updated regulatory requirements. With all 13 rural landfill sites ceasing the acceptance of municipal solid waste between 1997 and 2008, all 13 rural landfill sites are closed and incurred original closure costs at the reported date of their closure. Estimates of further closure costs have been prepared for each site, along with post closure costs that encompass annual inspection, maintenance and a comprehensive monitoring report. Without formal guidance from the British Columbia Ministry of Environment and Climate Change Strategy at December 31, 2021, post closure costs are assumed to be required for 30 years following the reported date of closure of each rural site, leaving post closure periods that vary from 2023 to 2038. In total, the estimated liability provision for rural landfill sites is \$2,526,500 at December 31, 2021.

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**9. PROVISION FOR LANDFILL CLOSURE AND POST-CLOSURE (CONTINUED)**

<b>Foothills Regional Landfill</b>	<b>2021</b>	<b>2020</b>
Estimated closure costs	\$ 27,329,666	\$ 27,329,666
Estimated post-closure costs	4,650,000	4,650,000
<b>Total discounted closure and post-closure costs for Foothills</b>	<b>\$ 31,979,666</b>	<b>\$ 31,979,666</b>
Estimated capacity used at Foothills at December 31	82.6 %	79.6 %
Accrued liability for Foothills Regional Landfill	\$ 26,417,627	\$ 25,448,611
Accrued liability for Mackenzie Regional Landfill	1,700,000	1,650,000
Accrued liability for Rural Landfills (non-operational)	2,526,500	-
<b>Total provision for landfill closure and post-closure</b>	<b>\$ 30,644,127</b>	<b>\$ 27,098,611</b>

The recorded liability of \$30,644,127 (2020 - \$27,098,611) represents the portion of the estimated total future costs recognized as at December 31, 2021. Landfill expenses are included in environmental health services expense on the Consolidated Statement of Operations and Accumulated Surplus.

The Regional District has established Landfill Closure Reserve Funds that are restricted for the purposes of funding future landfill closure and post-closure costs for Foothills, Mackenzie and Rural Landfill sites (closed). For Foothills and Mackenzie, the balance of this funding as at December 31, 2021, is \$24,858,629 (2020 - \$22,669,267), resulting in a current funding shortfall of \$3,258,998 (2020 - \$4,429,344). For Rural Landfill sites, the balance of this funding as at December 31, 2021 is \$4,021,965, resulting in a current funding surplus of \$1,495,465.

**10. DEFERRED REVENUE**

Deferred revenue is comprised of the following:

	<b>2021</b>	<b>2020</b>
Province of British Columbia	\$ 1,009,889	\$ 43,758
Local governments	52,500	40,000
Sewer parcel taxes	7,000	8,750
Refundable deposits	7,236	6,300
<b>Total deferred revenue</b>	<b>\$ 1,076,625</b>	<b>\$ 98,808</b>

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**11. DEBT, NET OF SINKING FUNDS**

Loan Authorization Bylaw/ Resolution No.	Issue No.	Purpose/Service	Maturing	Interest Rate	2021	2020
<b>MFA Loan Debt</b>						
2249	101	Valemount & District Rescue	2022	2.25%	\$ 15,013	\$ 36,403
2293	101	Heritage Conservation	2027	2.25%	551,930	638,231
2095	104	West Lake Sewer	2033	2.90%	150,645	160,358
2558	116	Shelley Riverbank Erosion	2036	1.47%	45,176	47,364
2307	118	Adams Road Sewer	2037	3.40%	255,666	267,371
2309	118	Tallus Road Sewer	2037	3.40%	60,929	63,719
2971	141	Robson Valley Learning & Exploration	2042	2.80%	397,226	411,010
2971	146	Robson Valley Learning & Exploration	2043	3.20%	83,138	85,808
Various	Various	Debt issued for member municipalities	2022 to 2041	0.91% to 5.10%	65,292,420	57,334,468
<b>Subtotal</b>					<b>\$ 66,852,143</b>	<b>\$ 59,044,732</b>

Loan Authorization Bylaw/ Resolution No.	Issue No.	Purpose/Service	Maturing	Interest Rate	2021	2020
<b>MFA Short Term Financing</b>						
2758	N/A	Tete Jaune Cemetery	2021	0.97%	\$ -	\$ 3,000
3134	N/A	9-1-1 Emergency Services	2025	0.97%	2,970,000	1,000,000
<b>Subtotal</b>					<b>\$ 2,970,000</b>	<b>\$ 1,003,000</b>

Loan Authorization Bylaw/Resolution No.	Issue No.	Purpose/Service	Maturing	Interest Rate	2021	2020
<b>MFA Equipment Financing</b>						
1012/17	N/A	Pineview VFD	2022	0.97%	\$ 29,589	\$ 58,322
1014/17	N/A	McBride VFD	2021	0.97%	-	101,200

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**11. DEBT, NET OF SINKING FUNDS (CONTINUED)**

Loan Authorization Bylaw/Resolution No.	Issue No.	Purpose/Service	Maturing	Interest Rate	2021	2020
1010/17	N/A	Ness Lake VFD	2022	0.97%	36,334	71,618
775/20	N/A	Hixon Fire Protection	2025	0.97%	70,893	88,370
<b>Subtotal</b>					<b>136,816</b>	<b>319,510</b>
<b>Total Debt, Net of Sinking Funds</b>					<b>\$ 69,958,959</b>	<b>\$ 60,367,242</b>

**a. Principal repayments**

Future principal payments due as a result of borrowing on behalf of member municipalities will be recovered by requisition from the municipalities (see note 7 – debt recoverable - member municipalities). Principal payments required over the next 5 years and thereafter on the remaining long-term debt obligations are as follows:

Year	Regional District	Member Municipalities	Total Principal Payments
2022	\$ 93,252	\$ 4,286,587	\$ 4,379,839
2023	80,767	4,093,287	4,174,054
2024	80,767	3,800,217	3,880,984
2025	80,767	3,794,186	3,874,953
2026	80,767	3,247,890	3,328,657
Thereafter	1,143,403	46,070,253	47,213,656
<b>Total</b>	<b>\$ 1,559,723</b>	<b>\$ 65,292,420</b>	<b>\$ 66,852,143</b>

**b. Interest paid on long-term debt**

During the year, gross interest paid or payable on long-term debt was \$4,683,509 (2020 - \$4,579,213). Of this, \$4,604,937 (2020 - \$4,476,798) was recovered from member municipalities and \$78,572 (2020 - \$102,146) was charged to Regional District operations.

## **Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

### **12. ACCUMULATED SURPLUS**

	<b>2021</b>	<b>2020</b>
Surplus within Regional District services	\$ 7,506,333	\$ 6,065,838
Provision for landfill closure and post closure (Note 9)	<u>(30,644,127)</u>	<u>(27,098,611)</u>
<b>Subtotal - Operating fund deficit</b>	<b>(23,137,794)</b>	<b>(21,032,773)</b>
Reserve funds (Schedule 1)	68,705,927	67,649,816
Equity in Tangible Capital Assets	<u>45,641,962</u>	<u>40,203,592</u>
<b>Total accumulated surplus</b>	<b><u>\$ 91,210,095</u></b>	<b><u>\$ 86,820,635</u></b>

### **13. GOVERNMENT TRANSFERS**

Government transfers are comprised of the following:

	<b>2021</b>	<b>2020</b>
Government of Canada	\$ 265,552	\$ 51,518
Province of British Columbia	2,593,895	3,235,857
Regional and local governments	10,000	10,000
Rail tax mitigation	129,740	129,740
Other	<u>105,308</u>	<u>55,774</u>
<b>Total government transfers</b>	<b><u>\$ 3,104,495</u></b>	<b><u>\$ 3,482,889</u></b>

### **14. BUDGET INFORMATION**

The budget data presented in these consolidated financial statements is based upon the 2021 Financial Plan Bylaw No. 3213, 2021, approved by the Board of Directors on March 18, 2021. The legislative requirements for the Financial Plan are that the cash inflows for the period must equal cash outflows.

Cash inflows and outflows include such items as: debt proceeds, transfer to and from reserves and surplus, grant funding previously recorded as revenue, debt principal repayment and asset purchases and sale proceeds. These items are not recognized as revenues and expenses in the Consolidated Statement of Operations and Accumulated Surplus as they do not meet the public sector accounting standard requirements. PSAB requires that budget figures be presented on the same basis of accounting as actual figures.

In addition, the financial plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. These prior year surpluses do not appear on the current year Consolidated Statement of Operations and Accumulated Surplus.

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**14. BUDGET INFORMATION (CONTINUED)**

The legislation does not require the funding of non-cash items such as amortization or liability provisions to provide for future cash requirements, thus there is no legislative requirement to include these items in the Financial Plan. However, these items are recognized as expenses in the Consolidated Statement of Operations and Accumulated Surplus.

Amortization was not contemplated on the development of the approved 2021 Financial Plan and as such, has not been included. The chart below illustrates how the legislative requirement for a balanced Financial Plan has been met.

	<b>Budget Amount</b>
Financial Plan Bylaw, surplus for the year	\$ -
Adjust for budgeted cash items not included in Consolidated Statement of Operations and Accumulated Surplus:	
Acquisition of tangible capital assets	22,665,918
Principal payments on long-term debt	177,585
Transfer to reserves	5,663,914
Long-term debt proceeds	(10,842,730)
Transfer from reserves	(12,679,560)
Transfer from operating surplus	(4,541,043)
Internal expenditure for rural transfer stations	531,000
<b>Budgeted Annual Surplus on Consolidated Statement of Operations and Accumulated Surplus</b>	<b>\$ 975,084</b>

**15. CREDIT FACILITY**

The Regional District of Fraser-Fort George has available an authorized operating line of credit to a maximum of \$1,000,000. This facility bears interest at prime rate (December 31, 2021 – 2.45%) and is secured by the current borrowing resolution. This facility remained unused at year end.



## ***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

### **16. SEGMENTED INFORMATION**

The Regional District of Fraser-Fort George is a diversified local government providing a wide range of services to approximately 100,000 residents, including parks, recreation centres, community halls, fire protection, water and sewer services. As a requirement of the *Local Government Act*, separate financial records must be kept for each service providing detailed allocation of assets and liabilities, revenues and expenses, information concerning reserve funds and other pertinent financial details. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and also amounts that are allocated on a reasonable basis.

Segmentation has been determined on a functional basis with consideration to service delivery and department accountabilities. The following is a description of the types of services included in each of the main service segments of the Regional District's consolidated financial statements. A detailed summary of the 2021 revenues and expenses can be found in Schedule 3, with 2020 comparative information in Schedule 4.

#### **General Government Services**

General government is comprised of board and electoral area governance, general administration which includes legislative services, finance, human resources and information technology systems, community services and grants in aid.

#### **Protective Services**

Protective services include volunteer fire departments, emergency programs, building inspection and various bylaw compliance services.

#### **Transportation Services**

Transportation services include street lighting.

#### **Environmental Health Services**

Environmental health services is responsible for regional solid waste management through collection, disposal services, waste reduction and education programs. Water and sewer systems are also included in this service.

#### **Public Health and Welfare Services**

Public health and welfare services includes 9-1-1 emergency response, cemetery service and road rescue.

#### **Environmental Development Services**

Environmental development services includes regional land use planning, economic development, noise control and house numbering.



## ***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

### **16. SEGMENTED INFORMATION (CONTINUED)**

#### **Recreation and Cultural Services**

Recreation and cultural services include recreation facilities and programs, regional parks, community halls, TV rebroadcasting and contributions towards cultural facilities and libraries.

#### **Fiscal Services**

Fiscal services provides for debenture interest and principal repayment on debt incurred by the member municipalities.

### **17. COMMITMENTS**

#### **a. 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, 2021, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Regional District paid \$598,694 (2020 - \$578,060) for employer contributions while employees contributed \$529,230 (2020 - \$513,142) to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in the fall of 2022.

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.

***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

**17. COMMITMENTS (CONTINUED)**

**b. Reciprocal insurance exchange agreement**

The Regional District is a subscribed member of the Municipal Insurance Association of British Columbia (the "Exchange") as provided by Section 3.02 of the *Insurance Act* of the Province of British Columbia. The main purpose of the Exchange is to pool the risks of liability so as to lessen the impact upon any subscriber. Under the Reciprocal Insurance Exchange Agreement, the Regional District is assessed a premium and a specific deductible for its claims, based on population. The obligation of the Regional District with respect to the Exchange and/or contracts and obligations entered into by the Exchange on behalf of its subscribers in connection with the Exchange are in every case several, and not joint-and-several. The Regional District irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other subscribers against liability losses and costs which the other subscribers may suffer.

**c. Litigation**

The Regional District is involved from time to time in litigation, which arises in the normal course of operations. Liabilities arising from any litigation are recognized in the consolidated financial statements when the outcome becomes reasonably determinable. In management's judgement, there is no material negative exposure at this time from existing litigations.

**d. Canada Community-Building Fund (Formerly Community Works Fund)**

The Regional District receives funding from the Canada Community-Building Fund through the Union of British Columbia Municipalities ("UBCM"). As of December 31, 2021, the Regional District had committed \$1,259,961 of funds from the Community Works Fund reserve to facilitate qualifying capital projects within the Regional District.

**e. MFA demand notes**

The MFA holds demand notes related to the Regional District's debentures in the amount of \$2,624,401 (2020 - \$4,081,356), of which \$2,559,683 (2020 - \$4,016,638) is held by the Regional District for the member municipalities (see note 6). The demand notes are not recorded in the consolidated financial statements as they will only be called upon if the MFA does not have sufficient funds to meet its payment obligations.

**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2021

**18. CONTRACTUAL OBLIGATIONS**

The Regional District has entered into various agreements and contracts for the provision of services and payment of grants that extend beyond the current year. Based on the agreements and contracts in place at December 31, 2021, future contractual obligations are estimated as follows:

2022	\$ 8,983,695
2023	1,592,219
2024	1,050,697
2025	347,959
2026	<u>91,572</u>
<b>Total</b>	<b><u><u>\$ 12,066,142</u></u></b>

**19. CONTRACTUAL RIGHTS**

The Regional District has entered into various agreements and contracts to provide services to third parties or receive grant funding for approved projects that extend beyond the current year. Based on the agreements and contracts in place at December 31, 2021, future contractual rights are estimated as follows:

2022	\$ 2,580,815
2023	821,022
2024	9,490
2025	5,250
2026	<u>833</u>
<b>Total</b>	<b><u><u>\$ 3,417,410</u></u></b>

**20. RELATED PARTY TRANSACTIONS**

The Fraser-Fort George Regional Hospital District ("Hospital District") is related to the Regional District since the same individuals are members of the Board of Directors of both organizations. As legislated by the *Hospital District Act*, the officers and employees of the Regional District are the corresponding officers and employees of the Hospital District. Each of the Regional District and Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year, the Hospital District purchased administrative support services from the Regional District at a cost of \$280,785 (2020 - \$273,935). These transactions are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



***Notes to the Consolidated Financial Statements***

For the year ended December 31, 2021

**21. COMPARATIVE INFORMATION**

Certain 2020 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year. The changes had no impact on prior year annual surplus.



# REGIONAL DISTRICT of Fraser-Fort George

## Schedule 1 - Reserve Funds

	2021	2020
<b>General Capital and Other Reserves</b>		
Equipment replacement reserve	\$ 3,816,614	\$ 6,276,797
Truck replacement reserve	5,588,162	4,692,999
Office accommodation	1,518,787	1,677,240
Landfill closure and post-closure	28,880,594	25,771,006
Park development	824,164	769,398
Feasibility study	153,826	152,912
Budget revenue stabilization	882,539	893,169
Park land acquisition	88,317	87,792
Region wide fire protection	49,443	49,149
Cultural endowment	1,479,782	1,449,118
Exploration Place building	121,088	100,487
Northern Capital and Planning Grant (Schedule 5)	4,828,145	5,693,671
<b>Total general capital and other reserves</b>	<b>48,231,461</b>	<b>47,613,738</b>
<b>Water Capital</b>		
Bear Lake Water - equipment	336,686	334,685
Azu Water - equipment	152,180	138,588
<b>Total water capital reserves</b>	<b>488,866</b>	<b>473,273</b>
<b>Sewer Capital</b>		
Tabor Lake Sewer - equipment	36,439	25,267
Buckhorn Sewer - equipment	29,894	22,147
Bendixon Sewer - equipment	15,139	12,878
West Lake Sewer - equipment	79,808	75,848
Adams Rd Sewer - equipment	164,240	163,264
Tallus Rd Sewer - equipment	69,112	68,701
<b>Total sewer capital reserves</b>	<b>394,632</b>	<b>368,105</b>
<b>Operating</b>		
Canada Community-Building Fund (formerly Community Works Fund)	5,453,470	6,108,302
General operating	13,561,039	12,542,603
Water operating	173,635	162,138
Sewer operating	402,824	381,657
<b>Total operating reserves</b>	<b>19,590,968</b>	<b>19,194,700</b>
<b>Total reserve funds</b>	<b>\$ 68,705,927</b>	<b>\$ 67,649,816</b>



**REGIONAL DISTRICT  
of Fraser-Fort George**

**Schedule 2 - 2021 Tangible Capital Assets**

	Land and Improvements	Buildings	Equipment	Engineering Structures	Historical Artifacts	Sewer Systems	Water Systems	Capital in progress	Total 2021
<b>Cost</b>									
Balance, beginning of year	\$ 8,700,237	\$ 25,121,333	\$ 18,293,202	\$ 5,036,946	\$ 231,596	\$ 5,515,494	\$ 1,939,929	\$ 3,557,749	\$ 68,396,486
Add: Additions	1,193,085	4,994,568	2,387,357	-	-	343,542	-	207,938	9,126,490
Less: Disposals	-	-	(98,606)	-	-	-	-	-	(98,606)
<b>Balance, end of year</b>	<b>9,893,322</b>	<b>30,115,901</b>	<b>20,581,953</b>	<b>5,036,946</b>	<b>231,596</b>	<b>5,859,036</b>	<b>1,939,929</b>	<b>3,765,687</b>	<b>77,424,370</b>
<b>Accumulated amortization</b>									
Balance, beginning of year	162,729	10,686,035	10,430,671	1,415,953	-	1,590,530	790,297	-	25,076,215
Add: Amortization	137,728	755,442	914,653	106,801	-	137,991	39,548	-	2,092,163
Less: Disposals	-	-	(96,606)	-	-	-	-	-	(96,606)
<b>Balance, end of year</b>	<b>(300,457)</b>	<b>(11,441,477)</b>	<b>(11,248,718)</b>	<b>(1,522,754)</b>	<b>-</b>	<b>(1,728,521)</b>	<b>(829,845)</b>	<b>-</b>	<b>(27,071,772)</b>
<b>Net book value</b>	<b>9,592,865</b>	<b>18,674,424</b>	<b>9,333,235</b>	<b>3,514,192</b>	<b>231,596</b>	<b>4,130,515</b>	<b>1,110,084</b>	<b>3,765,687</b>	<b>50,352,598</b>
<b>2020 net book value, beginning of year</b>									
	8,396,656	15,099,144	6,852,948	3,727,796	231,596	4,054,366	1,189,180	338,305	39,889,991
<b>2020 net book value, end of year</b>	<b>\$ 8,537,508</b>	<b>\$ 14,435,298</b>	<b>\$ 7,862,531</b>	<b>\$ 3,620,993</b>	<b>\$ 231,596</b>	<b>\$ 3,924,964</b>	<b>\$ 1,149,632</b>	<b>\$ 3,557,749</b>	<b>\$ 43,320,271</b>



**REGIONAL DISTRICT  
of Fraser-Fort George**

**Schedule 3 - 2021 Segmented Information**

December 31, 2021	General government services	Protective services	Transportation services	Environmental health services	Public health and welfare services	Environmental development services	Fiscal services	Recreation and cultural services	2021 Total	2021 Budget
<b>Revenues</b>										
Requisition and parcel taxes	\$ 4,403,414	\$ 3,764,628	\$ 77,130	\$ 4,062,020	\$ 3,100,053	\$ 591,980	\$ -	\$ 4,215,231	\$ 20,214,456	\$ 20,214,456
Municipal debt recovery	-	-	-	-	-	-	10,879,942	-	10,879,942	10,672,005
Sale of services, utilities and rentals	304,103	798,045	-	6,601,711	1,258,523	-	-	43,040	9,005,422	8,194,100
Government transfers + grants in lieu	3,310,933	298,140	3,920	6,000	-	362,200	-	569,993	4,551,186	2,920,262
Other revenue	1,294,174	413,960	1,115	121,322	8,413	40,386	-	5,897	1,885,267	631,362
<b>Total revenues</b>	<b>9,312,624</b>	<b>5,274,773</b>	<b>82,165</b>	<b>10,791,053</b>	<b>4,366,989</b>	<b>994,566</b>	<b>10,879,942</b>	<b>4,834,161</b>	<b>46,536,273</b>	<b>42,632,185</b>
<b>Expenses</b>										
Salaries and wages	3,296,364	797,239	-	2,277,477	780,187	582,134	-	1,144,623	8,878,024	9,945,653
Debt charges - Regional District	-	2,383	-	27,969	22,368	-	-	60,504	113,224	179,485
Debt charges - Municipal	-	-	-	-	-	-	10,879,942	-	10,879,942	10,672,005
Amortization	223,337	697,791	-	515,294	331,710	-	-	324,031	2,092,163	-
Other expenses	2,687,299	2,901,043	78,817	8,690,483	2,725,982	335,773	-	2,764,063	20,183,460	20,859,958
<b>Total expenses</b>	<b>6,207,000</b>	<b>4,398,456</b>	<b>78,817</b>	<b>11,511,223</b>	<b>3,860,247</b>	<b>917,907</b>	<b>10,879,942</b>	<b>4,293,221</b>	<b>42,146,813</b>	<b>41,657,101</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,105,624</b>	<b>\$ 876,317</b>	<b>\$ 3,348</b>	<b>\$ (720,170)</b>	<b>\$ 506,742</b>	<b>\$ 76,659</b>	<b>\$ -</b>	<b>\$ 540,940</b>	<b>\$ 4,389,460</b>	<b>\$ 975,084</b>



**REGIONAL DISTRICT  
of Fraser-Fort George**

**Schedule 4 - 2020 Segmented Information**

December 31, 2020	General government services	Protective services	Transportation services	Environmental health services	Public health and welfare services	Environmental development services	Fiscal services	Recreation and cultural services	2020 Total	2020 Budget
<b>Revenues</b>										
Requisition and parcel taxes	\$ 4,387,520	\$ 3,669,905	\$ 72,570	\$ 4,062,020	\$ 2,945,534	\$ 591,980	\$ -	\$ 4,202,141	\$ 19,931,670	\$ 19,931,670
Municipal debt recovery	-	-	-	-	-	-	10,681,103	-	10,681,103	10,730,010
Sale of services, utilities and rentals	160,532	12,472	-	6,067,498	1,314,494	-	-	50,718	7,605,714	8,114,760
Government transfers + grants in lieu	4,286,367	224,043	3,882	103,036	-	147,870	-	96,494	4,861,692	3,668,480
Other revenue	1,549,726	1,030,327	1,207	101,891	120	42,095	-	87,625	2,812,991	656,571
<b>Total revenues</b>	<b>10,384,145</b>	<b>4,936,747</b>	<b>77,659</b>	<b>10,334,445</b>	<b>4,260,148</b>	<b>781,945</b>	<b>10,681,103</b>	<b>4,436,978</b>	<b>45,893,170</b>	<b>43,101,491</b>
<b>Expenses</b>										
Salaries and wages	3,156,914	723,321	-	2,327,298	769,109	565,811	-	1,001,018	8,543,471	9,192,321
Debt charges - Regional District	-	5,304	-	29,267	5,823	-	-	61,752	102,146	219,450
Debt charges - Municipal	-	-	-	-	-	-	10,681,103	-	10,681,103	10,730,010
Amortization	215,430	653,576	-	441,765	226,473	-	-	327,525	1,864,769	-
Other expenses	2,841,439	2,857,396	68,230	5,089,752	2,593,195	81,167	-	2,854,497	16,385,676	20,185,947
<b>Total expenses</b>	<b>6,213,783</b>	<b>4,239,597</b>	<b>68,230</b>	<b>7,888,082</b>	<b>3,594,600</b>	<b>646,978</b>	<b>10,681,103</b>	<b>4,244,792</b>	<b>37,577,165</b>	<b>40,327,728</b>
<b>Annual surplus</b>	<b>\$ 4,170,362</b>	<b>\$ 697,150</b>	<b>\$ 9,429</b>	<b>\$ 2,446,363</b>	<b>\$ 665,548</b>	<b>\$ 134,967</b>	<b>\$ -</b>	<b>\$ 192,186</b>	<b>\$ 8,316,005</b>	<b>\$ 2,773,763</b>



# REGIONAL DISTRICT of Fraser-Fort George

## Schedule 5 - Northern Capital and Planning Grant

In March 2019, the Regional District was the recipient of a \$4,182,000 grant under the Northern Capital and Planning Grant (NCPG) program from the Province of BC and received a second allocation of \$1,304,000 in March 2020. Both allocations of grant money were allocated by the Regional Board to uniquely identified capital and planning reserves prior to December 31, 2020. The table below outlines the outstanding NCPG funds in reserve at December 31, 2020, deducts the expenditures of approved funds in 2021 and adds interest earned on reserve funds in 2021 to reach the NCPG reserve fund balances at December 31, 2021.

Service Name	NCPG Reserve at Dec 31, 2020	2021 Approved Expenditures	2021 Interest Earned	NCPG Reserve at Dec 31, 2021
Administration	\$ 478,331	\$ 135,000	\$ 2,128	\$ 345,459
Community Services	40,841	-	244	41,085
Sustainability Practices	498,372	-	2,979	501,351
Bear Lake Fire Protection	45,979	-	275	46,254
Buckhorn Fire Protection	45,979	-	275	46,254
Pineview Fire Protection	45,979	-	275	46,254
Valemount & District Fire Protection	45,979	-	275	46,254
Beaverly Fire Protection	45,979	-	275	46,254
Hixon Fire Protection	45,979	-	275	46,254
Salmon Valley Fire Protection	45,979	-	275	46,254
Ness Lake Fire Protection	45,979	-	275	46,254
Red Rock/Stoner Fire Protection	45,979	-	275	46,254
Shell-Glen Fire/Rescue Protection	45,979	-	275	46,254
Pilot Mountain Fire Protection	45,979	-	275	46,254
Beaverly Fire Protection	45,979	-	275	46,254
Ferndale/Tabor Fire Protection	45,979	-	275	46,254
Sewage Service - Holding Tanks	152,826	-	914	153,740
Solid Waste Management	339,098	-	2,027	341,126
Bear Lake Water System	89,519	10,019	516	80,017
Azu Water System	89,519	10,019	516	80,017
Tabor Lake Community Sewer Service	128,053	-	766	128,819
Buckhorn Community Sewer System	50,985	13,488	280	37,777
Bendixon Road Community Sewer System	50,985	-	305	51,290
West Lake Community Sewer System	50,985	-	305	51,290
Adams Road Community Sewer	50,985	-	305	51,290
9-1-1 Emergency Response Service	837,652	721,550	2,612	118,714
Bear Lake Cemetery - Board of Trustees	10,276	-	61	10,337
Tete Jaune Cemetery - Board of Trustees	10,276	-	61	10,337
Regional Parks	514,339	-	3,075	517,414
Robson Valley Recreation Centre	521,442	-	3,118	524,559
Nukko Lake Community Hall	35,703	-	213	35,916
Sinclair Mills Community Hall	35,703	-	213	35,916
Bear Lake Recreation Facilities	35,703	-	213	35,916
Canoe Valley Recreation Centre	470,063	-	2,810	472,874
Reid Lake Community Hall	51,379	6,296	305	45,387
Tete Jaune Community Hall	35,703	-	213	35,916
Dome Creek Recreation Facility	35,703	-	213	35,916
East Line Community Facilities Service	35,703	-	213	35,916
Robson Valley Exploration and Learning	35,703	-	213	35,916
Heritage Conservation	408,409	-	2,442	410,851
NCPG 2020	1,688	-	10	1,698
<b>Total NCPG Reserve</b>	<b>\$ 5,693,671</b>	<b>\$ 896,372</b>	<b>\$ 30,845</b>	<b>\$ 4,828,146</b>



**REGIONAL DISTRICT  
of Fraser-Fort George**

**Schedule 6 - COVID-19 Safe Restart Grants for Local Governments**

In November 2020, the Regional District was the recipient of a \$747,000 grant under the COVID-19 Safe Restart Grants for Local Governments program from the Province of BC. In March of 2021, an additional grant of \$284,000 was received. This grant funding was required to be allocated by the Regional Board prior to December 31, 2021. At the December 17, 2020 board meeting, the Regional Board allocated \$160,361 to individual services to fund operational costs relating to technology, safety and overall pandemic response incurred by each service since the beginning of the pandemic in the spring of 2020. This left \$870,639 of this grant funding to be allocated in 2021 prior to the December 31, 2021 deadline. Due to the conditions for use of this grant funding allowing local governments to use the funding where the greatest need arises, the initial \$747,000 amount received was considered revenue in 2020 and included in grant revenue on the Consolidated Statement of Operations and Accumulated Surplus. The additional \$284,000 amount received was included in grant revenue in 2021. The full remaining balance of \$870,639 was allocated by the Regional Board as outlined below in 2021.

**Service Name**

Balance of COVID-19 Safe Restart Grant Funds at December 31, 2020	\$ 586,639
COVID-19 Safe Restart Grant Funds received in March 2021	284,000
Total COVID-19 Safe Restart Grant Funding to Allocate in 2021	870,639

**Less amounts allocated in 2021:**

Administration	64,374
Community Services	292
Finance	2,756
Corporate Services	85,290
Office Building - George Street	67,223
Network	139,708
Bear Lake Fire Protection	329
Buckhorn Fire Protection	60
Pineview Fire Protection	808
Valemount & District Fire Protection	515
Beaverly Fire Protection	7,829
McBride & District Fire Protection	11,167
Ferndale/Tabor Fire Protection	1,557
Hixon Fire Protection	48,336
Salmon Valley Fire Protection	1,760
Ness Lake Fire Protection	740
Red Rock/Stoner Fire Protection	1,095
Shell-Glen Fire Protection	2,549
Pilot Mountain Fire Protection	7,422
Chilako/Nechako Rescue Service	4,373
Area D Rescue	439
9-1-1 Emergency Response Service	157
Fire Dept Coordination Service	10,803
Emergency Preparedness	149,488
Valemount & District Rescue Service	508



**REGIONAL DISTRICT  
of Fraser-Fort George**

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**Schedule 6 - COVID-19 Safe Restart Grants for Local Governments**

**Service Name**

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Inspection Services	409
Solid Waste Management	15,343
Foothills Boulevard Landfill	1,388
Mackenzie Transfer Station	128
Regional Land Use Planning	12,406
Robson Valley Recreation Centre	111,837
Canoe Valley Recreation Centre	115,007
Robson Valley Community Centre	<u>4,543</u>
<b>Total 2021 Allocation of COVID-19 Safe Restart Grant Funds</b>	<b>\$ 870,639</b>
<b>Remaining COVID-19 Safe Restart Grant Funds - December 31, 2021</b>	<b><u><u>\$ -</u></u></b>



Tabor Lagoon Berm Repair



Cardboard Compactor in the Robson Valley



**REGIONAL DISTRICT**  
**of Fraser-Fort George**

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