



Minutes

Village of Tahsis

| | |
|----------------|--|
| Meeting | Regular Council |
| Date | Tuesday February 2, 2016 |
| Time | 7:00 PM |
| Place | Municipal Hall - Council Chambers |

Present Mayor Jude Schooner - Chair
Councillor Randy Taylor
Councillor Brenda Overton
Councillor Kathy Bellanger
Councillor Louis Van Solkema

Staff Mark Tatchell, Chief Administrative Officer
Janet StDenis, Assistant Financial Officer

Public 2 Members of the public.

A. Call to Order

Mayor Schooner called the meeting to order at 7 p.m. and acknowledged and respected that we are upon Mowachaht/Muchalaht Traditional Territory.

B. Introduction of Late Items

None.

C. Approval of the Agenda

Overton/Bellanger: VOT 30/16

THAT the Agenda for the February 2, 2016 Regular Council meeting be adopted as presented.

CARRIED

D. Petitions and Delegations

None.

E. Public Input # 1

A member of the public would like to see Sgt. Chris McGee's presence at the January 18th, 2016 Committee of the Whole noted in the minutes of that meeting.

F. Adoption of the Minutes

Overton/Bellanger: VOT 31/16

THAT the Committee of the Whole of January 18, 2016 minutes be adopted as amended to include Sgt. Chris McGee's presence.

CARRIED

Taylor/ Van Solkema VOT 32/16

THAT the Regular Council meeting minutes of January 19, 2016 be adopted as amended to include the motion that the Council reconvene in public.

G. Rise and Report

None.

H. Business Arising

None.

I. Unfinished Business

None.

J. Council Reports

Mayor Schooner (written report)

Good evening,

At the inaugural Municipal Services Committee for the region I was re-elected Chair for 2016. The Committee continues to address the standing agenda item on tourism in the form of sharing of information from the respective municipalities and where they are with their tourism initiatives. Also dialogue encompassed the possibility of shared costs on advertising and potentially a sub-regional tourism function. The relationship building at this committee level is growing and the shared capacity of the municipalities is effective. Motions were passed inviting Tourism Vancouver Island to make a presentation and to have staff report back on the Committee's interest in Tourism Pro-D Days.

In attendance at the Strathcona Regional District (SRD) meeting it was confirmed that the Board support the addition of \$15,000 to the Strathcona Emergency Program baseline budget in the 2016-2020 financial plan. These added funds would increase support for volunteers through additional funds for community events, workshops, travel and other operational costs. Council will remember that I had put this forward in last year's budget plan after requesting the Protective Services Coordinator, Howie Siemen's input. Last year the additional funding was defeated, but this year the Board is much more receptive after a year of raising awareness of the need at Board level. Other budget considerations covered were a new phone system, a comprehensive records management system, a human resource function and a long-term asset management program. Also the establishment of First Nations Relations Committee was moved, once again, to the strategic priorities session.

The Board also is requesting that the Province extend the deadline for the Emergency Program Act consultation process from February 19, 2016 to September 1, 2016 and that a position paper be prepared for the Board's consideration. I mention this as the Province's request is also an agenda item in front of the council tonight.

For council's information: Councillor Debra Morin Brown of Zeballos stepped down from her position and a by-election took place. Candace Faulkner is now the new Councillor who got in by acclamation. I will miss Debra's contributions and I welcome Candace to her new position.

I attended the SD 84 public consultation today which covered issues in front of the School Board. The meeting covered suggestions for the school facilities, in review of last year consultations, and naturally the education of the students and the upcoming school year calendar.

Councillor Overton

No Report.

Councillor Van Solkema (written report)

Good evening Mayor and Council. Since our last council meeting I've attended A NSWS meeting in Gold River followed by a Area 25 Harvest Committee meeting conducted by the Department of Fisheries and Oceans in Campbell River. The timing of these meetings coincided with our recent heavy rain event that caused a few changes in plans. During the last month or so I've managed, with the help of others, to brush out an access trail from the dump road into the cut bank along the Tahsis River. This being to enable the survey and monitoring of the erosion taking place there and to hopefully establish a plan for the stabilizing this area among others. Noticing the brown up of the inlet during the heavy rain event I walked up the trail and I am concerned about the amount of topsoil being washed out to sea. Some spots along the trail have eroded by a couple of feet in this single event. A devised remedy sooner than later is my hope.

Councillor Bellanger (written report)

Good evening Mayor and Council. Not much of a report tonight, but I am glad to have been here yesterday morning to get started on our financial plan with Mayor & Council. And I did read over last Council's reports and in Mayor Schooner's report I am for adding the Village of Tahsis' name on the resolution for eliminating parking fees at the New North Island Hospital as I'm sure our community would agree. And that's my report for tonight.

Councillor Taylor (written report)

On January 16th I attended the Annual General Meeting of the Vancouver Island Regional Library Board of Trustees in Nanaimo. A Trustee Orientation was presented for the benefit of the new Trustees and to refresh those carried over. For 2016 there were only four new trustees appointed to the board. An election of the Executive Committee for 2016 took place with all nominees being elected by acclamation. Bruce Joliffe was re-elected as Chair and Tom Duncan from Duncan elected as Vice-Chair as Brenda Lee, a long time advocate for the rural branches, had run out her 8 year limit as a Trustee at the end of last year.

A favourable Financial Report was presented with a net operating surplus of over \$ 356,000.00 indicating that overall revenues are well within expectations and expenses are falling in inline with budget. The Reserves Report indicated a balance of 4.7 million dollars after completion of the Five Year Plan ended at the turn of the year and are in good shape to fulfill the Consolidated Facilities Master Plan. A Draft Strategic Plan for 2016-2020 was presented.

I'm pleased to report that the Board of Trustees ratified a tentative collective agreement with CPUE 401 members, reached with the assistance of mediation on January 14th, after almost a full year without a contract with front line employees. The bargaining unit voted on the agreement January 24th and ratified the three-year deal.

Monday February 1st, I was in attendance at a Special Meeting of Council the minutes of which will be on the next Regular Meeting agenda.

Respectfully submitted,

Randy Taylor

Taylor/ Bellanger VOT 33/16

THAT the Council reports be received.

CARRIED

K. Bylaws

None.

L. Correspondence

- 1 **Nookta Sound RCMP: Tahsis Service Letter Agreement**
- 2 **Village of Gold River, Mowachaht Muchalaht First Nation and Village of Tahsis Vision Statement**
- 3 **New Campbell River Hospital Parking Fees**
- 4 **AVICC 2016 Convention**
- 5 **BDO Draft Planning Report**
- 6 **2015 UBCM Follow-up from Minister Rustad**
- 7 **Emergency Program Act (Prepared and Resilient: A Discussion Paper on the Legislative Framework for Emergency Management in British Columbia - copy available in the office)**
- 8 **Ministry of Jobs, Tourism and Skills Training - Re: Arrival of Syrian Refugees.**
- 9 **Ministry of Community, Sport and Cultural Development - The Revised Local Government Act (LGA RS2015)**

Van Solkema/ Taylor VOT 34/16

THAT correspondence items # 2,5,6 and 7 be pulled for discussion.

Taylor/ Bellanger VOT 35/16

THAT correspondence item # 2- Village of Gold River, Mowachaht Muchalaht First Nations and Village of Tahsis Vision Statement be received.

CARRIED

Taylor/ Bellanger VOT 36/16

THAT correspondence item # 5 - BDO Draft Planning Report be received.

CARRIED

Taylor/ Bellanger VOT 37/16

THAT correspondence item # 6 - 2015 UBCM Follow-up from Minister Rustad be received.

Action:

Staff directed to write Mowachaht/Muchalaht First Nations to inquire as to whether they would be interested in a meeting with Minister Rustad.

Overton/ Bellanger VOT 38/16

THAT correspondence item # 7 - Emergency Program Act:(Prepared and Resilient) A Discussion Paper on the Legislative Framework for Emergency Management in British Columbia be received.

CARRIED

Taylor/ Van Solkema VOT39/16

THAT Councillor Overton prepare a submission in regards to the proposals contained in the Discussion Paper "Prepared and Resilient" in concert with EPC (Graham) to be ready for Council's review prior to the regular Council meeting on the 16th of February.

CARRIED

M. New Business

None.

N. Public Input #2

None.

Public Exclusion

Overton/Bellanger VOT 40/16

THAT the meeting is closed to the public in accordance with section 90.1(g) of the Community Charter – litigation or potential litigation affecting the municipality and 90. 2 (c) a matter that is being investigated under the Ombudsperson Act of which the municipality has been notified under section 14 (Ombudsperson to notify authority) of that Act.

CARRIED

Recess

Taylor/ Bellangerr VOT 41/16

THAT the regular Council recess to go into the in camera meeting.

CARRIED

Reconvene

Taylor/ Bellanger VOT 48/16

THAT the Council reconvene in public at 8:11 p.m.

CARRIED

Rise and Report

None.

O. Adjournment

Van Solkema/ Overton VOT 49/16

THAT the meeting be adjourned at 8:12 p.m.

CARRIED

Certified Correct this
16th Day of February, 2016



Chief Administrative Officer

L.1

Tahsis Service Letter Agreement

The goal of the Nootka Sound RCMP is to continue to work cooperatively with residents of Tahsis and build on existing initiatives aimed at safeguarding the community while being held to the highest ethical standards.

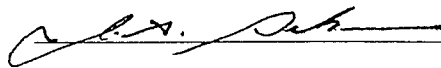
Specifically, the Nootka Sound RCMP endeavour to:

- Maintain a consistent community presence through frequent, pro-active patrols. These patrols will include; a year round marine presence aimed at promoting safe boating practices and fishing related enforcement, continued joint patrols with DFO and BC Conservation to aggressively target illegal hunting and fishing in and around Tahsis, as well as complement efforts from our RCMP partners in West Coast Marine and Traffic Services to help keep the roads and waterways safe.
- Work in partnership with Mayor and Council, community stakeholders and residents. Specifically; maintain open lines of communication and meet as required to address community concerns in a timely manner, conduct an annual review to assess the service level provided and amend expectations as required, attend Village Council meetings on a semi-annual basis or as requested and provide quarterly updates detailing trends, successes, challenges and upcoming police initiatives.
- Continue to build on existing relationships, participate in community events, engage youth at every opportunity and foster new relationships through the Village website, share community policing activities, key initiatives and other community safety information.



Sgt. Chris MCGEE

Dated: Jan 20, 2016



Mayor Jude SCHOONER

Dated: Jan. 20, 2016

Jan 21/2016

L.2

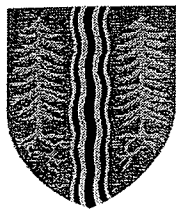
Vision Statement

The three communities of MMFN, Gold River and Tahsis, each with our own form of government, peoples and cultural backgrounds share a desire to move forward together for the betterment of our residents, members and businesses.

Through ongoing effective communications, relationship-building and strategic positioning, the three communities shall strengthen their ability to influence the outcome of developments throughout the lands, waters and air of the Gold River area, Nootka Sound and Tahsis Inlet.

We cherish and enjoy healthy lifestyles surrounded by some of the world's most beautiful and pristine natural environment on the West Coast of Vancouver Island, British Columbia. We are progressive communities that share a desire to responsibly manage our natural resources in a manner that will stimulate new business opportunities and develop a diversified economy whilst always respecting each other.

Our success shall be built on a strong work ethic, open communications, honesty, understanding, respect, and productive working relationships with each other and our partners. We shall strive to provide superior services to our people in a timely, effective and efficient basis and shall maintain the highest levels of professional integrity while maintaining our uniqueness as independent entities.



VILLAGE OF GOLD
RIVER
499 Muchalat Drive
P.O. Box 610
Gold River B.C.
V0P 1G0



**Mowachaht Muchalaht
First Nation**
100 Ouwatin Road, Tsaxana
PO Box 459, Gold River BC
V0P 1G0



VILLAGE OF TAHSIS
977 South Maquinna
Drive
PO Box 219
Tahsis B.C.
V0P 1X0



District of Port Hardy

7360 Columbia Street ♦ PO Box 68

Port Hardy BC V0N 2P0 Canada

Telephone: (250) 949-6665 ♦ Fax (250) 949-7433

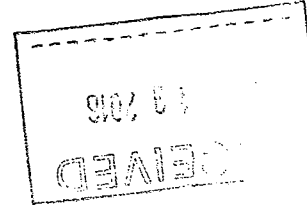
Email: general@porthardy.ca ♦ www.porthardy.ca



L.3

January 14, 2016

Honourable Terry Lake, Minister of Health
PO Box 9050 Stn Prov Govt
Victoria, BC
V8W 9E2



RE: NEW CAMPBELL RIVER HOSPITAL PARKING FEES

Dear Minister Lake,

Thank you for your response to MLA Trevena, dated November 26, 2015 regarding parking fees at the Campbell River Hospital. Council reviewed this letter at its regular meeting of Council January 12, 2016.

Council feels the need to bring to your attention that there are other hospitals in the province that have free parking for their patients. While we realize that there are costs associated with having a facility like this and providing adequate parking for its users, it is unreasonable to expect that in an area where most of its patients will be travelling by car with no other options to access the facility will create a huge burden.

It is also unreasonable to expect people to request forgiveness due to their financial challenges, most people with financial challenges don't want to ask for special treatment, let alone know of the opportunity or even have the capacity to request forgiveness.

I am sure that you are aware of the need for specialized services, especially in remote communities. People are driving up to 3 hours just to access required medical services, we know that it is impossible to predict how long you may be waiting for treatment at the hospital, paying additional fees in parking tickets for lapsed time is not acceptable. Not to mention, the cost of fuel or the cost of accommodations (both of which cannot be recovered from Medical Services Plan) while attending the various services at the only location with services available to North Island residents.

On behalf of Council, I urge you to reevaluate the parking fees at the Campbell River Hospital and make the access to required services available with as little hardship to our North Island residents as possible.

Sincerely,
The District of Port Hardy

Hank Bood
Mayor

L.4

From: Liz [mailto:avicc@ubcm.ca]
Sent: Wednesday, January 27, 2016 10:36 AM
To: AVICC
Subject: AVICC January Update - Convention Registration, Resolutions, Nominations, Grants and Access Agreements

Please forward to elected officials, CAO and Corporate Officer:

1. Convention Registration

Next week we will be opening up on-line registration for the 2016 Convention. As a reminder, the Convention will be held in Nanaimo from April 8-10. The AVICC Executive has lined up a very informative and engaging program with excellent speakers as well as opportunities for tours, networking and social events. More information will be sent out next week. Information on accommodation, locations and more is available on our website at www.avicc.ca

2. Resolutions & Nominations Deadline

The Second Call for resolutions to be addressed at the 2016 AVICC AGM & Convention is attached. The Resolution deadline is February 22, 2016, and there are very strict criteria for late resolutions. The AVICC Executive encourages members to focus on new issues of Provincial or AVICC-wide interest, and issues that are within the mandate of local governments. The UBCM asks for resolutions to be considered by the area associations before they are submitted to the UBCM Convention.

Also attached is the Nomination and Consent form for positions on the AVICC Executive. To be included in the Report on Nominations at the Convention, forms must be received by February 22, 2016. Background information for candidates is available on the AVICC website at [Background](#)

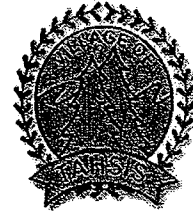
3. PlanH Healthy Communities Capacity Building Fund Grants: Round Three

PlanH is now requesting expressions of interest from local governments in BC who are leading the way in creating the conditions that enable healthy people and healthy places – in partnership with regional health authorities and other key community stakeholders. There are two streams of support available. [Find an overview of the latest Healthy Communities Capacity Building Grants on the website](#) to find out which stream is right for your community and important next steps in the grant application process.

4. Cumberland Trail Access Agreement

Cumberland Council has requested the attached press release and trail access agreement be distributed to AVICC member local governments. It may be of interest to those seeking to legitimize non-motorized recreational access to private managed forest lands in their communities.

AVICC
Union of BC Municipalities
525 Government Street
Victoria, BC, V8V 0A8
(250) 356-5122



Village of Tahsis
Planning Report to the Members of Mayor and Council

January 7, 2016

Draft - for discussion only

Direct Line: 604-443-4735
E-mail: ksimpson@bdo.ca

January 7, 2016

Mayor and Council
Village of Tahsis
977 South Macquinna Drive
Tahsis, BC V0P 1X0

Dear Mayor and Council Members:

We are pleased to present our audit plan for the audit of the financial statements of the Village of Tahsis ("the Village") for the year ended December 31, 2015.

Our report is designed to highlight and explain key issues which we believe to be relevant to the audit including audit risks, the nature, extent and timing of our audit work and the terms of our engagement. The audit planning report forms a significant part of our overall communication strategy with the Mayor and Council and is designed to promote effective two-way communication throughout the audit process. It is important that we maintain effective two-way communication with the Mayor and Council throughout the entire audit process so that we may both share timely information. The audit process will conclude with our final report to the Council.

This report has been prepared solely for the use of the Mayor and Council and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

The Mayor and Council play an important part in the audit planning process and we look forward to any feedback you have on our audit plan as well as any other matters that you consider appropriate.

Yours truly,

Kristine Simpson, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

KLS/



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EXECUTIVE SUMMARY

ENGAGEMENT LETTER

The terms and conditions of our engagement are included in the most recent engagement letter, dated May 9, 2014. — 7

RESPONSIBILITIES

It is important for Council to understand the responsibilities that rest with the external auditor and the responsibilities of those charged with governance. BDO's responsibilities are outlined within the annual engagement letter. The oversight and financial reporting responsibilities of Council as they pertain to the annual audit are summarized below.

- Oversee the work of the external auditor engaged for the purpose of issuing an independent auditor's report.
- Review all non-audit services to be provided to the Village by the external auditor.
- Facilitate the resolution of disagreements between management and the external auditor regarding financial reporting matters, if any.
- Refer to Appendix E for full details on the responsibilities of Council.

ENGAGEMENT OBJECTIVES

- Express an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in its net debt, and cash flows of the Village in accordance with Public Sector Accounting Standards ("PSAB").
- Present significant findings to the Mayor and Council including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.
- Provide opinions on the C2 - Home Owner Grant/Treasurer/Audit Certificate and the compliance with agreement relating to Part 8 of the School Act (British Columbia).
- Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit and performance improvement opportunities. (See Appendix K for prior year's management letter.)
- Consult regarding accounting, indirect taxes and reporting matters as requested throughout the year.



AUDIT STRATEGY

Changes in auditing standards now require auditors to document all significant manual and computer systems. Building on this, we plan to focus much of our review of transaction streams using “tests of controls” (compliance procedures) in combination with analytical review and testing. Balances will be tested using a combination of compliance procedures and substantive procedures (such as analysis of data and obtaining direct evidence as to the validity of the items).

Refer to Appendix B for a high level overview of our audit strategy.

MATERIALITY

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

For purposes of our audit, we have set preliminary materiality at \$30,000 for the Village and a preliminary performance materiality at \$22,500.

Our materiality calculation is based on the Village's prior year results. In the event that actual results vary significantly from those used to calculate preliminary materiality, we will communicate these changes to Council as part of our year end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Council, other than those which we determine to be “clearly trivial” i.e. less than \$1,500. Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encourage management to correct any misstatements identified throughout the audit process.

RISKS AND PLANNED AUDIT RESPONSES

Based on our knowledge of the Village's operations, our past experience, and knowledge gained from management and Council, we have identified certain significant risks and other higher risk areas.

Significant risks of material misstatement that, in our judgment, require special audit consideration, arise mainly because of the complexity of the accounting rules, the extent of estimation and judgment involved in the accounting of these financial statement areas, and the existence of new accounting pronouncements that affect them. We request your input on the following risks and whether there are any other areas of concern that the Council have identified.



RISKS AND PLANNED AUDIT RESPONSES (CONTINUED)

| | Audit Risk | Proposed Audit Approach |
|---|---|--|
| Management Override of Internal Controls (Mandatory audit procedure) | Due to the relatively small finance group, the Village's current internal control systems could be subject to an override of existing controls by management. This could result in unauthorized transactions or unauthorized adjustments to the accounting records. | Review of significant transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures. |

Other areas that may be considered higher risk are as follows:

| | Audit Risk | Proposed Audit Approach |
|--|--|---|
| Cash and Investments | <p>Cash planning and investment management are important aspects of good financial controls.</p> <p>Due to its nature, cash and investments are almost always considered to be a risk area in any audit.</p> | <p>Our planned audit procedures include review of reconciliations, substantive testing of transactions and confirmations of end of period balances.</p> |
| Staff Salaries | <p>A significant single type of expenditure that covers many employees and departments.</p> <p>As a municipality, this figure is often of particular interest to financial statement users (taxpayers).</p> | <p>Application of computer audit testing to analyze all payroll transactions in the year is a key step to identify unusual payroll relationships for testing.</p> <p>We will also perform systems testing, tests of controls and analytical review of staff salary and levels.</p> <p>We will also review the allocation to segments for appropriateness and consistency.</p> |
| Investment in Nooka Sound Economic Development Corporation (NSEDCC) | <p>There is some uncertainty in regards to prior dividend payments from NSEDCC to the Village.</p> | <p>We will discuss with management and communicate with the lawyer on the likelihood of the contingent gain. We will review the associated financial statements disclosure to ensure they are appropriate. We will receive the recoverability of the investment value.</p> |



| | Audit Risk | Proposed Audit Approach |
|--------------------|--|--|
| Contaminated Sites | The Village is required to adopt the new standard PS 3260 - Liability for Contaminated Sites. There is a risk that the liability may not completely or properly accounted for. | We will review the management's process for identifying the potential contaminated sites, and management's assessment on whether a liability exists. If applicable, we will review the calculation on the liability. |

FRAUD RISK

Canadian generally accepted auditing standards require us to discuss fraud risk with Council on an annual basis. We have prepared the following comments to facilitate this discussion.

| Required Discussion | BDO Response | Question to Council |
|--|---|--|
| Details of existing oversight processes with regards to fraud. | Through our planning process, and based on prior years' audits, we have developed an understanding of your oversight processes including: <ul style="list-style-type: none"> • Annual Council meeting with management to discuss fraud • Discussions at regular Council meetings; • Review of related party transactions; and Appropriate tone at the top. | Are there any new processes or changes in existing processes relating to fraud that we should be aware of? |
| Knowledge of actual, suspected or alleged fraud. | Currently, we are not aware of any fraud. | Are you aware of any instances of actual, suspected or alleged fraud affecting the Village? |

Refer to Appendix F for our considerations of possible fraud and illegal activities during the performance of our audit.



FINAL ENGAGEMENT REPORTING

As part of our final reporting to Council, we will provide a communications package to support Council in discharging their responsibilities. This communication will include any identified significant deficiencies in internal controls and performance improvement opportunities. See Appendix H for a comprehensive list of communication requirements throughout the audit.

OTHER MATTERS

| |
|----------------------------|
| Timing |
| Independence |
| Management Representations |
| New Accounting Standards |

The following schedule has been agreed to with management:

- Interim and year-end audit fieldwork - April 11 - April 15, 2016
- Review of draft financial statements with Council - to be determined (early May 2016)
- Finalization of financial statements - immediately subsequent to approval by Mayor & Council

Our annual independence letter has been included as Appendix G.

As part of our audit finalization we will obtain written representation from management, a copy of these representations will be included as part of our final report.

Refer to Appendix J for changes in standards.

The most significant standards on the horizon include "Contaminated Sites" (effective for 2015).

Draft - For discussion only



APPENDIX A - Your BDO Engagement Team

| Name | Title | Email | Phone |
|---------------------------|------------------------|-----------------|--------------|
| Kristine Simpson, CPA, CA | Engagement Partner | ksimpson@bdo.ca | 604.443.4735 |
| Bill Cox, FCPA, FCA | Quality Review Partner | bcox@bdo.ca | 604.443.4716 |
| Ming Hu, CPA, CA | Audit Manager | mhu@bdo.ca | 604.646.4415 |
| Ammar Bashir | Audit In-Charge | abashir@bdo.ca | 604.688.5421 |
| Angela Liu | Audit staff | aliu@bdo.ca | 604.688.5421 |

Draft - for discussion only

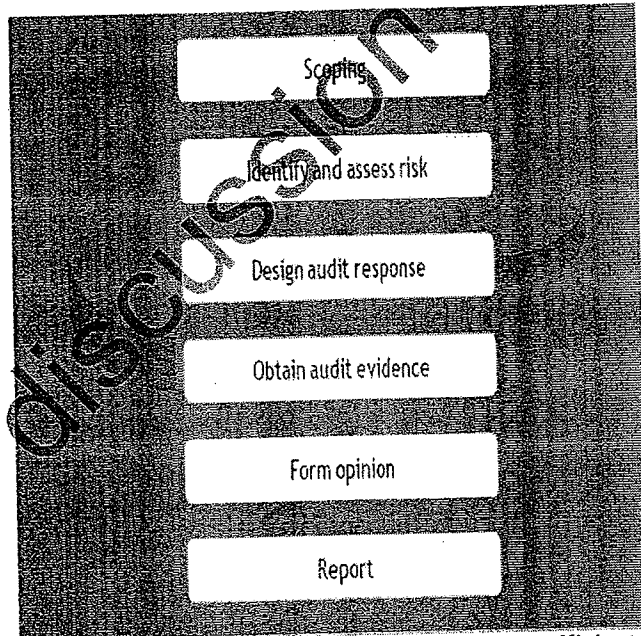
APPENDIX B - Audit Strategy

Our overall audit strategy involves extensive partner and manager involvement in all aspects of the planning and execution of the audit and is based on our overall understanding of the Village.

We will perform a risk-based audit which allows us to focus our audit effort on higher risk areas and other areas of concern for management and the Council.

To assess risk accurately, we need to gain a detailed understanding of the Village's operations and the environment it operates in. This allows us to identify, assess and respond to the risks of material misstatement.

To identify, assess and respond to risk, we obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements. We then determine whether adequate accounting records have been maintained and assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.



Based on our risk assessment, we design an appropriate audit strategy to obtain sufficient assurance to enable us to report on the financial statements.

We choose audit procedures that we believe are the most effective and efficient to reduce audit risk to an acceptably low level. The procedures are a combination of testing the operating effectiveness of internal controls, substantive analytical procedures and other tests of detailed transactions.

Having planned our audit, we will perform audit procedures maintaining an appropriate degree of professional skepticism, in order to collect evidence to support our audit opinion.

APPENDIX C- Management Responsibilities

All facets of the Village's internal controls including those governing the accounting records, systems and financial statements will be impacted by the organization's complexity, the nature of risks, and the related laws, regulations, or stakeholder requirements. It is management's responsibility to determine the level of internal control required to respond reasonably to the Village's risks.

The preparation of the Village's financial statements including all disclosures in accordance with Canadian public sector accounting standards is the responsibility of management. Among other things, management is responsible for:

1. Designing and implementing internal controls over financial reporting to enable the preparation of financial statements that are free of material misstatements;
2. Informing the Village's auditors of any deficiencies in design or operation of internal controls;
3. Updating the Village's auditors for any material change in the Village's internal controls including if the individuals responsible for the controls that have changed;
4. Identifying and complying with any laws, regulations, and/or agreements which apply to the Village;
5. Recording any adjustments required to the financial statements to correct material misstatements;
6. Safeguarding of assets;
7. Providing the auditor with all financial records, and related data which may be related to the recognition, measurement and or disclosure of transactions in the financial statements;
8. Providing accurate copies of all minutes of the regular and closed meetings of Council;
9. Providing timely, accurate information as requested for the completion of the audit;
10. Allowing unrestricted access to persons or information as requested as part of the audit;
11. Notifying the auditor of any circumstances which arise between the date the audit work is completed and the approval date of the financial statements.

Representation Letter

We will make specific inquiries of the Village's management about the representations embodied in the financial statements and internal control over financial reporting. During the completion of our audit documentation, we will require management to confirm in writing certain representations in accordance with Canadian generally accepted auditing standards. These representations are to be provided to us in the form of a representations letter which will be provided as near as practicable to, but not after the date of our auditor's report on the financial statements.

APPENDIX D - Circumstances Affecting Timing and Fees

Our professional fee for the audit is based on careful consideration of the time required to complete the required work. Circumstances may arise during the engagement which could significantly impact the targeted completion dates and or the extent of work required to complete the audit. As a result, additional fees may be necessary. Such circumstances include, but are not limited to, the following:

Significant Issues

1. Changes in the design or function of internal controls can impact the audit and result in additional substantive testing;
2. Significant number of proposed adjustments which are identified during the audit work;
3. Significant changes are required to the format or information contained in the financial statements;
4. New issues resulting from changes to:
 - a. Accounting standards, policies or practices
 - b. Special events or transactions which were not contemplated in the original budget
 - c. The financial reporting process or systems involved
 - d. Accounting personnel or availability of accounting personnel
 - e. The requirement to include specialists in the audit work
5. Changes to the scope of the audit.

Audit Execution

1. Audit schedules are not provided in a timely manner, are not mathematically correct, or do not agree to the underlying accounting records.
2. There are significant delays in responding to our requests for information or responses require significant further investigation.
3. The quality of the supporting information for the audit work has deteriorated from our previous experience.
4. A complete working paper package is not provided on the agreed upon date.
5. There is a limitation of access to the financial staff required to complete the audit.

APPENDIX E - Council Responsibilities

General Responsibilities

It is Council's responsibility to provide oversight of the financial reporting process. This includes management's preparation of the financial statements, monitoring of the Village's internal controls, overseeing the work of the external auditor, facilitating the resolution of disagreements between management and the auditor, as well as the final review of the financial statements and other annual reporting.

Significant Audit Findings

Based on the work we perform, any significant identified deficiencies in internal control will be reported to you in writing. The purpose of our audit is to express an opinion on the financial statements. While our audit includes a consideration of the internal control structure of the Village, our work is focused on those controls relevant to financial reporting. As such, our work was not designed to provide an opinion on the effectiveness of the internal controls.

We will communicate our views regarding any significant qualitative aspects of the Village's accounting practices. This would include the selection and application of accounting policies, estimates and financial statement disclosure. If during our audit we feel that the selected policies, estimates or disclosures are not appropriate for the Village under its reporting framework, we will communicate these matters to Council.

In addition, we will communicate:

- Any significant difficulties which arose during the audit;
- Any reasons identified which may cause doubt as to the Village's ability to continue as a going concern;
- The written representations we will request from management;
- Any identified unadjusted misstatements;
- Any identified or suspected fraudulent activities.



APPENDIX F - Auditor's Considerations of Possible Fraud and Illegal Activities

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- Identifying and assessing the risks of material misstatement due to fraud;
- Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion, as well as sophisticated and carefully organized schemes designed to conceal it.

During the audit, we will perform risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Village's internal control system, to obtain information for use in identifying the risks of material misstatement due to fraud and make inquiries of management regarding:

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- Management's process for identifying and responding to the risks of fraud in the Village, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the Village; and
- Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

In response to our risk assessment and our inquiries of management, we will perform procedures to address the assessed risks, which may include:

- Inquiring of management, members of Council and others related to any knowledge of fraud, suspected fraud or alleged fraud;
- Performing disaggregated analytical procedures and considering unusual or unexpected relationships identified in the planning of our audit;
- Incorporating an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; and
- Performing additional required procedures to address the risk of management's override of controls including:
 - Testing internal controls designed to prevent and detect fraud;



- Testing the appropriateness of a sample of adjusting journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud;
- Reviewing accounting estimates for biases that could result in material misstatements due to fraud, including a retrospective review of significant prior years' estimates; and
- Evaluating the business rationale for significant unusual transactions.

Draft - for discussion only



APPENDIX G - Independence Letter

December 18, 2015

Mayor and Council
Village of Tahsis
977 South Macquinna Drive
Tahsis, BC V0P 1X0

Dear Mayor and Council Members:

We have been engaged to audit the financial statements of the Village of Tahsis (the "Village") for the year ended December 31, 2015.

Canadian generally accepted auditing standards (GAAS) no longer require that we communicate formally to you in regard to Independence Matters, however we consider it to be a good practice. As such, we are reporting to you regarding all relationships between the Village (and its related entities) and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of British Columbia and applicable legislation, covering such matters as:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the audit engagement.

We are not aware of any relationships between the Village and our firm that, in our professional judgment, may reasonably be through to bear on our independence, except as follows:

We are aware that the Villages of Zeballos, and Tahsis have filed a lawsuit against the Village of Gold River and BDO is named in that suit. BDO has applied to be dropped from the suit as we were not involved as auditors of Nootka Sound Economic Development Corporation when any material dividends were issued. We have assessed our maximum exposure in this issue to be immaterial and therefore we do not believe there is any impact on our independence as auditors of the Village.

We hereby confirm that we are independent with respect to the Village within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia as of the date of this letter.



This letter is intended solely for the use of Mayor and Council and management and should not be used for any other purposes.

Yours truly,

Kristine Simpson, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants

KLS/

Draft - for discussion only



APPENDIX H - Communication Requirements

| Required Communication | Audit Planning Letter | Audit Results Letter | Communication Completed |
|---|-----------------------|----------------------|-------------------------|
| 1. Our responsibilities under Canadian GAAS | ✓ | | Y |
| 2. Our audit strategy and audit scope | ✓ | | Y |
| 3. Fraud risk factors | ✓ | | Y |
| 4. Going concern matters | | | N |
| 5. Significant estimates or judgments | | | N |
| 6. Audit adjustments | | | N |
| 7. Unadjusted misstatements | | | N |
| 8. Omitted disclosures | | | N |
| 9. Disagreements with Management | | | N |
| 10. Consultations with other accountants or experts | | | N |
| 11. Major issues discussed with management in regards to retention | | ✓ | N |
| 12. Significant difficulties encountered during the audit | | ✓ | N |
| 13. Significant deficiencies in internal control | | ✓ | N |
| 14. Material written communication between BDO and Management | | ✓ | N |
| 15. Any relationships which may affect our independence | ✓ | | Y |
| 16. Any illegal acts identified during the audit | | ✓ | N |
| 17. Any fraud or possible fraudulent acts identified during the audit | | ✓ | N |
| 18. Significant transactions with related parties not consistent with ordinary business | | ✓ | N |
| 19. Non-compliance with laws or regulations identified during the audit | | ✓ | N |
| 20. Limitations of scope over our audit, if any | | ✓ | N |
| 21. Written representations made by Management | | ✓ | N |
| 22. Any modifications to our opinion, if required | | ✓ | N |

APPENDIX I - Resources and Services

OTHER BDO SERVICES

Indirect Tax

Government Entities operating in Canada are impacted by commodity taxes in some way or another. These include GST/HST, QST, PST, various employer taxes, and unless managed properly, can have a significant impact on your organization's bottom line. The rules for Government Entities can be especially confusing, and as a result many organizations end up paying more for indirect tax than they need to.

Government Entities must keep on top of changes to ensure they are taking advantage of the maximum refund opportunities. At BDO, we have helped a number of organizations of all sizes with refund opportunities, which can reduce costs for the organization and improve overall financial health.

For more information, please visit the following link:

<http://www.bdo.ca/en/Services/Tax/Indirect-Tax/pages/default.aspx>

Risk Advisory

As Canada's leading financial advisory firm, BDO helps organizations and their management teams effectively assess, develop and manage strategic initiatives.

Visit the following link to find out more:

<http://www.bdo.ca/en/Services/Advisory/Financial-Advisory/pages/default.aspx>

Succession Planning

Having a strong strategic plan, such as a succession plan for key employees and strategic planning for the Board, is critical to an organization's success. With our succession planning services, we can help your organization with:

- Planning for a change in leadership
- Setting a strategic direction for the Board
- Develop a strategic business plan for operations
- Aligning all three groups of stakeholders (Board, employees and members) and enhancing communication

For more information, please visit the following link:

<http://www.bdo.ca/en/Services/Advisory/Business-Transition/pages/default.aspx>



Outsourcing

Our dedicated team of professional bookkeepers across Canada combined with our powerful Microsoft cloud technology platform can provide you and your organization with a world class bookkeeping solution that gives you anytime access to your financial information. Our BDO Client Portal provides you with access to comprehensive business management functionality and enables you to make proactive and informed decisions for your organization.

Visit the link below to find out how we can create a customized bookkeeping solution for your organization:

<http://www.bdo.ca/en/Services/Outsourcing/Bookkeeping/pages/default.aspx>

Solutions

BDO Solutions provides accounting software management tools need to run a better operation. Our expert team understands the complex reporting requirements government entities must adhere to, as well as the limited resources they have to address these needs. Spend more time serving your constituents, better manage budgets, allocate time and resources more effectively and improve your ability to focus on the work that really matters to your organization.

For more information, please visit the following link:

<http://www.bdosolutions.com/ca/>

BDO PUBLICATIONS

BDO's national and international accounting and assurance department issues publications on the transition and application of Public Sector Accounting Standards. In addition, we offer a wide array of publications on Accounting Standards for Private Enterprises (ASPE), International Financial Reporting Standards (IFRS), and Accounting Standards for Not-for-profit organizations (ASNPO).

For additional information on PSAS, including links to archived publications and model financial statements, refer to the link below:

<http://www.bdo.ca/en/library/services/assurance-and-accounting/pages/default.aspx>

MYPDR

Class is in session! Meeting Your Professional Development Requirements (MYPDR) is an educational program designed to support our clients, contacts and alumni in achieving their ongoing professional development requirements.

Through the MYPDR program, we are committed to providing timely, relevant topics that can support you in meeting your ongoing professional development needs. For more information on the MYPDR program or to register, please visit <http://www.cvent.com/d/34qqxp>.

APPENDIX J - Changes in Accounting Standards With Potential to Affect the Village

The following summarizes the status of new standards and the changes to existing standards as of the fall of 2015. The Appendix also reviews Exposure Drafts, Consultation Papers, Statements of Principles, projects and Post Implementation Reviews that provide information on the future direction of CPA Public Sector Accounting Handbook.

NEW STANDARDS - PUBLIC SECTOR ACCOUNTING STANDARDS ("PSAS")

Section PS 3260, Liability for Contaminated Sites

This new Section is in force for the 2015 fiscal year and changes are reflected in your current year financial statements.

This standard establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CPA Public Sector Accounting Handbook.

This Section applies to government assets no longer in productive use and non-government assets for which the government is responsible and to unexpected events. It does not apply to tangible capital assets (however, the PSAB-GAAP hierarchy would require consideration of Asset Retirement Obligations in regard to tangible capital assets).

The main features of the new Section are as follows:

- A liability should be recognized when contamination exceeds an accepted environmental standard and the entity is directly responsible, or accepts responsibility for, the damage;
- A liability should be measured at the entity's best estimate of the costs directly attributable to remediation of the contamination; and
- Outstanding site assessments do not negate the requirement to assess whether a liability exists.

This Section is effective this year and may be applied prospectively or retrospectively. The Section requires that the estimates be revisited each year to ensure that it reflects information available at the financial statement date.

Government Not-for-Profit Organizations, Sections PS 4200 - 4270

The Province of British Columbia continue to direct that the PS 4200 sections for Government Not-for-Profit Organizations not be used by any entity that is part of the Government of BC reporting entity.



NEW STANDARDS - PSAS (NOT YET EFFECTIVE)

Amendments to the Introduction

PSAB amended the introduction to Public Sector Accounting Standards to clarify the applicability of the CPA PSA Handbook for various public sector entities. In the case of a government component, for example a provincial Ministry, that prepares standalone statements, would be directed to use PSAB effective on or after January 1, 2017.

Section PS 1201, Financial Statement Presentation

This Section revises and replaces FINANCIAL STATEMENT PRESENTATION, Section PS 1200. The following changes have been made to the Section:

- Remeasurement gains and losses are reported in a new statement;
- Other comprehensive income that can arise when a government includes results of government business enterprises and government business partnerships in its summary financial statements is reported in the statement of remeasurement gains and losses; and
- The accumulated surplus or deficit is presented as the total of the accumulated operating surplus or deficit and the accumulated remeasurement gains and losses.

Part of this standard will not have much of an impact until Section PS 3450 - Financial Instruments has been adopted.

The standard is effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements are effective for fiscal years beginning on or after April 1, 2016. For entities with a December year end, this means that 2017 is the first year that the standard must be followed. Earlier adoption is permitted.

Section PS 2200, Related Party Disclosures

This new Section defines a related party and establishes disclosures required for related party transactions.

A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include individuals that are members of key management personnel and close family members.

- Disclosure of key management personnel compensation arrangements, expense allowances and other similar payments routinely paid in exchange for services rendered is not required.
- Two entities that have a member of key management personnel in common may be related depending upon that individual's ability to affect the policies of both entities in their mutual dealings.
- Disclosure is only required when transactions and events between related parties have or could have a material financial effect on the financial statements.
- Determining which related party transactions to disclose is a matter of judgment based on the assessment of certain factors.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.



Section PS 2601, Foreign Currency Translation

This Section revises and replaces PS 2600, FOREIGN CURRENCY TRANSLATION. The following changes have been made to the Section:

- The definition of currency risk is amended to conform to the definition in PS 3450 - FINANCIAL INSTRUMENTS;
- The exception to the measurement of items on initial recognition that applies when synthetic instrument accounting is used is removed;
- At each financial statement date subsequent to initial recognition, non-monetary items denominated in a foreign currency that are included in the fair value category in accordance with Section PS 3450 are adjusted to reflect the exchange rate at that date;
- The deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items is discontinued;
- Until the period of settlement, exchange gains and losses are recognized in the statement of remeasurement gains and losses rather than the statement of operations; and
- Hedge accounting and the presentation of items as synthetic instruments are removed.

The new requirements are to be applied at the same time as PS 3450, FINANCIAL INSTRUMENTS, and are effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements have been delayed and are now effective for fiscal years beginning on or after April 1, 2019. For entities with a December year end this means 2020 is the first year that the standard must be followed. Earlier adoption is permitted.

Section PS 3041, Portfolio Investments

This Section revises and replaces Section PS 3040, PORTFOLIO INVESTMENTS. The following changes have been made:

- The scope is expanded to include interests in pooled investment funds;
- Definitions are conformed to those in FINANCIAL INSTRUMENTS, Section PS 3450;
- The requirement to apply the cost method is removed, as the recognition and measurement requirements within Section PS 3450 apply, other than to the initial recognition of an investment with significant concessionary terms; and
- Other terms and requirements are conformed to Section PS 3450, including use of the effective interest method.

This Section is to be applied for government organizations are effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements are effective for fiscal years beginning on or after April 1, 2016. For entities with a December year end, this means that 2017 is the first year that the standard must be followed. Earlier adoption is permitted.



Section PS 3420, Inter-Entity Transactions

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features are:

- Inter-entity transactions involving the transfer of assets or liabilities should be recognized by both a provider and a recipient at carrying amount, exchange amount or fair value depending on the particular circumstances of each case.
- Inter-entity transactions in the normal course of operations or under a policy of cost allocation and recovery should be recognized on a gross basis at the exchange amount.
- A recipient may recognize unallocated costs as a revenue and expense at carrying amount, fair value or another amount based on existing policy, accountability structure or budget practice depending on the particular circumstances of each case.
- Information about inter-entity transactions would be disclosed in accordance with the new Section on related party disclosures.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

Section PS 3210, Assets

This new Section provides additional guidance on the definition of assets and establishes general disclosure standards for assets. Disclosure of types of assets that are not recognized is required.

However, this standard does not address intangible assets which are still not recognized under the PSAB accounting framework.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

Section PS 3320, Contingent Assets

This new Section defines and establishes disclosure standards on contingent assets. Disclosure about contingent assets is required when the occurrence of the confirming future event is likely.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

Section PS 3380, Contractual Rights

This new Section defines and establishes disclosure standards on contractual rights. Disclosure about contractual rights is required including the description about their nature and extent and the timing.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with

a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

Section PS 3430, Restructurings

This Section addresses a problem area for public sector accounting. In the past there was no Canadian standard that addressed acquisition of services and service areas, therefore, accountants looked to the US and international standards for guidance.

This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities, that does not involve an exchange of consideration based primarily on the fair value of the individual assets and liabilities transferred.

- The net effect of the restructuring transaction should be recognized as a revenue or expense by the entities involved.
- A recipient should recognize individual assets and liabilities received in a restructuring transaction at their carrying amount with applicable adjustments at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- A transferor and a recipient should disclose sufficient information to enable users to assess the nature and financial effects of a restructuring transaction on their financial position and operations.

This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. For entities with a December year end this means that 2019 is the first year that the standard must be followed. Earlier adoption is permitted.

Section PS 3450, Financial Instruments

PSAB approved amendments to Section PS 3450, Financial Instruments, to align the reporting of income on externally restricted assets that are financial instruments with the requirements in Section PS 3100, Restricted Assets and Revenues. The amendments clarify the application of Section PS 3100 (paragraphs PS 3100.11 - .12) when accounting for:

- A change in the fair value of a financial asset in the fair value category that is externally restricted;
- Income attributable to a financial instrument that is externally restricted; or
- A gain or loss associated with a financial instrument that is externally restricted.

These amendments recognize the importance of the nature of restrictions and the terms of contractual agreements in reporting such transactions and events when externally restricted assets and income are involved.

This new Section, although not as demanding as the private sector section, establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

The main features of the new Section are:

- Items within the scope of the Section are assigned to one of two measurement categories: fair value, or cost or amortized cost;



- Almost all derivatives, including embedded derivatives that are not closely related to the host contract, are measured at fair value;
- Fair value measurement also applies to portfolio investments in equity instruments that are quoted in an active market;
- Other financial assets and financial liabilities are generally measured at cost or amortized cost;
- Until an item is derecognized, gains and losses arising due to fair value remeasurement are reported in the statement of remeasurement gains and losses;
- Budget-to-actual comparisons are not required within the statement of remeasurement gains and losses;
- When the reporting entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, the entity may elect to include these items in the fair value category;
- New requirements clarify when financial liabilities are derecognized;
- The offsetting of a financial liability and a financial asset is prohibited in absence of a legally enforceable right to set off the recognized amounts and an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously; and
- New disclosure requirements of items reported on and the nature and extent of risks arising from financial instruments.

The new requirements are to be applied at the same time as PS 2601, FOREIGN CURRENCY TRANSLATION and for government organizations are effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements have been delayed, mainly due to concerns of the senior government, and are effective for fiscal years beginning on or after April 1, 2019. For entities with a December year end this means 2020 is the first year that the standard must be followed. Earlier adoption is permitted. This Standard should be adopted with prospective application except for an accounting policy related to embedded derivatives within contracts, which can be applied retroactively or prospectively.

Note also the exposure draft "Financial Instruments: Transition" (discussed below) that proposed clarification of some detailed aspects of the Financial Instruments standard.

EXPOSURE DRAFTS - PSAS

Financial Instruments: Transition (Closed for comment)

This exposure draft deals with technical details related to the standard by providing two amendments and a few clarifications.

The first amendment proposed definitively states that unless a contractual right or contractual obligation underlies a receivable or a payable, the Financial Instruments standard does not apply. There must be a contract for there to be a financial instrument.

The second amendment removes a correct, but redundant, paragraph that notes the Financial Instrument Standard does not apply to a receivable under a lease.

Clarifications are made in areas related to transfer of collateral pursuant to a credit risk management mechanism in a derivative contract, treatment of unamortized discounts or premiums related to debt buy-backs, associated unamortized discount or premium on initial adoption, and derivatives not recognized or recorded at fair value on initial adoption.



These detailed technical changes will likely have most impact to senior governments and it is not expected that many local governments will be affected.

PSAB has deferred considering amendments proposed in the October 2014 Exposure Draft until a later date.

Government Not-for-Profit Organizations, Sections PS 4200 - 4270

PSAB approved, in principle, an exposure draft proposing withdrawal of Section PS 4260, *Disclosure of Related Party Transactions by Not-for-Profit Organizations*, and amendments to the transitional provisions in Section PS 2200, *Related Party Disclosures*, for not-for-profit organizations applying the PSA Handbook including the PS 4200 series.

PSAB's goal is to eventually remove all of these Not-for-Profit Organization sections. They were added to PSAB from the private NPO standards as a temporary measure when government NPO's were directed to follow PSAB. PSAB will review these standards and adjust relevant standards as applicable and then remove them from this Section.

NEW STANDARDS - AUDITING AND ASSURANCE STANDARDS BOARD (AASB)

CSRS 4460, Reports on Supplementary Matters Arising from an Audit or Review Engagement

This new Related Services Standard establishes the various types of information reported to a third party (for example, regulators or funding bodies). It is common in this sector for funders, regulators, or other governments to require specific reporting from the auditor or accountant (known as "derivative reports"). This standard requires the auditor or accountant to expand the level of work required in many cases. Many of the existing types of reports requested by funders, regulators or other governments would not be able to be signed under these new proposals. Instead, a more fully explained report using standard wording would be issued in its place. This standard will be effective for reports dated on or after April 1, 2016.

CSAE 3000 Attestation Engagement other than Audits or Reviews of Historical Financial Information and CSAE 3001 Direct Engagements

CSAE 3000 and CSAE 3001 replaces Sections 5025 *Standards for Assurance Engagements Other than Audits of Financial Statements and Other Historical Financial Information*, Section 5030 *Quality Control Procedures for Assurance Engagement Other than Audits of Financial Statements and Other Historical Financial Information*, Section 5049 *Use of Specialists in Assurance Engagements Other than Audits of Financial Statements and Other Historical Financial Information* and Section 5050 *Using the Work of Internal Audit in Assurance Engagements Other than Audits of Financial Statements and Other Historical Financial Information*. CSAE 3000 is adopted from ISAE 3000 however the Canadian Standards have some differences including:

- narrowing the scope of CSAE 3000 to address attestation engagements only;
- references to relevant ethical requirements; and
- terminology.

Canadian Standard on Assurance Engagements ("CSAE") 3001 is based on CSAE 3000 but is revised, as necessary, to reflect the differences between attestation engagements and direct engagements. CSAE 3000 and 3001 are effective for attestation engagements where the assurance report is dated on or after June 30, 2017.



APPENDIX K Prior Year's Management Letter

Direct Line: (604) 443-4735
E-mail: ksimpson@bdo.ca

June 11, 2015

Mr. Doug Chapman
Village of Tahsis
977 South Macquinna Drive
Tahsis, BC V0P 1X0

Dear Mr. Chapman:

As your external auditors, we are engaged to provide an audit opinion on your year end financial statements. An external audit requires testing of transactions and balances and review of those internal control systems upon which we may place reliance. A positive opinion on the financial statements does not necessarily mean that your internal control systems are all operating effectively. This is because we review only those internal control systems where we feel that failure in those systems could result in a material error on the financial statements. With those systems that we do review, our focus is on the assertions necessary to meet our financial statement audit objectives.

Our review of systems, transactions and balances as well as discussions with staff at various levels gives us a unique insight into your operations. While conducting this work we make note of items that come to our attention where we feel that improvement could be made or alternatives could be considered. We are fortunate in that we work with a great number of clients and observe a wide variety of processes. We see firsthand any procedures that are emerging as best practices.

As matters come to our attention, we make note of these for subsequent follow-up. For minor matters we discuss directly with the staff involved. More important matters are brought forward in this letter (known as a "management letter").

It is worth noting that we have management letter comments for virtually all audits of all clients. The existence of points does not mean that there are significant problems with your systems or staff. They are just recommendations to make good systems better.

Status of Prior Year Recommendations

1. Contaminated Sites



We had previously mentioned to you the new public sector accounting standard that comes into force in 2015 known as "Liabilities for Contaminated Sites". This standard requires that a government entity record a liability in regard to any properties that are not in use where there is environmental contamination above the legal standard. Importantly, the standard requires the government to methodologically review its properties to determine those properties at risk, and potentially to conduct environmental testing on high-risk properties.

Since the approach that this standard takes makes it quite onerous because of the requirement to actively go beyond just what you are already aware of, we encouraged them to continue to move the project forward early in the 2014 fiscal year.

2014 update: Per our discussion, you have started to identify the potential sites might be impacted from your experience and knowledge at the Village, and you concluded that there were no sites, which meet the definitions for accrual under PS 3260. We recommend that a formal memo be prepared to summarize the procedures performed to assess the risk of contamination, which sites were investigated and the rationales for any conclusions.

2. Early Adoption of Financial Instruments

Another set of new standards, known as the Financial Instruments Standards, are coming in 2016. These standards include: PS 3450 - "Financial Instruments" and related sections PS 1201 - "Financial Statement Presentation", PS 2601 - "Foreign Currency Translation" and PS 3041 - "Portfolio Investments".

Most of your investments are in MFA pooled funds. Due to the nature of these funds and the continual level of trading within the funds, it is believed that the market value approximates the historical cost amount. In other words, the amounts reported in the financial statements would likely not change. This means that the majority of the value will come from the expanded risk disclosures.

2014 update: The Village has not early adopted these standards in 2014. Since our comment last year, there has been substantial debate the standard may not be approved, as such we now recommend delaying implementation.

Current Year Observations

1. Opening Balances

We observed that the opening trial balance did not agree to prior year ending trial balance. This complicated the process to balance the surplus or deficit among multiple funds in the financial statements.

Recommendation

We recommend that the management post all final audit adjustments in the summer of 2015 and ensure the final amounts agree to the final audited balances to ensure amounts are properly classified and minimize potential for future errors.

2. Vacation Liability



During the audit, we noted that the Village has a policy of paying out any unused vacation in the following fiscal year. There is currently no limit on the amount of vacation that can be carried forward and paid out.

Recommendation

We recommend that the Village review this practice to determine whether it is best practice. It is generally accepted that staff should be encouraged to utilize their vacation time. As well, such breaks are an opportunity to ensure that cross-training of staff is in place to backfill resources. Finally, requiring staff to utilize vacation is a method to mitigate against undetected frauds. We recommend that the Village consider limiting the amount of vacation eligible for carryover and payout as a method to encourage use during the fiscal year.

3. Capital Assets No Longer in Use

During the audit, we noted that there is an inventory of equipment and vehicles that are fully amortized. As they were purchased a long time ago, they may no longer be on hand and in use by the Village.

Recommendation

We recommend that the Village to review its capital asset listing and write off equipment or vehicles that are no longer in use.

This communication is prepared solely for the information of management and those charged with governance and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the co-operation and assistance which we received from you and all of the staff during the course of the audit.

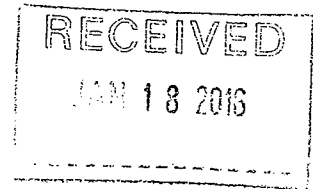
We shall be pleased to discuss with you further any matters mentioned in this letter at your convenience.

Yours truly,

Kristine Simpson, CPA, CA
Partner
BDO Canada LLP
Chartered Accountants

KLS/lcz

c.c. Members of Council



Ref. 38006

January 12, 2016

Mayor Jude Schooner
Village of Tahsis
PO Box 219
Tahsis BC V0P 1X0

Dear Mayor Jude Schooner:

I am writing to express my appreciation for our meeting at the Union of BC Municipalities Convention on September 22, 2015. I apologize for the delay in responding.

During our meeting, we discussed the ongoing challenge that you and the Mowachaht/Muchalaht First Nation face with a proposed run-of-the-river project in your communities. It is my understanding that the Ministry of Energy and Mines has contacted you about the status of the project application(s) in question.

As I had stated during our meeting, natural resource ministries that receive applications, consider as part of their decision making framework a multitude of factors when making decisions, as well as, ensuring that consultation with the relevant First Nation(s) has taken place. I believe that further discussion on ongoing capacity and need to build real economic activities would be beneficial.

I commend you on your partnership with the Mowachaht/Muchalaht First Nation. This relationship should continue to help both communities forge a path towards reconciliation and economic benefits. I would like to visit your community near future and my staff will contact you about a mutually convenient time for us to meet.

Again, thank you for your time at the convention.

Sincerely,

John Rustad
Minister

L.7



January 11, 2016

Reference: 252888

Dear Union of B.C. Municipalities and Local Governments:

Re: Discussion of the Emergency Program Act

As Minister of State for Emergency Preparedness, I am pleased to announce the release of *Prepared and Resilient: A Discussion Paper on the Legislative Framework for Emergency Management in British Columbia*.

This document is intended to support an online consultation and engagement with British Columbians through a dialogue about the current *Emergency Program Act* (the Act), which sets out the key responsibilities and authorities to guide and enable experts at the local and provincial levels in preparing for, responding to and recovering from emergencies and disasters.

It is our intention to review the Act to ensure that it provides a solid legal foundation to meet whatever challenges that may come our way here in this province, be they small scale emergencies contained at the local level or catastrophic events affecting a region or even possibly the entire province.

The Act was first introduced in 1993 and has undergone few changes since. While legislation may not be top of mind when we think about being prepared for an emergency or disaster, it is the key source of responsibilities and authorities required to empower elected officials and emergency management personnel to take the right actions at the right time.

Prepared and Resilient describes challenges in the current legislation as well as proposals for possible changes. The challenges and proposals reflect recent changes some Canadian jurisdictions have made to modernize their emergency management laws, as well as the findings and recommendations of two recent reports here in B.C.—the 2014 earthquake preparedness reports of the Auditor General and Henry Renteria.

The input we receive from you and other stakeholders through this consultation will be a key component to informing our government's review of the Act and, ultimately, any decision to move forward with the introduction of possible legislative changes.

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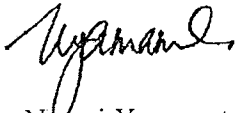
- 2 -

The consultation period begins on January 11, 2016, with the release of the paper, and will continue until February 19, 2016, at 4:00 p.m. Please submit your formal responses to citizenengagement@gov.bc.ca before the end of the consultation period.

In order to promote that transparency of this review, any submission from your organization, or other stakeholders who have been invited to participate, may be posted on <http://engage.gov.bc.ca/emergencyprogramact/>. The web site contains a list of all stakeholders who have received invitations to participate. Please include the name of your organization in your submission. To protect your privacy or the privacy of any other members of your organization, please do not include your personal phone number or e-mail address in your submission.

Emergency management is fundamentally about partnerships. We must all continue to work together to ensure a prepared and resilient B.C. I am therefore looking forward to hearing the feedback and thoughts you and the members of your organization may have for possible improvements to the legislative framework for emergency management in B.C.

Sincerely,



Naomi Yamamoto
Minister of State



RECEIVED

JAN 21 2016

L.8

JAN 19 2016

Ref: 111690

Mr. Al Richmond, President
Union of British Columbia Municipalities
525 Government Street
Victoria, BC V8V 0A8

Exec Agenda
ITEM# 6(d)3

Dear Mr. Richmond:

I am writing to provide you with an update regarding the ongoing arrivals of Syrian refugees into British Columbia (BC) communities. I am delighted to see the outpouring of British Columbians' support for arriving refugees—in just the past few weeks we have seen hundreds of new arrivals welcomed into communities across the province from Victoria to Fernie to Prince George.

Refugee arrival numbers are continually evolving. As I mentioned in my previous letter, the federal government has created a website to provide up-to-date information on refugee volumes and settlement locations, available at: www.cic.gc.ca/english/refugees/welcome/map.asp. For your convenience, I have attached the most current data as an appendix.

From November 4, 2015, to January 17, 2016, between 923 to 944 Syrian refugees have arrived in BC. So far, 783 have arrived in Vancouver, and the remainder are divided between 18 other communities. Another six communities can expect arrivals in the near future. According to the data the Province has collected so far, over 60 percent of arrivals have been children and youth, and the average family size has been quite large at 4.8 people. Among privately sponsored refugees who settle outside of Vancouver, families are on average much smaller (2.4 people) and are more likely to be working age.

You may have heard that the Immigrant Services Society of BC (ISSofBC), the organization that provides initial reception and support for government assisted refugees, asked the federal government for a temporary pause on the arrival of refugees from January 19 to 22. This is consistent with the strategic approach to the federal government's refugee resettlement plan, and several other cities across Canada have also requested a pause to allow service providers to catch up on transitioning refugees into permanent housing. During the brief pause of government-assisted refugee arrivals, privately sponsored refugees will continue to arrive in communities across BC.

.../2

Mr. Al Richmond, President
Page 2

The provincial government continues to take a cross-ministry coordination approach to address issues arising from this influx of new British Columbians. Currently, our most pressing focus is to support the federal government in securing permanent housing that can accommodate large families. We continue to work closely with the federal government, who have full jurisdiction over the refugee resettlement program, to coordinate our efforts as much as possible.

As I have indicated in previous correspondence, ISSofBC has created an online registry for private offers of support for Syrian refugees, including housing, employment and volunteer offers. ISSBC also publishes weekly newsletters about the progress of refugee settlement in BC. I encourage you to share this link with your members and their communities:
www.issbc.org/refugee-readiness-hub.

Please feel free to share this letter with your members as appropriate. Thank you again for your time and ongoing commitment to the refugee settlement process in BC. I look forward to our continued engagement on this matter.

Sincerely,



Shirley Bond
Minister

Enclosure

pc: Honourable Peter Fassbender
Ministry of Community, Sport, and Cultural Development
and Minister Responsible for TransLink

L.9

Janet St. Denis

Subject: FW: Message from the Ministry of Community, Sport and Cultural Development

From: CivicInfo BC [info@civicinfo.bc.ca]
Sent: Friday, January 15, 2016 2:37 PM
To: CivicInfo BC
Subject: Message from the Ministry of Community, Sport and Cultural Development

This message is being sent by CivicInfo BC to all local governments in British Columbia on behalf of the Ministry of Community, Sport and Cultural Development.

Subject: Revised *Local Government Act* (LGA RS2015) is Now in Force
Intended Recipient(s): Chief Administrative Officers/Corporate Officers/Finance Officers
Attachments: None. See message below.

If you have received this message in error, we ask that you forward it to the appropriate person in your office.

MESSAGE:

The revised *Local Government Act* (LGA RS2015) is now in force

The revised *Local Government Act* (LGA RS2015) came into force on January 1, 2016. LGA RS2015 and Tables of Concordance are now available on the BC Laws [website](#). Tables of Concordance allow users to locate sections of the pre-revision *Local Government Act* (LGA pre-RS2015) in the current Act (LGA RS2015).

The Ministry of Community, Sport and Cultural Development has received questions about “in process” bylaws (e.g. bylaws that went through first reading in 2015 and are now awaiting second reading in 2016). Such bylaws can continue onto their next reading, but best practice is to update LGA references for future readings so that they reflect the current numbering in LGA RS2015. Updated references will improve the readability of the bylaw without affecting its legal validity. Answers to other frequently asked questions are available on the Ministry’s [website](#).

Any further questions about the revision can be directed to Ministry staff at: LGgovernance@gov.bc.ca

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