



## Minutes

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<b><u>Meeting</u></b>	<b>Special Council</b>
<b><u>Date</u></b>	<b>7 May, 2018</b>
<b><u>Time</u></b>	<b>10:30 AM</b>
<b><u>Place</u></b>	<b>Municipal Hall - Council Chambers</b>

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**Present** Acting Mayor Randy Taylor  
Councillor Brenda Overton  
Councillor Louis VanSolkema  
Councillor Kathy Bellanger

**Staff** Mark Tatchell, Chief Administrative Officer  
Deb Bodnar, Director of Finance

### **A. Call to Order**

Acting Mayor Taylor called the meeting to order at 10:30 AM and acknowledged and respected that we are upon Mowachaht/ Muchalaht Territory.

### **1 B. Introduction of Late Items**

Report to Council on disposal of 1980 Ford F700 Fire Truck

### **C. Approval of the Agenda**

**Overton/Bellanger: VOT 255/2018**

**THAT** the Agenda for the May 7, 2018 Special Council meeting be adopted as amended.

**CARRIED**

### **M. New Business**

**Overton/Bellanger: VOT 256/2018**

**THAT** Council receive the 2017 Annual Report and Audited Financial Statements.

**CARRIED**

Staff presented the annual report and audited financial statements. Council was briefed on the Audit Findings Report notably on the significant audit, accounting and reporting matters. The one internal control deficiency pertaining to bank reconciliation was described to Council and explained that the timeliness and review procedures had improved in 2018. Council was also briefed on the financial statements, noting that the Village had received a clean opinion from the auditors.

**Overton/Bellanger: VOT 257/2018**

**THAT** Council approve the 2017 Annual Report and Audited Financial Statements.

**CARRIED**

**Overton/Bellanger: VOT 258/2018**

**THAT** Council received the Report to Council on the disposal of the 1980 Ford F700 Fire Truck.

**CARRIED**

**Overton/Bellanger: VOT 259/2018**

**THAT** Council direct staff to facilitate the transfer of the Tahsis Volunteer Fire Department's 1980 Ford F700 Fire Truck at no cost to the BC chapter of the Firefighters without Borders.

**CARRIED**

**O. Adjournment**

**Overton/Bellanger: VOT 260/2018**

**THAT** the Regular Council meeting adjourn at 11:11 AM

**CARRIED**

**Certified Correct this**

15th Day of May 2018



**Chief Administrative Officer**

# Village of Tahsis 2017 Annual Report

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TAHSIS

HOME

VISIT  
TAHSIS

ADVENTURES &  
ACTIVITIES

RECREATION, CULTURE &  
COMMUNITY

RESIDENT  
SERVICES

BUSINESS &  
INVESTMENT

MUNICIPAL  
INFORMATION

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## VILLAGE OF TAHSIS ANNUAL REPORT 2017

# Village of Tahsis 2017 Annual Report

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The Annual Report is prepared by the Village of Tahsis as required by s. 98 of the *Community Charter*.

The Annual Report serves three purposes:

- To report on the Village's accomplishments over the past year, as well as issues and any trends that have been identified;
- To set out the priorities for the coming year; and
- To publish the Village's audited financial statements for the previous fiscal year.

## Village of Tahsis 2017 Annual Report

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### **In Memorial** **Mayor Jude Schooner**

Tahsis Council remembers Mayor Jude Schooner who passed away on February 16, 2018.

Mayor Schooner served two terms as mayor. She was first elected to council in 2008 before being elected mayor in 2011. She has also served as a director on the Strathcona Regional District and committees since 2011.

Mayor Schooner left a legacy of building enduring relationships with the Mowachaht/Muchalaht First Nation, forest companies, the provincial government, other local governments and a myriad of stakeholders. She promoted healthy respectful dialogue on forest practices, corporate responsibility, transportation, community planning and rural health care, amongst many other issues.

A Celebration of Life will be held at Captain Meares Elementary and Secondary School on June 9<sup>th</sup>, 2018 at 1 PM.

# Village of Tahsis 2017 Annual Report

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## Message from the Acting Mayor

On behalf of Council, I am pleased to report on some of the Village's accomplishments and Council's priorities from 2017.

I want to begin by extending a warm Nootka Sound welcome to our new residents. I am delighted that you have chosen to make Tahsis your home. I am confident that the quality of our life here will surpass your expectations. The natural environment, the sense of community, the services and amenities, the outdoor recreation opportunities, the affordable cost of living and an extraordinarily safe municipality make Tahsis the perfect place to live, work and play. I hope you will immerse yourself in the community and help us to continue to nurture, promote and develop Tahsis.

This past year we saw several changes and improvements in Tahsis. I will not list them all but I want to highlight the most notable.

Council's top priority for 2017 was to fully engage the provincial government to improve the Head Bay Forest Service Road. Council wrote to the Ministry of Transportation and Infrastructure in January, March, April and May identifying gaps in the Ministry's contract management and urging greater accountability and transparency from the maintenance contractor. These efforts paid off with the Ministry announcing it was upgrading 13 kilometres of the road. Five kilometres will be double sealcoated for the first time and the existing sealcoat of another eight kilometres will be pulverized down and then redone with double sealcoat. With the completion of this project in 2018, one half of the road distance will be sealcoated. Council is grateful to the provincial government listening and positively responding. All road users can especially thank our late mayor Jude Schooner for her tireless advocacy on improving the Head Bay Forest Service Road.

With our partners – the Village of Zeballos, Mowachaht/Muchalaht First Nation and Ehattesaht/Chinehkint First Nation – we continued to make progress in developing the "Community Unity Trail" linking Tahsis and Zeballos. In 2017, with combined funding of over \$100,000 from the provincial Rural Dividend program and Island Coastal Economic Trust (ICET) the engineering field work and design was conducted as well as the required environmental assessments to complete the application under the provincial Forest and Range Practices Act to have the trail designated as a provincial recreational trail and site. With this foundation, the partners are positioned to seek funding for trail construction once the trail receives provincial designation.

# Village of Tahsis 2017 Annual Report

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The Village was able to begin to address core infrastructure priorities with a grant of \$566,808 from the provincial and federal government Clean Water and Wastewater Fund. As part of the wastewater project, smoke testing and CCTV inspections of the sewer mains as well as manhole inspections were completed. Minor equipment upgrades and repairs were carried out at both treatment plants.

The drinking water meter project did not proceed as planned due to the low percentage of accessible curbstops. With the approval of the provincial and federal governments' the project funding was re-directed to install a small number of meters for data collection only and the majority of the funding will be used in 2018 and 2019 to repair and replace water mains and related works. Council repealed the "meter rate" for water customers and, consequently, refunded the difference between the meter rate and flat rate for customers who paid the flat rate in 2016 and 2017.

Living in tsunami, earthquake and wildfire zones makes emergency preparedness an absolute necessity. During the year, staff upgraded their emergency operations centre training and increased our communications (radio) capacity thanks to the dedication and commitment by the Village emergency support service coordinator Chuck St. Denis. The Village also received provincial government grants to purchase emergency equipment and supplies and to conduct a sea level rise and flood mapping study to inform mitigation and planning activities in response to climate change. The Village also acquired a new pumper truck replacing a truck that had exceeded its useful life.

Your Council meets regularly with the Mowachaht/Muchalaht Council of Chiefs on matters of mutual interest. On issues pertaining to land use or natural resources – whether within the municipal boundaries or anywhere within the Mowachaht/Muchalaht territory – Tahsis Council aligns itself with the Mowachaht/Muchalaht in recognition that the Nation has aboriginal title and rights to the land and sea in its territory.

In December, Western Forest Products presented to Council the company's initial plans for logging in the three community watersheds that surround the Village. Council is particularly concerned with the proposed plan to road build and log within the municipal boundary and in the McKelvie Creek watershed which is one of the few remaining stands of old growth trees on Vancouver Island. Tahsis Council and the Mowachaht/Muchalaht Council of Chiefs met the following day in Tsaxana to discuss these plans. Further meetings are planned.

Your Village Council is responsible for maintaining, preserving and enhancing the social, environmental and economic vibrancy and viability of our community. And, as stewards of your tax dollars, we take seriously our responsibility to make wise investments in infrastructure development, maintenance and repair and the efficient and effective delivery of your municipal services and programs. Beyond Council, many residents of Tahsis contribute to public life and service through their involvement in a multitude of groups and organizations. Your hard work, energy and creativity make Tahsis such an awesome community.

# Village of Tahsis 2017 Annual Report

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In closing, I am grateful to our professional and dedicated staff and my fellow Council Members. We are fortunate to live in a community of active citizen engagement. Cynicism and disenfranchisement are the greatest risks to our democratic system. Our local government is and will continue to be a model of democracy in action by being responsive to and reflective of the community. I encourage all to take an active role in our community and let us know what is on your mind.

Acting Mayor Randy Taylor on behalf of Tahsis Council

# Village of Tahsis 2017 Annual Report

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## Council Strategic Priorities

For 2017, Council established the following Strategic Priorities to inform budget and planning processes and to guide Village operations.

### Head Bay Forest Service Road

- Vigorously and articulately advocate for road maintenance and surface improvements to the provincial government and contractor (Emcon). Continue efforts to extract more frequent and better reporting from the Ministry of Transportation and Infrastructure and Emcon. Report out to the community on this issue regularly.

### Tourism

- Leverage the new website and Tahsis brand to promote tourism by seeking funding for marketing and encouraging grass roots arts and cultural events to attract visitors. Consider liberalizing zoning in residential areas to permit tourist accommodation.

### Emergency Preparedness

- Continue to build capacity in concert with partner organizations through further training and EOC exercises. Augment emergency preparedness with new public information materials and new townsite facility. Explore wildfire prevention plan funding.

### Asset Management

- Prepare a comprehensive and fully costed out 2017-2021 capital plan building on the 2016 asset management project. Establish asset management policy based on AMBC best practices focusing on risks and level of service. Implement financial management policies to ensure long term funding for asset replacement.

### Village Liveability, Appeal and Environmental Sustainability

- Continue to prioritize projects and services that enhance the aesthetic appeal of the Village and environmental sustainability including attention to recycling and other diversion efforts. Develop community-based composting options for consideration. Continue engagement with the Comox Strathcona Waste Management program on long term budgetary impacts of the landfill. Proactively administer and enforce the Property Maintenance Regulation Bylaw.

### Policies and Bylaws

- Develop a multi-year plan to address the gaps and opportunities in the Village's policies and legislation by focusing on statutory mandates, risk areas, public safety, financial management and operations, and the above strategic priorities.

# Village of Tahsis 2017 Annual Report

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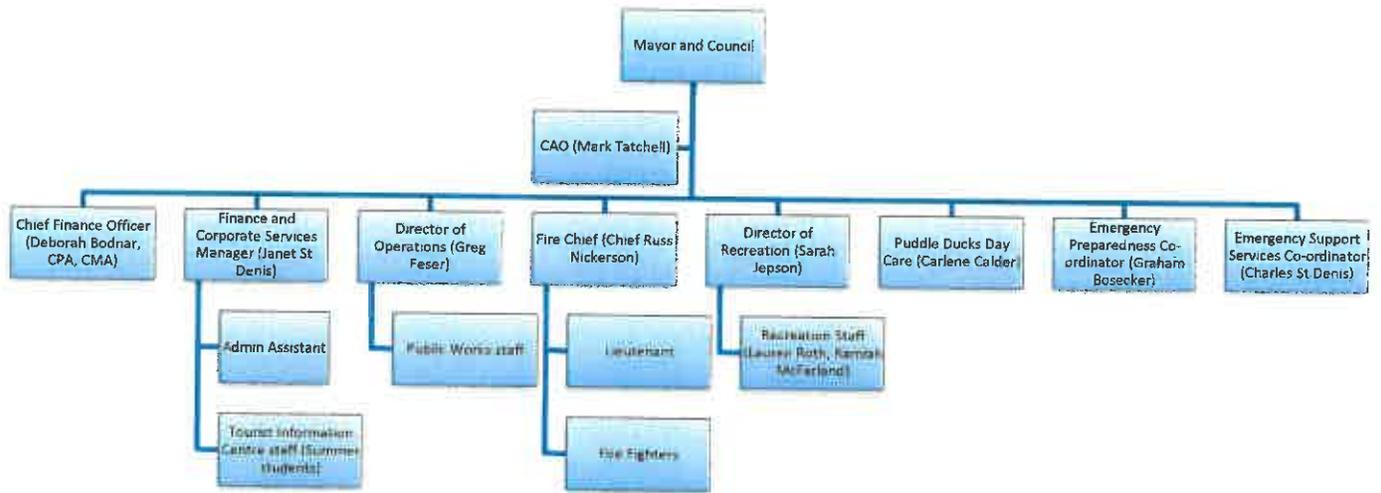
## Village of Tahsis Council



From left to right: Councillor Louis Van Solkema, Councillor Brenda Overton, Mayor Jude Schooner, Councillor Kathy Bellanger and Councillor Randy Taylor

# Village of Tahsis 2017 Annual Report

## Village Staff





## *Village of Tahsis*

*Our File No.*

May 7, 2018

Chan Nowosad Boates Inc.  
Chartered Professional Accountants  
980 Alder Street  
Campbell River, British Columbia  
V9W 2P9

Dear Sir/Madame:

This representation letter is provided in connection with your audit of the financial statements of Village of Tahsis for the year ended December 31, 2017 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 14, 2017 for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

## Information Provided

- We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations and all known actual or possible litigation and claims whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

Yours truly,



Deb Bodnar, Director of Finance



Mark Tatchell, Chief Administrative Officer



May 7, 2018

Mr. Mark Tatchell  
Village of Tahsis  
977 South Maquinna Drive  
P.O. Box 219  
Tahsis, BC  
VOP 1X0

Dear Mark:

We have expressed an opinion on the financial statements (hereinafter referred to as "annual financial statements") of the Village of Tahsis ("the Village") for the year ended December 31, 2017 and have issued our audit report thereon dated May 7, 2018. This letter does not affect our audit report.

As indicated in our engagement letter dated November 14, 2017:

- In planning and performing our audit in accordance with professional standards we have obtained an understanding of the Village's internal control over financial reporting to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This understanding will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting. We have not considered internal control over financial reporting since the date of our audit report.
- Management is responsible for the Village's internal controls, including the design, implementation and operation of internal control over financial reporting to prevent and detect fraud and error, including internal controls over the financial reporting process and the accuracy of period-end adjusting journal entries. Management is also responsible for disclosing to us any known control deficiencies in the design and implementation or operation of internal control over financial reporting.
- Auditors conducting an audit in accordance with professional standards obtain reasonable assurance that the annual consolidated financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It is important to recognize that auditors cannot obtain absolute assurance that material misstatements in the annual financial statements will be detected, because of factors such as: the use of judgment; the use of testing of the data underlying the annual financial statements; the inherent limitations of internal control over financial reporting; and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with professional standards may not detect a material fraud. While effective internal control over financial reporting reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error or illegal acts, if present, will be detected when conducting an audit in accordance with professional standards.

Since the purpose of the audit is to express an opinion on the financial statements, we did not plan and perform the audit with a view to identify all control deficiencies that might exist. We have not performed audit procedures to obtain reasonable assurance, and are not providing any assurance on the effectiveness of internal control over financial reporting.

This letter is a by-product of the audit. This letter is intended solely for the purposes of management and those charged with governance and is not suitable for any other purposes. Chan Nowosad Boates shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, any other purposes.

## **DEFINITIONS**

A control deficiency is a deficiency in the design or effective operation of internal control. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

## **CANADIAN AUDITING STANDARDS**

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that a material misstatement of the Village's annual financial statements is not likely to be prevented or detected. A control deficiency that is considered to be other than significant is determined unlikely to cause a material misstatement in the Village's annual financial statements but is considered to be worthy of note.

## **PROFESSIONAL STANDARDS**

Professional standards require us to:

- communicate material weaknesses identified during the audit to management and those charged with governance
- communicate control deficiencies identified during the audit that are important enough to merit attention by those responsible for oversight of the Village's financial reporting to management and those charged with governance.
- communicate all control deficiencies identified during the audit to management and inform those charged with governance that such communication occurred.

## **MATERIAL WEAKNESSES**

During the audit, we did not identify control deficiencies that we would consider to be a material weakness as defined above.

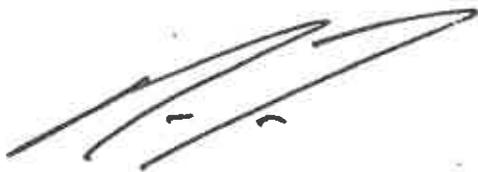
**CONTROL DEFICIENCIES THAT ARE IMPORTANT ENOUGH TO MERIT ATTENTION BY THOSE RESPONSIBLE FOR OVERSIGHT OF THE VILLAGE'S FINANCIAL REPORTING**

In Appendix A, we also present matters involving the design or operating effectiveness of internal controls over financial reporting that we concluded to be control deficiencies that we identified during the audit that are important enough to merit attention by those responsible for oversight of the Village's financial reporting, but are not considered to be material or significant deficiencies. We note that these deficiencies are identified as other than significant.

All the control deficiencies identified in this letter have been discussed with the appropriate members of management.

Yours truly,

CHAN NOWOSAD BOATES INC.

A handwritten signature in black ink, appearing to read 'Derek M. Lamb', with a stylized flourish at the end.

Derek M. Lamb, CPA, CA  
*Partner*  
250-286-0744  
derek@channowosadboates.ca

## APPENDIX A – DEFICIENCIES IN INTERNAL CONTROL

### Deficiencies in Internal Control Other than Significant:

#### Review of Bank Confirmations:

##### Observation:

During the audit we identified that the monthly bank reconciliations were not being reviewed on a monthly basis or if they were, there was no evidence of review.

##### Effect:

Ensuring the completeness and accuracy of cash on hand is a significant foundational item in ensuring the accounting records for the Village are complete and accurate.

There is a risk that if bank reconciliations are not being reviewed monthly that both cash and other areas of the Village's financial statements may be misstated.

##### Recommendation:

We recommend the Director of Finance review the bank reconciliations on a monthly basis and indicate her review by initialing the reconciliation or by providing alternative documentation of review and approval (such as an email).

We note that this control while not operating effectively during periods of the year ending December 31, 2017, has been implemented and is operating to our knowledge from January 2018 onwards. We are required to note the deficiency in 2017 but understand that it has since been remediated.

CHAN NOWOSAD BOATES  
CHARTERED PROFESSIONAL ACCOUNTANTS



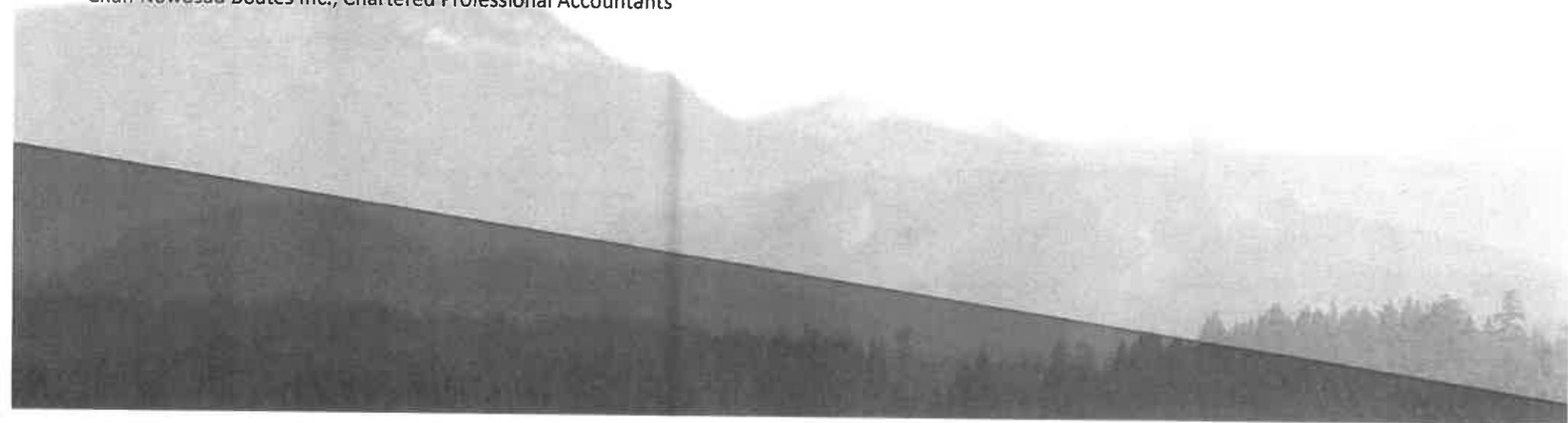


# The Village of Tahsis Audit Findings Report

For the year ending December 31, 2017

May 7, 2018

Chan Nowosad Boates Inc., Chartered Professional Accountants



Dear Mayor and Council members,

We have prepared this audit findings report to assist you with your review of the financial statements for the year ending December 31, 2017 and the carrying out of your responsibilities. We are here to help you understand the financial statements and the results of our audit work. We encourage you to ask us for more information on any of the matters covered in this report—and beyond.

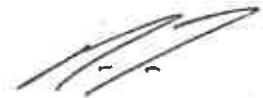
**Audit quality**

The quality of an audit and the resulting financial statements is receiving an increased level of scrutiny. Audit quality is at the core of our audits, and we believe that it is not just about providing the right audit opinion but also about the steps we take to provide that audit opinion.

One component of our efforts in this area is the continued expansion of our practice and obtaining the services of individuals with extensive audit experience as well as experience with Canadian public sector accounting standards (PSAS). Another component of our efforts is the detailed review that our partners perform on all audits and the years of experience that comes with that review. Our audit staff assigned to the Village's audit is experienced in audits of organizations such as your own, as well as with PSAS and is focused on performing the audit to the highest level of quality.

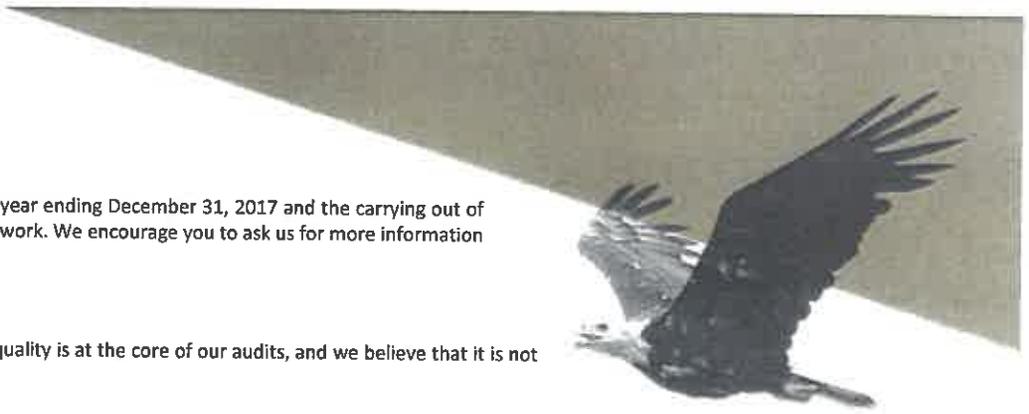
We appreciate the assistance of management and staff in conducting our audit. We hope this audit findings report is of assistance to you, and we look forward to discussing our findings and answering your questions.

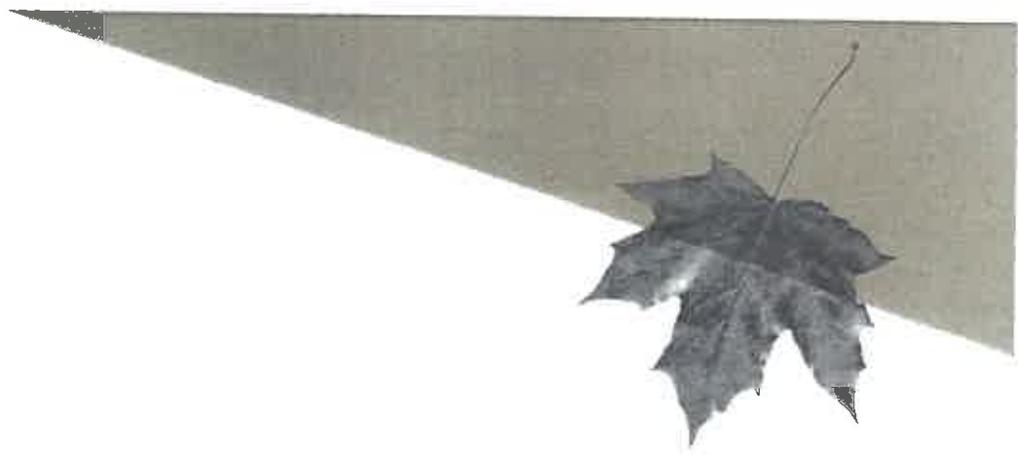
Yours very truly,  
CHAN NOWOSAD BOATES INC.



Derek Lamb, CPA, CA

Partner  
250-286-0744  
derek@cncbcpa.ca





## **CONTENTS**

<b>Audit Status</b>	<b>4</b>
<b>Significant Audit, Accounting and Reporting Matters</b>	<b>5-7</b>
<b>Significant Qualitative Aspects of Accounting Practices</b>	<b>8</b>
<b>Misstatements</b>	<b>9</b>
<b>Control Deficiencies</b>	<b>10</b>
<b>Appendices Index</b>	<b>11</b>

## STATUS

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- obtaining evidence of Mayor and Council's approval of the financial statements;
- obtaining a signed management representation letter, dated on the date of the Mayor and Council's approval of the financial statements;
- obtaining management's approval of the adjusting entries.

Please refer to the copies provided of our draft audit report and financial statements. We will update you on any significant matters arising from the completion of the audit, including completion of the above procedures. Our audit report will be dated upon completion of any remaining procedures.



## SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

### INVESTMENT IN NOOTKA SOUND ECONOMIC DEVELOPMENT CORPORATION

- Nookta Sound Economic Development Corporation (NSEDC) was a corporate partnership between the Villages of Tahsis, Zeballos and Gold River.
- In March 2017, the board of directors resolved to wind up NSEDC with it being dissolved on April 4, 2017.
- The Village received dividends of \$14,151 on March 15, 2017 and a remaining cash disbursement of \$14,922 on December 31, 2017 as a result of dividends on common shares at the date of dissolution.

### CNB COMMENTS

- We have reviewed the consent special resolution for NSEDC to redeem the preferred shares and issue dividends.
- We have reviewed NSEDC's application for voluntary dissolution on April 4, 2017.
- We have reviewed the audited financial statements of NSEDC as at April 4, 2017.
- The balance of the investment by the Village in NSEDC at December 31, 2017 is \$0.

### MISSTATEMENTS AND SIGNIFICANT CONTROL DEFICIENCIES

- No significant control deficiencies was identified as a result of the above.

## SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

### TRAIL PROJECT

- The ATV Trail Project started in 2016 between the Villages of Tahsis and Zeballos, and the Mowachaht/Muchalaht and Ehattesaht First Nations.
- In 2016, the Village of Tahsis was appointed project manager. In 2017, the Village of Zeballos received funds that were to be spent on this project. Costs for the project were paid by the Village of Tahsis and then reimbursed by the Village of Zeballos.
- Phase One of the project is expected to cost \$774,160, covering the first 11 km of the trail, and is expected to be completed by November 2019. Phase 2's estimate from the engineering company is approximately \$2.2M, largely due to the number of bridges required. There is no timeline to complete Phase 2 as it is contingent on obtaining funding.
- Uniting 4 Communities Society was incorporated in 2018 with involvement from all four communities to manage the Trail Project going forward.

### CNB COMMENTS

- We reviewed the Public Sector Accounting Standards relating to the Tangible Capital Assets of Local Governments (PSG-7) and conclude that costs associated with the trail project should be expensed for 2017.
- The Villages of Tahsis' and Zeballos' non-formalized agreement is considered to be a government partnership under Section 3060 – Government Partnerships, of public sector accounting standards. Under this standard assets, liabilities, revenues and expenses are to be proportionately consolidated into the Village's financial statements regardless of who receives them or incurs them.

### MISSTATEMENTS AND SIGNIFICANT CONTROL DEFICIENCIES

- No significant control deficiencies were identified as a result of the above.
- An adjusting entry was recorded to increase revenues by \$38,576 and expenses by \$38,368 to pick up the Village's share of the partnership.
- A related party transaction note has been included in the financial statements outlining the transactions with the Village of Zeballos.
- A prior period adjusting entry was proposed but left uncorrected to account for the transaction in the prior period.



## SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS



### WATER REVENUES

- In 2016, a bylaw was adopted that created the option for residents to be billed a flat rate or to use a meter for water usage.
- Grants were received, and 75% of residents who requested meters had meters installed. The remaining 25% were unable to have them installed due to the logistics of where the water lines are located. This resulted in these individuals having unlimited water for the year.
- To correct this, Council provided credits to the 2017 water bill to residents who paid for their water.
- The Village applied for a change in scope for the Clean Water and Waste Water Fund Project and requested the deadline be extended in light of this issue.

### CNB COMMENTS

- We reviewed the listing of refunds and credits for all residents in Tahsis. We selected a sample of residential and commercial tenants and agreed their refunds to the listing, noting no expectations.
- We noted that the overall decrease in water related revenues of approximately \$88K is consistent with the above.

### MISSTATEMENTS AND SIGNIFICANT CONTROL DEFICIENCIES

- No significant control deficiencies were identified as a result of the above.
- No adjusting entries were recorded as a result of the above.

## SIGNIFICANT QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

The following are the significant qualitative aspects of the accounting practices of the Village that we plan to discuss with you:

- We believe that the Village's significant accounting policies are appropriate given its nature and its operations.
- The Village has not changed any of its significant accounting policies during the period to which the presented financial statements relate.
- The Village has disclosed its significant estimates in Note 1 (h).
- We found no basis on which to disagree with management's estimates.
- With respect to significant disclosures, we have no significant matters to communicate in this area.

## MISSTATEMENTS

### OTHER SIGNIFICANT MATTERS

Misstatements identified during the audit have been categorized as follows:

- Uncorrected misstatements, including disclosures
- Corrected misstatements, including disclosures

Note that for audit purposes we did not report or investigate further any misstatements identified that were under \$1,550. Further, note that all uncorrected misstatements are individually or in aggregate, by financial statement line item, less than our audit materiality of \$31,000.

We have identified three uncorrected entries which were discussed with management and that management has chosen to leave as uncorrected as they are not material to the financial statements.

We have attached them to the representation letter to be signed by the CAO and the Mayor. Please note that the audit standards require us to encourage management to correct all identified misstatements, but it is at the discretion of management, Council, and the Mayor to decide whether to correct them or carry them forward as unadjusted errors.



## CONTROL DEFICIENCIES

### BACKGROUND AND PROFESSIONAL STANDARDS

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal controls.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies have been identified.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

### IDENTIFICATION

Please review the Management Letter for an identified deficiency in internal controls.



27



# APPENDICES

- 1) DRAFT AUDIT REPORT
- 2) MANAGEMENT REPRESENTATION LETTER
- 3) UNCORRECTED AUDIT DIFFERENCES





29

# THANK YOU

Derek Lamb, CPA, CA

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Campbell River, BC  
V9W 2P9

[www.cnbcpa.ca](http://www.cnbcpa.ca)

201-1532 Cliffe Avenue  
Courtenay, BC  
V9N 2K4

CHAN NOWOSAD BOATES  
CHARTERED PROFESSIONAL ACCOUNTANTS



**VILLAGE OF TAHSIS**  
**Financial Statements**  
**December 31, 2017**

DRAFT

# VILLAGE OF TAHSIS

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## Index to the Financial Statements

December 31, 2017

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<b>MANAGEMENT'S RESPONSIBILITY</b>	1
<b>AUDITORS' REPORT</b>	2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	7-15
<b>SCHEDULES</b>	
Schedule 1 - Government Grants and Transfers to the Village and Ratepayers	16
Schedule 2 - Combined Statement of Operations by Segment (2017)	17
Schedule 3 - Combined Statement of Operations by Segment (2016)	18
Schedule 4 - Reserve Fund Transactions	19

**VILLAGE OF TAHSIS**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**December 31, 2017**

The Council of the Village of Tahsis has delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statements to the management of the Village of Tahsis. The financial statements of The Village of Tahsis have been prepared by management in accordance with the requirements of Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year. These statements include amounts based on informed judgments and estimates.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and the financial records are reliable for preparation of financial statements.

The Village of Tahsis' independent auditors, Chan Nowosad Boates Inc., are engaged to express an opinion as to whether these financial statements present fairly the financial position, financial activities and cash flows in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion in accordance with Canadian generally accepted auditing standards.

The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and in accordance with Canadian public sector accounting standards.

---

Mark Tatchell  
Chief Administrative Officer  
May 7, 2018

# **INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council of the Village of Tahsis

We have audited the accompanying financial statements of Village of Tahsis, which comprise the Statement of Financial Position as at December 31, 2017, and the Statement of Operations, Statement of Changes in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Village of Tahsis as at December 31, 2017, and its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants  
Campbell River, BC

May 7, 2018

# VILLAGE OF TAHSIS

## Statement of Financial Position

December 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	538,437	274,403
Portfolio Investments (Note 2)	2,294,876	2,835,583
Accounts Receivable (Note 3)	138,577	30,492
Taxes and User Fees Receivable	209,374	199,103
Investment in NSEDC (Note 4)	-	74,199
	<u>3,181,264</u>	<u>3,413,780</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	137,674	102,066
Deferred Grants and Unearned Revenue (Note 5)	<u>172,775</u>	<u>27,766</u>
	<u>310,449</u>	<u>129,832</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,870,815</u>	<u>3,283,948</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Note 6)	5,333,553	5,101,005
Prepaid Expenses	<u>62,964</u>	<u>59,408</u>
	<u>5,396,517</u>	<u>5,160,413</u>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<u>8,267,332</u>	<u>8,444,361</u>

Approved by:

\_\_\_\_\_  
Finance Officer

\_\_\_\_\_  
Acting Mayor

# VILLAGE OF TAHSIS

## Statement of Operations

Year Ended December 31, 2017

	2017		2016
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
<b>Revenues (Schedules 2 and 3)</b>			
Taxation - Net (Note 7)	683,277	705,244	666,387
Utility Connection Fees and User Rates	236,256	146,105	247,624
Government Grants - Federal (Schedule 1)	467,573	479,295	422,615
Fee and Services Charges	152,456	221,288	125,119
Other Revenues	27,399	102,845	103,226
	<u>1,566,961</u>	<u>1,654,777</u>	<u>1,564,971</u>
<b>Expenditures (Schedules 2 and 3)</b>			
General Departmental Expenditures	1,565,066	1,579,025	1,460,041
Water System Operations	98,000	147,564	136,688
Sewer System Operations	113,700	105,217	115,338
	<u>1,776,766</u>	<u>1,831,806</u>	<u>1,712,067</u>
<b>Annual Deficit</b>	(209,805)	(177,029)	(147,096)
<b>Accumulated Surplus - Beginning of Year</b>	<u>8,444,361</u>	<u>8,444,361</u>	<u>8,591,457</u>
<b>Accumulated Surplus - End of Year</b>	<u>8,234,556</u>	<u>8,267,332</u>	<u>8,444,361</u>

# VILLAGE OF TAHSIS

## Statement of Change in Net Financial Assets

Year Ended December 31, 2017

	2017		2016
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
<b>Annual Deficit</b>	(209,805)	(177,029)	(147,096)
Acquisition of Tangible Capital Assets	-	(478,080)	(369,200)
Amortization of Tangible Capital Assets	209,805	245,532	218,533
Acquisition of Prepaid Expenses	-	(3,556)	(16,616)
	-	(413,133)	(314,379)
<b>Net Financial Assets - Beginning of Year</b>	<u>3,283,948</u>	<u>3,283,948</u>	<u>3,598,327</u>
<b>Net Financial Assets - End of Year</b>	<u>3,283,948</u>	<u>2,870,815</u>	<u>3,283,948</u>

## VILLAGE OF TAHSIS

### Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
	\$	\$
<b>Cash Flows From Operating Activities:</b>		
Annual Deficit	(177,029)	(147,096)
Items Not Involving Cash		
Equity loss from Nootka Sound Economic Development Corporation	74,199	5,175
Amortization of Tangible Capital Assets	245,532	218,533
	<u>142,702</u>	<u>76,612</u>
Changes in Non-Cash Operating Balances		
Accounts and Taxes Receivable	(118,356)	98,598
Accounts Payable and Accrued Liabilities	35,608	(174,894)
Deferred Grants and Unearned Revenue	145,009	4,142
Prepaid Expenses	(3,556)	(16,616)
	<u>201,407</u>	<u>(12,158)</u>
<b>Cash Flows From Capital Activities:</b>		
Purchase of Tangible Capital Assets	<u>(478,080)</u>	<u>(369,200)</u>
<b>Cash Flows From Investing Activities:</b>		
Redemption of Portfolio Investments	<u>540,707</u>	<u>209,675</u>
<b>Increase in Cash and Cash Equivalents</b>	264,034	197,517
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>274,403</u>	<u>446,086</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>538,437</u>	<u>274,403</u>

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

The Village of Tahsis (the "Village") is a municipality in the province of British Columbia and operates under the provisions of the Community Charter. Its principal activities are the provision of local government services to the residents of the Village. These services include fire protection, public works, planning, parks and recreation, water distribution and sewer collection, and other general government services.

### 1. Significant Accounting Policies:

a) **Basis of Presentation:**

The Village prepares its financial statements in accordance with Canadian public sector accounting standards using guidelines developed by the Public Sector Accounting Board ("PSAB") for the Chartered Professional Accountants of Canada.

b) **Investments:**

Investments are comprised entirely of Municipal Finance Authority (MFA) pooled investments including money market, intermediate and short-term bond funds. Portfolio investments are recorded at fair value.

c) **Tangible Capital Assets:**

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is in use. Donated tangible capital assets are recorded at fair value at the time of the donation.

Estimated useful lives of tangible capital assets are as follows:

Roads and Bridges	30 to 50 years
Buildings	20 to 40 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	30 to 50 years
Sewer Infrastructure	30 to 50 years
Drainage	30 to 50 years

d) **Collection of Taxes on Behalf of Other Taxation Authorities:**

The Village collects taxation on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these other entities are not reflected in these financial statements.

e) **Deferred Revenue:**

Revenues from rental revenues pertaining to the subsequent year have been deferred. These amounts will be recognized as revenue in the next fiscal year.

f) **Revenue Recognition and Deferred Grants:**

Taxes are recorded at estimated amounts when they meet the addition of an asset, have been authorized and the taxable event occurs. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

Through the British Columbia Assessment's appeal process, taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on taxes are recognized at the time they are awarded.

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 1. Significant Accounting Policies (continued):

**f) Revenue Recognition and Deferred Grants (continued):**

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Government transfers, which include legislative grants, are recognized in the financial statements when received if the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Sale of service and other revenue is recognized on an accrual basis as earned.

**g) Financial Instruments:**

Financial instruments consist of cash and portfolio investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Village is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

**h) Use of Estimates:**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of management estimates relates to the collectability of accounts receivable, valuation of investments, estimates of contingent liabilities, and the provision for amortization and the estimation of potential environmental liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

**i) Contaminated Sites:**

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standards, the government has responsibility for the remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the Village accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation, therefore no liability was recognized on transition as at December 31, 2017 or December 31, 2016.

**j) Government Partnerships:**

Government partnerships are accounted for using the proportionate consolidation method.

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 2. Portfolio Investments:

	<u>2017</u>	<u>2016</u>
	\$	\$
Short-Term Bond Funds	557,664	556,277
Intermediate	609,378	604,636
Money Market Funds - Municipal Finance Authority	<u>1,127,834</u>	<u>1,674,670</u>
	<u>2,294,876</u>	<u>2,835,583</u>

The current yield of the short-term bond fund is 0.25% (2016 - 1.43%), money market funds bear interest at 0.97% (2016 - 0.79%) and intermediate funds have a yield of 0.78% (2016 -1.13%). All portfolio investments are effectively redeemable on demand.

### 3. Accounts Receivable:

	<u>2017</u>	<u>2016</u>
	\$	\$
GST Receivable	46,202	8,140
Accounts Receivable	101,304	25,205
Allowance for Doubtful Accounts	<u>(8,929)</u>	<u>(2,853)</u>
	<u>138,577</u>	<u>30,492</u>

### 4. Investment in Nootka Sound Economic Development Corporation (NSEDC):

	<u>2017</u>	<u>2016</u>
	\$	\$
Cost of Investment	<u>42,090</u>	<u>42,090</u>
Accumulated Net Equity Income, Beginning of Year	74,199	37,284
Share of Decrease in Shareholders' Equity During the Year	(7,009)	(5,175)
Dividends issued on Preferred Shares Prior to Redemption	(14,152)	-
Distribution of Retained Earnings on Dissolution	<u>(10,948)</u>	<u>-</u>
	42,090	32,109
Redemption of Preferred Shares	<u>(42,090)</u>	<u>-</u>
Accumulated Net Equity Income, End of Year	<u>-</u>	<u>74,199</u>

Condensed supplementary financial statement information of Nootka Sound Economic Development Corporation:

	<u>2017</u>	<u>2016</u>
	\$	\$
Statement of Financial Position		
Total Assets	<u>45,407</u>	<u>235,511</u>
Total Liabilities	45,404	-
Total Equity	<u>3</u>	<u>235,511</u>
	<u>45,407</u>	<u>235,511</u>
Statement of Comprehensive Income		
Revenues	8	1,544
Expenditures	<u>15,200</u>	<u>17,068</u>
Net Loss	<u>(15,192)</u>	<u>(15,524)</u>

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 4. Investment in Nootka Sound Economic Development Corporation (NSEDC) (continued):

	<u>2017</u>	<u>2016</u>
	\$	\$
Statement of Changes in Equity		
Retained Earnings, beginning of the year	95,208	110,732
Net Loss	<u>(15,192)</u>	<u>(15,524)</u>
	80,016	95,208
Dividends	<u>(80,016)</u>	-
Retained Earnings, end of the year	-	95,208
Share Capital	<u>3</u>	<u>140,303</u>
Total Equity	<u>3</u>	<u>235,511</u>

On February 21, 1996, the Village received approval of the Inspector of Municipalities to acquire shares in Nootka Sound Economic Development Corporation ("NSEDC"). This corporation was formed by the Villages of Tahsis, Gold River, and Zeballos for the purpose of acquiring and managing a community-based forest license. NSEDC had been granted a forest license that represents non-replaceable quota of 35,776 cubic meters per year.

The Village held one of three common shares of NSEDC and 42,090 of 140,300 preferred shares. The Village's investment in NSEDC is recorded on a modified equity basis.

During 2017, the Corporation's Board of Directors resolved to dissolve NSEDC effective April 4, 2017. The Village received \$14,152 (2016 - \$nil) in dividends from NSEDC on preferred shares and \$10,948 in dividends on common shares as a result of its dissolution. As well, all preferred shares totaling the Village's original investment of \$42,090 were redeemed.

### 5. Deferred Grants and Unearned Revenue:

	<u>2017</u>	<u>2016</u>
	\$	\$
Deferred Rental Revenue	5,594	10,730
Prepaid Property Taxes	11,194	6,138
Other Grants	<u>155,987</u>	<u>10,898</u>
	<u>172,775</u>	<u>27,766</u>

### 6. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	1,128,861	-	-	1,128,861	-	-	-	-	1,128,861	1,128,861
Buildings	4,483,649	-	-	4,483,649	3,022,232	113,062	-	3,135,294	1,348,355	1,461,417
Machinery and Equipment	1,796,675	354,385	-	2,151,060	1,548,666	47,866	-	1,596,532	554,528	248,009
Roads and Bridges	5,098,508	-	-	5,098,508	3,788,932	56,599	-	3,845,531	1,252,977	1,309,576
Drainage	259,990	-	-	259,990	259,990	-	-	259,990	-	-
Other	179,660	-	-	179,660	147,711	2,322	-	150,033	29,627	31,949
Water Infrastructure	2,006,324	30,997	-	2,037,321	1,114,379	23,931	-	1,138,310	899,011	891,945
Sewer Infrastructure	<u>2,712,146</u>	<u>92,698</u>	-	<u>2,804,844</u>	<u>2,682,898</u>	<u>1,752</u>	-	<u>2,684,650</u>	<u>120,194</u>	<u>29,248</u>
	<u>17,665,813</u>	<u>478,080</u>	-	<u>18,143,893</u>	<u>12,564,808</u>	<u>245,532</u>	-	<u>12,810,340</u>	<u>5,333,553</u>	<u>5,101,005</u>

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 7. Taxation - Net:

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
General Municipal Purposes	683,277	701,017	666,350
Collections for Other Governments			
Strathcona Regional District	-	8,894	8,500
Province of British Columbia - School Tax	-	187,236	182,496
Comox Strathcona Regional Hospital District	-	29,361	29,311
Municipal Finance Authority	-	7	7
British Columbia Assessment Authority	-	2,125	2,317
Vancouver Island Regional Library	-	12,102	12,263
Province of BC - Police Tax	-	12,349	13,990
Comox Valley Regional District			
Waste Management	-	6,841	3,417
	<u>683,277</u>	<u>959,932</u>	<u>918,651</u>
Transfers			
Strathcona Regional District	-	8,842	11,917
Province of British Columbia - School Tax	-	183,402	182,465
Comox Strathcona Regional Hospital Districts	-	28,957	29,311
Municipal Finance Authority	-	8	-
British Columbia Assessment Authority	-	2,207	2,317
Vancouver Island Regional Library	-	12,052	12,264
Province of BC - Police Tax	-	12,349	13,990
Comox Valley Regional District			
Waste Management	-	6,871	-
	<u>-</u>	<u>254,688</u>	<u>252,264</u>
Available for General Municipal Purposes	<u>683,277</u>	<u>705,244</u>	<u>666,387</u>

### 8. Contingent Liabilities:

- (a) The Village is responsible as a member of the Strathcona Regional District and a member of the Comox Strathcona Waste Management Function for its share of any operating deficits or long-term debt related to functions in which it participates. Management of the Village have assessed the risks of any contingent liabilities as unlikely at this time therefore no provision has been recorded in the financial statements.
- (b) The Village is partially self-insured through the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Village along with the other participants, would be required to contribute towards the deficit.

### 9. Pension Plan:

The Village and its employees contribute to the Municipal Pension Plan (the Plan), a jointly-trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of the benefits.

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 9. Pension Plan (continued):

The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016 the Plan had about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local government.

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 is then adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Village paid \$29,410 (2016 - \$49,911) for employer contributions, while employees contributed \$25,045 (2016 - \$34,877) to the Plan in fiscal 2017.

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

Employers participating in the Plan record their pension expense as the amount of the employer contributions made during the fiscal year (defined contributions 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.

### 10. Related Party Transactions:

The Village of Tahsis and the Village of Zeballos established a non-formalized government partnership in 2016 in pursuing a economic development tourism trail project between the two villages. The Village of Tahsis is the project manager, and in 2017, the Village of Zeballos applied for grants to be used towards the project. In 2017, total funds received from the Village of Zeballos is \$77,153 (2016 - \$0).

Condensed government partnership financial statement information:

	<u>2017</u>	<u>2016</u>
	\$	\$
Statement of Financial Position		
Total Assets	<u>7,700</u>	<u>-</u>
Total Liabilities	28,482	20,365
Total Equity (Deficit)	<u>(20,782)</u>	<u>(20,365)</u>
	<u>7,700</u>	<u>-</u>
Statement of Comprehensive Income		
Revenues	77,153	14,365
Expenditures	<u>77,570</u>	<u>34,730</u>
Net Loss	<u>(417)</u>	<u>(20,365)</u>

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 10. Related Party Transactions (continued):

	<u>2017</u>	<u>2016</u>
	\$	\$
Statement of Changes in Equity		
Retained Earnings (Deficit), beginning of the year	(20,365)	-
Net Loss	<u>(417)</u>	<u>(20,365)</u>
Retained Earnings (Deficit), end of the year	<u>7,700</u>	<u>(20,365)</u>

### 11. Accumulated Surplus:

The Village segregates its accumulated surplus in the following categories:

	<u>2017</u>	<u>2016</u>
	\$	\$
Internally Restricted Funds for Future Expenditure	590,657	524,352
Unrestricted Funds	1,186,274	1,341,744
Reserve Funds (a)	1,093,884	1,417,852
Investment in Non-Financial Assets (b)	<u>5,396,517</u>	<u>5,160,413</u>
	<u>8,267,332</u>	<u>8,444,361</u>

(a) Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

(b) The investment in non-financial assets represents amounts already spent and invested in infrastructure and other non-financial assets

Details of reserve funds are shown below:

	<u>2017</u>	<u>2016</u>
	\$	\$
Capital Works, Machinery and Equipment Reserve (a)	546,694	531,397
Fire Hall Reserve (b)	252,251	595,306
Recreation Centre Capital Works, Machinery and Equipment Reserve (c)	270,619	267,949
Economic Development (d)	<u>24,320</u>	<u>23,200</u>
	<u>1,093,884</u>	<u>1,417,852</u>

(a) Capital Works, Machinery and Equipment Reserve

The Capital Works, Machinery and Equipment Reserve was established by Bylaw 364 to provide for new capital works, extensions or renewals of existing works and to provide for machinery and equipment necessary for capital projects for the maintenance of Municipal Property or for the protection of persons and property. Money from the sale of land, current revenue or General Operating Fund surpluses may be transferred into the Reserve Fund.

(b) Fire Hall Reserve

The Hall Reserve fund was established by Bylaw 400 to provide for the cost of a new fire hall including land, buildings, machinery and equipment. Money from current revenue, General Operating Fund surpluses or as otherwise provided in the Local Government Act may be transferred into the Reserve Fund.

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 11. Accumulated Surplus (continued):

- (c) Recreation Centre Capital Works, Machinery and Equipment Reserve

The Recreation Centre Capital Works, Machinery and Equipment Reserve Fund was established by Bylaw 418 to provide for the cost of the recreation centre. Money from current revenue, General Operating fund surpluses, or as otherwise provided in the Local Government Act may be transferred into the Reserve Fund.

- (d) Economic Development Reserve

The Economic Development Fund was not established through bylaw. The Community Charter stipulates that reserve funds may be established for certain types of activities, which is how this fund was established. Money from current revenue, General Operating fund surpluses, or as otherwise provided in the Local Government Act may be transferred into the Reserve Fund.

### 12. Fiscal Plan

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on May 2, 2017.

The budget anticipated use of surpluses accumulated in previous years to balance against current expenditures in excess of current year revenues. In addition, the budget anticipated capital expenditures rather than amortization expense. The following schedule reconciles the approved bylaw to the amounts presented in the financial statements.

	<u>2017</u>
	\$
Financial Plan (Budget) Bylaw Surplus Approved for the Year	-
Deduct:	
Budgeted Transfers to Offset Amortization	209,807
Less:	
Budgeted Transfers from Accumulated Surplus	<u>419,612</u>
Annual Surplus (Deficit) Presented in Financial Statements	<u>(209,805)</u>

# VILLAGE OF TAHSIS

## Notes to the Financial Statements

December 31, 2017

### 13. Segmented Information

The Village is a diversified municipal government institution that provides a wide range of services to its citizens such as recreation, fire, sewer, water, and solid waste. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and activities they encompass are as follows:

#### **General Government**

This item relates to the revenues and expenses of the operations of the Village itself and cannot be directly attributed to a specific segment.

#### **Protective Services**

Protection is comprised of fire protection services. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

#### **Transportation Services**

Public works and transportation is responsible for the maintenance of roads and outdoor lighting.

#### **Environmental Treatment Services**

Environmental Treatment Services consists of providing waste disposal to citizens.

#### **Economic Development Services**

This department develops outside awareness of the economic area.

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

This service area provides services meant to improve health and development of the Village's citizens. Recreational programs and cultural programs are provided at the aquatic centre and community centre.

#### **Water Utility**

The service provides distribution of water to residents.

#### **Sewer Utility**

Provision of sanitary sewer collection by providing and maintaining pipes, manholes, and culverts and sewer treatment.

### 14. Comparative Figures

Certain 2016 comparative figures have been reclassified, where necessary, to conform with the financial statement presentation adopted in the current year.

# VILLAGE OF TAHSIS

## Schedule 1 - Government Grants and Transfers to the Village and Ratepayers Year Ended December 31, 2017

	2017		2016
	Budget	Actual	
	\$	\$	\$
	(Note 12)		
<b>Federal Government</b>			
Grants in Lieu of Taxes	10,000	9,026	9,721
<b>Province of BC and Federal/Provincial Programs</b>			
General Fund			
Small Communities Protection	325,000	325,738	309,834
Infrastructure and Other	132,573	144,341	102,054
	<u>457,573</u>	<u>470,079</u>	<u>411,888</u>
General Capital			
Infrastructure (Provincial)	-	190	1,006
	<u>467,573</u>	<u>479,295</u>	<u>422,615</u>

# VILLAGE OF TAHSIS

## Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Environmental Treatment Services	Economic Development Services	Recreation and Cultural Services	Water Utility	Sewer Utility	2017 Actual	2017 Budget (Note 12)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	705,244	-	-	-	-	-	-	-	705,244	683,277
Utility Connection Fees and User Rates	-	-	-	-	-	-	48,498	97,607	146,105	236,256
Government Grants and Transfers	440,718	-	-	-	38,577	-	-	-	479,295	467,573
Fees and Service Charges	-	-	-	165,646	-	55,642	-	-	221,288	152,456
Other Revenues	100,967	1,335	-	-	168	-	-	375	102,845	27,399
	<u>1,246,929</u>	<u>1,335</u>	<u>-</u>	<u>165,646</u>	<u>38,745</u>	<u>55,642</u>	<u>48,498</u>	<u>97,982</u>	<u>1,654,777</u>	<u>1,566,961</u>
<b>Expenses</b>										
<b>Operating</b>										
Goods and Services	268,438	51,734	151,667	229	46,984	116,990	64,373	79,563	779,978	859,667
Labour	348,682	16,510	113,130	15,309	-	229,503	59,260	23,902	806,296	707,292
Amortization	21,807	39,293	77,778	1,363	-	79,608	23,931	1,752	245,532	209,807
	<u>638,927</u>	<u>107,537</u>	<u>342,575</u>	<u>16,901</u>	<u>46,984</u>	<u>426,101</u>	<u>147,564</u>	<u>105,217</u>	<u>1,831,806</u>	<u>1,776,766</u>
Excess (Deficiency) of Revenues over Expenses	<u>608,002</u>	<u>(106,202)</u>	<u>(342,575)</u>	<u>148,745</u>	<u>(8,239)</u>	<u>(370,459)</u>	<u>(99,066)</u>	<u>(7,235)</u>	<u>(177,029)</u>	<u>(209,805)</u>

# VILLAGE OF TAHSIS

## Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2016

	General Government	Protective Services	Transportation Services	Environmental Treatment Services	Economic Development Services	Recreation and Cultural Services	Water Utility	Sewer Utility	2016 Actual	2016 Budget
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	666,387	-	-	-	-	-	-	-	666,387	645,209
Utility Connection Fees and User Rates	-	-	-	-	-	-	136,677	110,947	247,624	311,858
Government Grants and Transfers	403,250	-	-	-	19,365	-	-	-	422,615	443,733
Fees and Service Charges	-	-	-	91,125	-	33,994	-	-	125,119	115,820
Other Revenues	94,044	1,093	-	-	7,999	-	-	90	103,226	32,500
	<u>1,163,681</u>	<u>1,093</u>	<u>-</u>	<u>91,125</u>	<u>27,364</u>	<u>33,994</u>	<u>136,677</u>	<u>111,037</u>	<u>1,564,971</u>	<u>1,549,120</u>
<b>Expenses</b>										
Operating										
Goods and Services	219,341	45,811	143,239	50	50,567	107,298	38,794	84,649	689,749	722,915
Labour	314,030	15,846	134,350	16,605	-	213,624	80,162	29,167	803,784	692,841
Amortization	48,380	15,582	56,600	-	-	78,718	17,732	1,522	218,534	219,860
	<u>581,751</u>	<u>77,239</u>	<u>334,189</u>	<u>16,655</u>	<u>50,567</u>	<u>399,640</u>	<u>136,688</u>	<u>115,338</u>	<u>1,712,067</u>	<u>1,635,616</u>
Excess (Deficiency) of Revenues over Expenses	<u>581,930</u>	<u>(76,146)</u>	<u>(334,189)</u>	<u>74,470</u>	<u>(23,203)</u>	<u>(365,646)</u>	<u>(11)</u>	<u>(4,301)</u>	<u>(147,096)</u>	<u>(86,496)</u>

# VILLAGE OF TAHSIS

## Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2017

	Capital Works Machinery and Equipment	Fire Hall	Rec Centre	Economic Development	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$
<b>Balance, Beginning of Year</b>	531,397	595,306	267,949	23,200	1,417,852	1,421,587
<b>Interest Earned</b>	15,297	11,330	2,670	1,120	30,417	18,535
<b>Transfer From Other Funds</b>	-	-	-	-	-	-
<b>Used for Capital Expenditures</b>	-	(354,385)	-	-	(354,385)	(22,270)
<b>Balance, End of Year</b>	<u>546,694</u>	<u>252,251</u>	<u>270,619</u>	<u>24,320</u>	<u>1,093,884</u>	<u>1,417,852</u>

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
UAJE 1	12/31/2017	Municipal Hall Utilities	10-2-110-2245	EXP.201			993.69		
UAJE 1	12/31/2017	Utilities	10-2-121-2245	EXP.201			1,665.59		
UAJE 1	12/31/2017	Building Utilities	10-2-130-2245	EXP.201			1,019.30		
UAJE 1	12/31/2017	Street Lighting	10-2-133-2245	EXP.201			2,794.48		
UAJE 1	12/31/2017	Harbour Utilities	10-2-137-2245	EXP.201			499.30		
UAJE 1	12/31/2017	Building Utilities	10-2-140-2245	EXP.201			4,522.06		
UAJE 1	12/31/2017	Building Utilities	10-2-145-2245	EXP.201			669.11		
UAJE 1	12/31/2017	GST ITC's	10-3-320-3161	EXP.201			1,061.35		
UAJE 1	12/31/2017	Surplus-Prior Years	10-4-495-4996	EXP.201		23,637.65			
UAJE 1	12/31/2017	Sewer - Utilities	20-2-202-2245	EXP.201			5,324.31		
UAJE 1	12/31/2017	Water-Utilities	30-2-212-2245	EXP.201			5,088.46		
		To remove expense relating to 2016 from current year operating expenses							
UAJE 3	12/31/2017	Current Taxes Receivable	10-3-305-3050	C.200		15,278.20			
UAJE 3	12/31/2017	Deferred Revenue	10-4-420-4200	C.200			15,278.20		
		To reclassify credit balances from accounts receivable to deferred revenue							
UAJE 4	12/31/2017	GST Rebates	10-3-320-3162	C.202			6,304.67		
UAJE 4	12/31/2017	Suspense	10-4-400-4049	C.202		6,304.67			
		To record the Q1 2017 GST error							
						<b>45,220.52</b>	<b>45,220.52</b>		
		<b>Net Income (Loss)</b>	<b>(154,454.61)</b>						

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
UAJE 2	12/31/2016	Economic Dev. Fund Grants	10-1-020-1805			7,182.50			
UAJE 2	12/31/2016	2016 ATV Trail Project	10-2-152-2235				17,365.00		
UAJE 2	12/31/2016	Due To/From Zeballos	10-3-310-3103			10,182.50			
		To record the equity pick up of 50% of the government partnership in 2016							
						17,365.00	17,365.00		
		<b>Net Income (Loss)</b>	<b>(154,454.61)</b>						

# VILLAGE OF TAHSIS

## Report to Council

**To:** Mayor and Council  
**From:** Mark Tatchell, CAO  
**Date:** May 4, 2018  
**Re:** Donation of 1980 Fire Truck to Firefighters Without Borders

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**PURPOSE OF REPORT:**

To seek Council's consideration of the disposal of the Village's 1980 Ford F700 Fire Truck

**OPTIONS/ALTERNATIVES**

1. Direct staff to facilitate the transfer of the Tahsis Volunteer Fire Department's 1980 Ford F700 Fire Truck at no cost to the BC chapter of Firefighters Without Borders;  
or
2. Other alternatives that Council deems appropriate

**BACKGROUND:**

At its September 19, 2017 regular meeting Council received information regarding Firefighters Without Borders and directed staff to make inquiries to transport the retired 1980 Ford F700 Fire Truck to a collection point (see attached minutes).

This month Menzies Transport will haul two shipping containers to Tahsis for storing emergency equipment and supplies, as per Council's approval. It is proposed that Menzies Transport haul the retired truck back to Campbell River to the Campbell River FD.

**POLICY/LEGISLATIVE REQUIREMENTS:**

As Council has noted, an asset disposal policy is required to ensure that Village assets are disposed of to ensure transparency and fairness as well as to maximize value to the Village. Staff will be preparing a policy for Council's consideration later this year.

**FINANCIAL IMPLICATIONS:**

There is no residual financial value for this fire truck.

Menzies Transport has quoted \$1,500.00 to haul the shipping containers to Tahsis and return with the fire truck. The Community Emergency Preparedness Fund grant will cover this shipping cost.

**RECOMMENDATION:**

Option 1

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'Mark Tatchell', written over a horizontal line.

Mark Tatchell, CAO

There was a brief discussion. It was noted that it was difficult to complete the Census Survey.

**Overton/Bellanger: VOT 346/2017**

THAT this email be received.

**CARRIED**

**4 RCMP 2nd Quarter Statistics for the Village of Tahsis**

**Overton/Bellanger: VOT 347/2017**

THAT this report be received.

**CARRIED**

**M New Business**

**Grant in Aid Application Re: Strathcona Emergency Program - Amateur**

**1 Radio Operation (HAM) Course**

**Overton/Bellanger: VOT 348/2017**

THAT this Grant In Aid Application be received.

**CARRIED**

**Taylor/Bellanger: VOT 349/2017**

THAT this Grant In Aid Application be approved.

**CARRIED**

**2 1981 Fire Truck Disposal to Firefighters Without borders**

There was a discussion about how to transport the 1981 fire truck to the collection point. It was suggested that "feelers" be put out to see if any of the forestry contractors would donate a low bed for this purpose.

**Overton/Bellanger: VOT 350/2017**

THAT this correspondence and additional information be received.

**CARRIED**

**N. Public Input**

none.

**Public Exclusion**

none.

**O. Adjournment**

**VanSolkema/Taylor: VOT 351/2017**

THAT the Regular Council meeting adjourn at 7:47 p.m.

**CARRIED**