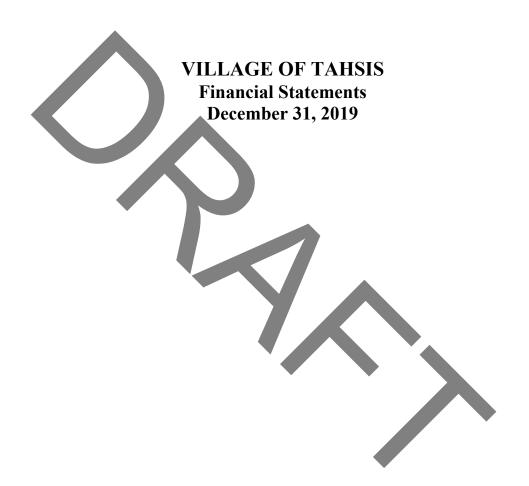


Agenda for the Special Meeting of the Tahsis Village Council to be held on July 13, 2020 at 1:00 p.m. in the Council Chambers Municipal Hall, 977 South Maquinna Drive and by electronic means

Remote access:	To attend this meeting remotely via Zoom/ phone Join the Zoom Meeting <u>https://zoom.us/j/7473599558</u>
	Dial by your location +1 647 374 4685 Canada Meeting ID: 747 359 9558
	Find your local number: https://zoom.us/u/ace6MdrgMW
A. Call to Order	Mayor Davis will call the meeting to order at 1:00 p.m.
	Mayor Davis will acknowledge and respect that we are meeting upon Mowachaht/Muchalaht territory.
B. Introduction of Late Items	None.
C. Approval of the Agenda	
M. New Business	1 Village of Tahsis 2019 Audited Financial Statements

P. Adjournment



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December 31, 2019

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MANAGEMENT REPORT

December 31, 2019

The Mayor and 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 which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and that financial records are reliable for preparation of the financial statements. These systems are monitored and evaluated by management.

The Village of Tahsis's independent auditors, Chan Nowosad Boates Inc., Chartered Professional Accountants, are engaged to express an opinion as to whether these financial statements present fairly the Village of Tahsis's financial position and operating results in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards. These statements present, in all significant respects the financial position of the Village of Tahsis as at December 31, 2019.

1

Mark Tatchell Chief Administrative Officer Deb Bodnar, CPA, CMA Director of Finance

July 13, 2020





INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of Village of Tahsis

Opinion

We have audited the accompanying financial statements of Village of Tahsis (the "Village"), which comprise the statement of financial position as at December 31, 2019, the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, the Village's financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2019, and of its financial performance and its cash flows for the year then ended. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for over-seeing the Village's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants Campbell River, BC

July 13, 2020

Statement of Financial Position December 31, 2019	2019	2018
	\$	\$ (Note 16)
FINANCIAL ASSETS		
Cash	1,098,051	473,657
Portfolio Investments (Note 2)	1,931,911	2,334,896
Accounts Receivable (Note 3)	701,794	357,277
Taxes and User Fees Receivable	166,687	171,412
	3,898,443	3,337,242
LIABILITIES		
Accounts Payable and Accrued Liabilities	306,870	372,162
Demand Loan (Note 4)	816,765	-
Deferred Grants and Uncarned Revenue (Note 5)	487,507	420,136
Contaminated Site Remediation (Note 6)	56,700	56,700
	1,667,842	848,998
NET FINANCIAL ASSETS	2,230,601	2,488,244
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 7)	9,112,889	5,734,047
Prepaid Expenses	66,849	65,064
	9,179,738	5,799,111
ACCUMULATED SURPLUS (Note 12)	<u>11,410,339</u>	8,287,355
		_

Approved by:

Finance Officer

Mayor

Statement of Operations Year Ended December 31, 2019

	20	19	
	Budget	Actual	2018
	\$	\$	\$
	(Note 13)		(Note 16)
Revenues (Schedules 2 and 3)			
Taxation - Net (Note 8)	714,228	739,338	712,291
Utility Connection Fees and User Rates	235,000	248,434	235,132
Government Grants - Federal (Schedule 1)	745,596	4,144,779	746,586
Fee and Services Charges	230,292	190,644	213,560
Other Revenues	177,000	280,907	175,955
	2,102,116	5,604,102	2,083,524
Expenditures (Schedules 2 and 3)			
General Departmental Expenditures	2,044,251	2,148,083	1,769,680
Water System Operations	116,581	164,691	134,476
Sewer System Operations	104,499	168,344	102,645
	2,265,331	2,481,118	2,006,801
Annual Surplus (Deficit)	<u>(163,215</u>)	3,122,984	76,723
Accumulated Surplus - Beginning of Year	$\langle \rangle$	8,287,355	8,210,632
Accumulated Surplus - End of Year		<u>11,410,339</u>	8,287,355

Statement of Change in Net Financial Assets Year Ended December 31, 2019

	20	19	
	Budget \$	Actual \$	2018 \$
	(Note 13)		(Note 16)
Annual Surplus (Deficit)	(163,215)	3,122,984	76,723
Acquisition of Tangible Capital Assets Amortization of Tangible Capital Assets Acquisition of Prepaid Expenses Disposition of Tangible Capital Assets	252,000 - - - - - - -	$(3,756,973) \\ 365,392 \\ (1,785) \\ \underline{12,739} \\ (257,643)$	(683,625) 283,131 (2,100) (325,871)
Net Financial Assets - Beginning of Year		2,488,244	2,814,115
Net Financial Assets - End of Year		2,230,601	<u>2,488,244</u>

Statement of Cash Flows		
Year Ended December 31, 2019	2019	2018
	\$	\$
Cash Flows From Operating Activities:		
Annual Surplus (Deficit) Items Not Involving Cash	3,122,984	76,723
Amortization of Tangible Capital Assets Gain on Disposal of Tangible Assets	365,392 (123,261)	283,131
Changes in Non-Cash Operating Balances	3,365,115	359,854
Accounts and Taxes Receivable Accounts Payable and Accrued Liabilities Demand Loan	(339,792) (65,292) 816,765	(180,738) 234,488
Deferred Grants and Unearned Revenue Prepaid Expenses	67,371 (1,785)	247,361 (2,100)
	3,842,382	658,865
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets Proceeds on Disposition of Tangible Capital Assets	(3,756,973) $-136,000$ $(2,(20,072))$	(683,625)
	(3,620,973)	(683,625)
Cash Flows From Investing Activities:		
Redemption of (Investment in) Portfolio Investments	402,985	(40,020)
Increase (Decrease) in Cash and Cash Equivalents	624,394	(64,780)
Cash and Cash Equivalents - Beginning of Year	473,657	538,437
Cash and Cash Equivalents - End of Year	1,098,051	473,657

Notes to the Financial Statements

December 31, 2019

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) Portfolio Investments

Portfolio 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.

Notes to the Financial Statements

December 31, 2019

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, 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.

j) Government Partnerships

Government partnerships are accounted for using the proportionate consolidation method.

2. Portfolio Investments:

	<u>2019</u>	<u>2018</u>
	\$	\$
Short-Term Bond Funds	585,326	567,479
Intermediate	635,220	620,977
Money Market Funds - Municipal Finance Authority	711,365	1,146,440
	<u>1,931,911</u>	2,334,896

CHAN NOWOSAD BOATES CHARTERED PROFESSIONAL ACCOUNTANTS

Notes to the Financial Statements

December 31, 2019

2. Portfolio Investments (continued):

The current annual yield of the short-term bond fund is 3.14% (2018 - 1.76%) while the money market fund has an annual yield of 1.86% (2018 - 1.65%) and intermediate funds have an annual yield of 2.29% (2018 - 1.90%). All portfolio investments are effectively redeemable on demand.

3. Accounts Receivable:

	<u>2019</u> \$	<u>2018</u> \$
GST Receivable	105,754	5,995
Accounts Receivable	604,102	359,290
Allowance for Doubtful Accounts	(8,062)	(8,008)
	701,794	357,277

4. Demand Loan:

The demand loan represents a non-revolving loan held with the Municipal Finance Authority of British Columbia and bears interest at an annual variable rate equal to 2.58% at December 31, 2019. The loan has an authorized limit of a maximum of \$3,510,980 available until April 24, 2024 and is due on demand, with interest payable monthly.

The demand loan was approved by Council by enacting Section 177 of the Community Charter, allowing for Revenue Anticipation Borrowing in order to fund capital projects prior to grant funding being received. Bylaw 613 was adopted by Council on April 16, 2019.

5. Deferred Grants and Unearned Revenue:

	<u>2019</u> <u>2018</u>
	\$\$
Deferred Rental Revenue	4,461 3,999
Other Grants	483,046 416,137
	487,507 420,136

6. Contaminated Site Remediation:

A parcel of land that was previously used as a seaplane base has been under the ownership of the Village since 2009. In 1995, it was noted there were contaminate concentrations in the soil at the sea plane base and the site was registered as a contaminated site. An environmental assessment carried out by the Federal Government in November 2018 on an adjacent property determined that there were still minimal levels of petroleum hydrocarbons and polychromatic hydrocarbons, but they were at such a level that the site would no longer be considered to be contaminated. The site, however, remains on the registered contaminated site listing.

To remove the site from the registered contaminated site listing to allow for building on the property or alternatively the future sale of the property, it is estimated by management of the Village that the total cost to obtain the report that would allow for the deregistration of the site as a contaminated site is \$56,700. The Village has recognized the liability for this amount which was recorded as an expenditure during the year ended December 31, 2017.

Notes to the Financial Statements

December 31, 2019

7. Tangible Capital Assets:

		Co	st		Accu	umulated A	mortization	1	Net Boo	k Value
-	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2019 \$	2018 \$
Land	1,140,023	-	12,739	1,127,284	-	-	-	-	1,127,284	1,140,023
Buildings	4,690,657	-	-	4,690,657	3,258,706	128,380	-	3,387,086	1,303,571	1,431,951
Machinery and Equipment	2,214,600	102,546	159,546	2,157,600	1,655,937	76,834	159,546	1,573,225	584,375	558,663
Roads and Bridges	5,179,252	1,955,453		7,134,705	3,902,130	82,052		3,984,182	3,150,523	1,277,122
Drainage	259,990	-	-	259,990	259,990	-	-	259,990	-	-
Other	201,582	9,228	-	210,810	156,922	9,341	-	166,263	44,547	44,660
Water Infrastructure Sewer Infrastructure	2,181,595 2,955,492	1,037,020 652,726	-	3,218,615 3,608,218	1,161,854 2,693,605	43,937 24,848	-	1,205,791 2,718,453	2,012,824 889,765	1,019,741 261,887
Sewer millastructure	18,823,191	3,756,973	172,285	22,407,879	13,089,144	365,392	159,546	13,294,990	9,112,889	5,734,047
8. Taxation - N General Municipal Collections for Ott Strathcona Reg Province of Bri Comox Strathco Municipal Fina British Columb Vancouver Isla Province of BC Comox Valley Waste Mana	l Purposes her Gover ional Dist tish Colur ona Regio nce Autho ia Assessi and Region C - Police 7 Regional	nments rict nbia - Sch nal Hospit ority nent Auth nal Library Tax	tal District		Budg 2019 \$ 714,22	28	Actual <u>2019</u> \$ 739,152 10,675 198,687 27,239 10 2,220 12,264 13,302 <u>9,559</u> 1,013,108		Actual <u>2018</u> \$ 711,909 9,132 192,429 27,830 8 2,136 10,874 12,907 <u>6,495</u> \$ 973,720	
					,					
Transfers										
Strathcona Reg						-	10,665		9,132	
Province of Bri						-	198,688		192,209	
Comox Strathco			tal Distric	ts		-	27,279)	27,830	
Municipal Fina						-		-	8	
British Columb						-	2,223		2,136	
Vancouver Isla			r			-	12,088		10,712	
Province of BC						-	13,252	2	12,907	
Comox Valley		District					0.575		6 40 5	
Waste Mana	agement						9,575		6,495	
							273,770	<u> </u>	261,429	
Available for Gene	eral Munio	cipal Purp	oses	_	714,22		739,338	<u> </u>	712,291	

Notes to the Financial Statements

December 31, 2019

9. 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 has 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.

10. 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.

The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the Plan had about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Village paid \$44,330 (2018 - \$42,429) for employer contributions while employees contributed \$39,077 (2018 - 35,638) to the Plan in fiscal 2019.

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

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.

11. Related Party Transactions:

Government Partnership

The Village of Tahsis and the Village of Zeballos established a non-formalized government partnership in 2016 in pursing a economic development tourism trail project between the two villages. The Village of Tahsis is the project manager. In 2019, total funds received from the Village of Zeballos were \$17,424 (2018 - \$58,955).

Notes to the Financial Statements

December 31, 2019

11. Related Party Transactions (continued):

Condensed government partnership financial statement information:

Statement of Financial PositionTotal Assets $106,172$ $148,744$ Total Liabilities $141,467$ $169,526$ Total Equity (Deficit) $(35,295)$ $(20,782)$ $106,172$ $148,744$ Statement of Comprehensive Income $28,059$ $58,955$ Expenditures $42,572$ $58,955$ Net Loss $(14,513)$ $-$ Statement of Changes in Equity $(20,782)$ $(20,782)$ Net Loss $(14,513)$ $-$ Retained Earnings (Deficit), beginning of the year $(20,782)$ $(20,782)$ Net Loss $(14,513)$ $-$ Retained Earnings (Deficit), end of the year $(35,295)$ $(20,782)$
Total Liabilities $141,467$ $169,526$ Total Equity (Deficit) $(35,295)$ $(20,782)$ $106,172$ $148,744$ Statement of Comprehensive Income $28,059$ $58,955$ Revenues $28,059$ $58,955$ Expenditures $42,572$ $58,955$ Net Loss $(14,513)$ -Statement of Changes in Equity $(20,782)$ $(20,782)$ Net Loss $(14,513)$ -
Total Equity (Deficit) (35,295) (20,782) Total Equity (Deficit) 106,172 148,744 Statement of Comprehensive Income 28,059 58,955 Revenues 28,059 58,955 Net Loss (14,513) - Statement of Changes in Equity (20,782) (20,782) Net Loss (14,513) -
Total Equity (Deficit) (35,295) (20,782) Total Equity (Deficit) 106,172 148,744 Statement of Comprehensive Income 28,059 58,955 Revenues 28,059 58,955 Net Loss (14,513) - Statement of Changes in Equity (20,782) (20,782) Net Loss (14,513) -
Interview106,172148,744Statement of Comprehensive Income Revenues28,05958,955Expenditures Net Loss42,57258,955Statement of Changes in Equity Retained Earnings (Deficit), beginning of the year(20,782)(20,782)Net Loss(14,513)-
Statement of Comprehensive Income Revenues28,05958,955Expenditures Net Loss42,57258,955Statement of Changes in Equity Retained Earnings (Deficit), beginning of the year Net Loss(20,782)(20,782)Net Loss(14,513)-
Revenues28,05958,955Expenditures42,57258,955Net Loss(14,513)-Statement of Changes in Equity Retained Earnings (Deficit), beginning of the year Net Loss(20,782) (14,513)(20,782) -
Revenues28,05958,955Expenditures42,57258,955Net Loss(14,513)-Statement of Changes in Equity Retained Earnings (Deficit), beginning of the year Net Loss(20,782) (14,513)(20,782) -
Revenues28,05958,955Expenditures42,57258,955Net Loss(14,513)-Statement of Changes in Equity Retained Earnings (Deficit), beginning of the year Net Loss(20,782) (14,513)(20,782) -
Net Loss(14,513)Statement of Changes in Equity Retained Earnings (Deficit), beginning of the year Net Loss(20,782) (14,513)
Statement of Changes in Equity Retained Earnings (Deficit), beginning of the year(20,782) (14,513)Net Loss(14,513)
Retained Earnings (Deficit), beginning of the year(20,782)(20,782)Net Loss(14,513)-
Retained Earnings (Deficit), beginning of the year(20,782)(20,782)Net Loss(14,513)-
Retained Earnings (Deficit), beginning of the year(20,782)(20,782)Net Loss(14,513)-
Net Loss
12. Accumulated Surplus:
The Village segregates its accumulated surplus in the following categories:
<u>2019</u> <u>2018</u>
\$\$
Internally Restricted Funds for Future Expenditure 515,124 524,352
Unrestricted Funds 912,590 1,071,277
Reserve Funds (a) 802,887 892,615
Investment in Non-Financial Assets (b) 9,179,738 5,799,111
11,410,339 8,287,355

(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>2019</u>	<u>2018</u>
	\$	\$
Capital Works, Machinery and Equipment Reserve (a)	329,398	444,974
Fire Hall Reserve (b)	283,871	266,024
Recreation Centre Capital Works, Machinery and		
Equipment Reserve (c)	160,123	154,886
Economic Development Reserve (d)	29,495	26,731
	802,887	892,615

Notes to the Financial Statements

December 31, 2019

12. Accumulated Surplus (continued):

(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.

(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.

13. Fiscal Plan

The Fiscal Plan amounts represent the Financial Plan Bylaw adopted by Council on May 7, 2019.

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>2019</u>
	\$
Financial Plan (Budget) Bylaw Surplus Approved for the Year	-
Less:	
Budgeted Transfers to Offset Amortization	(252,000)
Budgeted Transfers from Accumulated Surplus	88,785
Annual Deficit Presented in Financial Statements	(163,215)

Notes to the Financial Statements

December 31, 2019

14. 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 noted below and detailed further in Schedules 2 and 3 of these financial statements.

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.

15. Subsequent Event

The Village evaluated its December 31, 2019 financial statements for subsequent events to the date the financial statements were issued. As of this date, the global outbreak of the coronavirus disease (COVID-19) has caused economic uncertainties that are likely to have a material negative impact on the net income of the Village for the year ending December 31, 2020.

The COVID-19 outbreak has caused business disruptions through the reduction of non-essential services provided by the Village. While the disruption is expected to be temporary and the Village continues to provide essential services, there is considerable uncertainty regarding the duration of the disruption to non-essential services. Additionally, there is uncertainty regarding the collectability of taxation revenues for the year ending December 31, 2020 as the effect of the pandemic on the residents of the Village and the economy as a whole is not yet known. The extent that the effects of COVID-19 may have on the Village and its operations during the year ending December 31, 2020 cannot be determined at this time.

Notes to the Financial Statements

December 31, 2019

16. Prior Period Adjustment

During the year ending December 31, 2019, it was identified that the Village received two grants from the Union of BC Municipalities that related to expenditures incurred in the prior year. Grant funding was for Emergency Social Services and Emergency Operations Centres and Training.

As a result of the above and the requirement to recognize revenue and the related receivable as eligible expenditures are incurred, the comparative financial statement information for the year ending December 31, 2018 has been adjusted and restated as detailed below.

2018 Government Grants increased by \$47,649, from \$698,937 to \$746,586 to recognize the revenue earned during the year. On the Statement of Financial Position, 2018 Accounts Receivable also increased by this amount, from \$309,628 to 357,277. As a result of these changes, the 2018 Annual Surplus and Net Financial Assets each increased by \$47,649, from \$29,074 to \$76,723,and from \$2,440,595 to \$2,488,244, respectively.

These adjustments increased the opening 2019 Accumulated Surplus balance from \$8,239,706 to \$8,287,355.



Schedule 1 - Government Grants and Transfers to the Village and Ratepayers Year Ended December 31, 2019

	2019		
	Budget \$	Actual \$	2018 \$
	(Note 13)		(Note 16)
Federal Government			
Grants in Lieu of Taxes	10,000	10,785	10,404
Province of BC and Federal/Provincial Programs General Fund			
Small Communities Protection	343,396	351,692	343,396
Infrastructure and Other	392,200	3,781,602	392,086
	735,596	4,133,294	735,482
General Capital Infrastructure (Provincial)		$700 \\ 4,144,779$	$\frac{700}{746,586}$

Schedule 2 - Combined Statement of Operations by Segment

Year Ended December 31, 2019

	General Government	Protective Services	Transportation Services	Environmental Treatment Services	Economic Development Services	Recreation and Cultural Services	Water Utility	Sewer Utility	2019 Actual	2019 Budget (Note 13)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	739,338	-		-	-	-	-	-	739,338	714,228
Utility Connection Fees and User Rates	-	-	-	-	-	-	136,957	111,477	248,434	235,000
Government Grants and Transfers	4,144,779	-	-	-	-	-	-	-	4,144,779	745,596
Fees and Service Charges	-	-	-	159,051	-	31,593	-	-	190,644	230,292
Other Revenues	276,116	4,791							280,907	177,000
	5,160,233	4,791		159,051		31,593	136,957	111,477	5,604,102	2,102,116
Expenses					1					
Operating										
Goods and Services	368,591	82,227	100,328	91,438	189,897	153,426	71,609	119,522	1,177,038	1,107,332
Labour	450,195	50,011	98,801	25,897		240,665	49,145	23,974	938,688	905,999
Amortization	42,935	57,567	104,605	2,395		89,105	43,937	24,848	365,392	252,000
	861,721	189,805	303,734	<u> </u>	<u>189,897</u>	483,196	164,691	168,344	2,481,118	2,265,331
Excess (Deficiency) of Revenues										
over Expenses	4,298,512	(185,014)	(303,734)	39,321	<u>(189,897</u>)	<u>(451,603</u>)	(27,734)	(56,867)	3,122,984	(163,215)
						-	X			

Schedule 3 - Combined Statement of Operations by Segment

Year Ended December 31, 2018

				Environmental	Economic	Recreation				
	General	Protective	Transportation	Treatment	Development	and Cultural	Water	Sewer	2018	2018
	Government	Services	Services	Services	Services	Services	Utility	Utility	Actual	Budget
									(Note 16)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
_										
Revenues										
T. (212 201								712 201	(00.050
Taxation	712,291	-		-	-	-	-	-	712,291	690,053
Utility Connection Fees and User Rates Government Grants and Transfers	746 590	-	-	-	-	-	129,639	105,493	235,132	235,000
Fees and Service Charges	746,586		-	190,236	-	23,324	-	-	746,586 213,560	560,757 236,350
Other Revenues	- 140,977	4.090		190,230	29,478	25,524	-	- 1,410	175,955	236,530
Other Revenues	1,599,854	4,090		190,236	29,478	23,324	129,639	106,903	2,083,524	1,758,660
	1,599,654	4,070		190,230	29,478	23,324	129,039	100,903	2,085,524	1,758,000
Expenses										
Operating										
Goods and Services	304,970	74,466	37,213	91,727	31,210	153,921	55,578	70,652	819,737	1,048,166
Labour	407,338	30,503	126,517	25,250		235,933	55,354	23,038	903,933	857,590
Amortization	26,618	59,628	79,933	1,363		83,090	23,544	8,955	283,131	243,277
	738,926	164,597	243,663	118,340	31,210	472,944	134,476	102,645	2,006,801	2,149,033
Excess (Deficiency) of Revenues										
over Expenses	860,928	(160,507)	(243,663)	71,896	(1,732)	<u>(449,620</u>)	(4,837)	4,258	76,723	(390,373)

Schedule 4 - Reserve Fund Transactions

Year Ended December 31, 2019

	Capital Works Machinery and	Eine	Dee	Economic	T-4-1	T-4-1
	Equipment	Fire Hall	Rec Centre	Development	Total 2019	Total 2018
	Equipment	11411	Centre	Development	2019	2018
	\$	\$	\$	\$	\$	\$
Balance, Beginning of Year	444,974	266,024	154,886	26,731	892,615	1,093,884
Interest Earned	14,244	17,847	5,237	2,764	40,092	37,983
Transfer From Other Funds	-		-	-	-	-
Used for Capital Expenditures	(129,820)	-		<u> </u>	(129,820)	(239,252)
Balance, End of Year	329,398	283,871	160,123	29,495	802,887	892,615

CHAN NOWOSAD BOATES

CHARTERED PROFESSIONAL ACCOUNTANTS

CNB



Village of Tahsis

Audit Findings Report

For the year ending December 31, 2019

July 13, 2020 Chan Nowosad Boates Inc., Chartered Professional Accountants

DEAR MAYOR AND COUNCIL,

We have prepared this audit findings report to assist you with your review of the financial statements for the year ending December 31, 2019 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

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 and experience with Canadian public sector accounting standards (PSAS). CNB is presently the auditor of over 10+ First Nations and 6 other municipalities – all who report under PSAS. The audit team that works on these engagements is the audit team assigned to your own.

Another component of our efforts is the detailed review that our partners perform on all audits and the years of experience, which comes with that review. Our audit staff that we have assigned to the Village's audit is experienced in audits of organizations such as your own and are focused on performing the audit to the highest level of quality and your financial statements have been reviewed in detail by two of our partners.

We appreciate the assistance of management and staff in conducting our audit. The audit was completed remotely this year as a result and management was of great assistance in providing us with all of the required documents. 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.

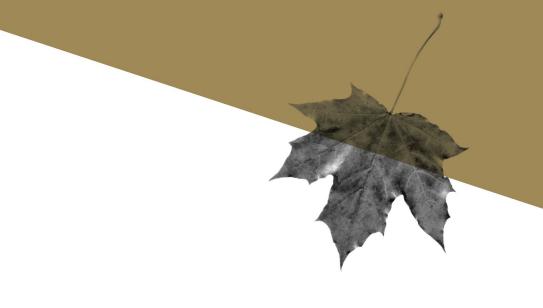
Derek Lamb, CPA, CA

Partner (250) 286 – 0744 derek@cnbcpa.ca



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CNB

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 Council's approval of the financial statements;
- Obtaining a signed management representation letter, dated the date of Council's approval of the financial statements.
- Obtaining management's approval of the adjusting journal entries, dated prior to the Mayor and Council's approval of the financial statements.

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

UNITY TRAIL

- The ATV / multi-use trail project started in 2016 between the Villages of Tahsis and Zeballos and the Mowachaht/Muchalaht and Ehattesaht First Nations.
- In 2018, Uniting 4 Communities Society, a not-for-profit entity, was incorporated with representatives from the Villages and the First Nations, however, no further activity occurred in the Society.
- As no transactions or activities were done through the Society, operations remained the same as in prior year. In 2019, costs for the project were paid by the Village of Tahsis, of which a portion was reimbursed by the Village of Zeballos. Total costs spent on the project in 2019 were approximately \$42,573, which the Village of Zeballos reimbursed the Village of Tahsis for \$17,424.
- Work on the trail was halted in 2019 due to the inability to obtain Statutory Right of Way (SRW) relating to a District Lot which the trail was planned to pass through. The SRW was not obtained at December 31, 2019; however, an agreement was reached in February 2020 which will enable the Village to move forward with the next steps.

UNITY TRAIL (CONTINUED)

CNB COMMENTS

- We reviewed Public Sector Accounting Standards (PSAS) relating to the Tangible Capital Assets of Local Governments (PSG-7) and conclude the costs associated with the trail project should be expensed in 2019.
- The Villages of Tahsis' and Zeballos' non-formalized agreement is considered to be a government partnership under Section 3060 Government Partnerships, under PSAS. Under this standard, assets, liabilities, revenues and expenses are to be proportionally consolidated into the Village's financial statements regardless of incurs the transaction.
- We confirmed that there were no transactions with Uniting 4 Communities Society in 2019.

- No significant control deficiencies were identified as a result of the above.
- We proposed an uncorrected journal entry to record the 50% equity pick up of revenues and expenses relating to the partnership.
- We wish to remind the Partners that there are annual filing requirements for not-for-profit tax returns.

CAPITAL PROJECTS

- A total of \$3,756,976 was spent on capital additions purchased and constructed by the Village in 2019.
- One significant project, which was ongoing throughout 2019 and was near completion at year end, was the Roadworks Improvement Project which had total capitalized expenditures of \$3,368,243 during the year.
- Other significant capital additions include:
 - \$102,547 for a Ford F550 Dump Truck which was funded through the Capital Works Reserve.
 - \$249,686 spent to complete the Community Water Conservation Project.
- Total revenues of approximately \$3,617,929 were recognized in 2019 relating to capital projects.

CNB COMMENTS

- We reviewed PSAS as it related to Tangible Capital Assets and concluded that the costs associated with the projects have been appropriately capitalized.
- Approximately 89% of capital asset additions were vouched to third-party invoices and documentation as part of verifying the existence and accuracy of the reported amounts. No issues were noted during this testing.
- We selected a sample of operating expenditures from repairs and maintenance and supplies accounts to determine that the amounts were not capital in nature and had been appropriately expensed. No issues were noted during this testing.

- We proposed an adjustment of \$47,940 to record amortization on the Roadworks Improvement Project upgrades.
- No significant control deficiencies were identified as a result of the above.

SALE OF LAND

- During the year, a parcel of land owned by the Village was sold to the Federal Government.
- The land was sold for \$136,000 and had a net book value of \$12,739, resulting in a gain of \$123,261.

CNB COMMENTS

- We reviewed the sale agreement with the Federal Government to confirm the proceeds and terms of the sale.
- The balance received from the Federal Government was vouched to deposit in the Village's bank with no issues noted.
- We recalculated the gain on sale and confirmed the net book value with no issues noted.

- We did not identify any differences that resulted in a proposed journal entry or adjustment.
- No significant control deficiencies were identified as a result of the above.

OPERATING PROJECTS

- During 2019 the Village had a significant amount of new program expenditures for grants received during the year. Significant expenditures include the following:
 - \$107,404 was spent relating to expenditures for the Sea Level Rise Coastal Mapping project.
 - \$60,739 was spent to develop the new five-year Official Community Plan.
 - \$24,299 was spent relating to expenditures for the Age Friendly Communities project.
- A total of approximately \$203,856 in revenue was recognized relating to operating projects ongoing during 2019.

CNB COMMENTS

- We sampled operating expenditures to verify their existence and accuracy.
- Funding agreements were obtained to verify that the appropriate revenue recognition policy under PSAS was being applied.
- We recalculated revenue recognized and balances receivable based on available funding and project expenditures to date with no issues noted.

- We did not identify any differences that resulted in a proposed journal entry or adjustment.
- No significant control deficiencies were identified as a result of the above.

EOC AND ESS GRANT FUNDING

- During 2019 the Village received \$23,957 from the Union of BC Municipalities (UBCM) for Emergency Operations Centres and Training funding. It was determined that the majority of the eligible expenditures for this grant, \$22,715, were incurred during the year ending December 31, 2018.
- During 2019 the Village received \$24,933 from UBCM for Emergency Social Services funding. It was determined that all eligible expenditures for this grant were incurred during the year ending December 31, 2018.
- The grants had been approved in fiscal 2018, however the funding was not received until May 2019.
- There was no receivable associated with the grants .
- Both projects were completed as at December 31, 2019 and all funding was received prior to year end.

CNB COMMENTS

- We sampled grant expenditures to verify their existence and accuracy.
- Funding agreements were obtained to verify that the appropriate revenue recognition policy under PSAS was being applied.
- We recalculated revenue recognized and balances receivable based on available funding and project expenditures in both fiscal 2018 and 2019.

- We proposed a prior period adjusting entry to record the revenue and receivable relating to each grant in fiscal 2018 and adjusted 2019 opening accumulated surplus accordingly.
- The total adjustment increased 2018 grant revenues and accounts receivable by \$47,649 and accumulated surplus was adjusted by the same amount.
- No significant control deficiencies were identified 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 \$2,250.

We have identified both corrected misstatements and one uncorrected misstatement, with are attached to the representation letter.



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

We did not identify any control deficiencies during the audit.

APPENDICES

- 1) Draft Independent Auditors' Report
- 2) Management Letter
- 3) Management Representation Letter

THANK YOU

Derek Lamb, CPA, CA

980 Alder Street Campbell River, BC V9W 2P9 #201-1532 Cliffe Avenue Courtenay, BC V9N 2K4





www.cnbcpa.ca

CHARTERED PROFESSIONAL ACCOUNTANTS

CHAN NOWOSAD BOATES



July 13, 2020

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, 2019 and have issued our audit report thereon dated July 13, 2020. This letter does not affect our audit report.

As indicated in our engagement letter dated March 11, 2019:

- 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 Inc. 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

During our testing of the design or operating effectiveness of internal controls over financial reporting that we concluded there were no control deficiencies identified during the audit that are important enough to merit attention by those responsible for oversight of the Village's financial reporting.

Yours truly,

CHAN NOWOSAD BOATES INC.

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

Village of Tahsis Year End: December 31, 2019 Unrecorded journal entries Date: 2019-01-01 To 2019-12-31

Number	- Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
UAJE 1		1 Economic Dev. Fund Grants	10-1-020-1805	CC.405		7,014.82		
UAJE 1 UAJE 1		1 2016 ATV Trail Project 1 Due from Related Party	10-2-152-2235 10-3-310-3103	CC.405 CC.405	10,876.90	3,862.08		
		To record the 50% equity pick up for the unity trail						
					10,876.90	10,876.90		
		Net Income (Loss)	3,133,861.20					