



REGIONAL SERVICES COMMITTEE

WEDNESDAY, MAY 27, 2009

6:00 p.m. / Board Room
175 Ingram Street

AGENDA

- | | | Pages |
|----|--|--------|
| 1. | <u>APPROVAL OF AGENDA:</u> | 1 – 2 |
| 2. | <u>ADOPTION OF MINUTES:</u> | |
| | 2M1 Adoption of Minutes of Regular Meeting of Regional Services Committee held March 25, 2009 | 3 – 5 |
| 3. | <u>BUSINESS ARISING FROM THE MINUTES:</u> | |
| 4. | <u>DELEGATIONS:</u> | |
| | 4D1 Kyle Braid and/or Paul Musca representing Ipsos Reid
Re: 2009 Cowichan Valley Regional District Resident Satisfaction Survey | 6 |
| 5. | <u>STAFF REPORTS:</u> | |
| | 5SR1 Staff Report from the Manager, Finance Division
Re: Cowichan Valley Regional District's 2008 Financial Statements and 2008 Audit | 7 - 19 |
| 6. | <u>ADJOURNMENT:</u> | |

The next Regional Services Committee meeting is scheduled for Wednesday, June 24, 2009 at 6:00 p.m. in the Board Room at the CVRD, 175 Ingram Street, Duncan, BC.

DISTRIBUTION:

Regional Services Committee

Director P. Kent, Chair
Director T. Walker, Vice-Chair
Director K. Cossey
Director M. Dorey
Director L. Duncan
Director G. Giles
Director B. Harrison
Director D. Haywood

Director R. Hutchins
Director L. Iannidinardo
Director K. Kuhn
Director M. Marcotte
Director T. McGonigle
Director I. Morrison
Director G. Seymour

Cowichan Valley Regional District

Warren Jones, Administrator
Joe Barry, Corporate Secretary
Mark Kueber, General Manager, Corporate Services

(Agenda Cover Only):

Ron Austen, General Manager, Parks, Recreation & Culture
Tom Anderson, General Manager, Planning & Development
Brian Dennison, General Manager, Engineering & Environmental Services
Dan Derby, General Manager, Public Safety
Sharon Moss, Manager, Finance
Jacob Ellis, Manager, Corporate Planning
Kate McIntosh, Human Resources Manager
Bob McDonald, Manager, Recycling & Waste Management
Geoff Millar, Manager, Economic Development
Brian Farquhar, Manager, Parks & Trails
Kate Miller, Manager, Regional Environmental Policy

Minutes of the Regular meeting of the Regional Services Committee held in the Board Room, 175 Ingram Street, Duncan, BC, on Wednesday, March 25, 2009 at 6:33 p.m.

PRESENT: Chair P. Kent
Directors M. Dorey, L. Duncan, G. Giles, B. Harrison,
D. Haywood, R. Hutchins, L. Iannidinardo, K. Kuhn,
M. Marcotte, T. McGonigle, I. Morrison and
G. Seymour
Alternate Directors G. Gutensohn and R. Hartmann

ABSENT: Directors K. Cossey and T. Walker

ALSO

PRESENT: Warren Jones, Administrator
Joe Barry, Corporate Secretary
Mark Kueber, General Manager, Corporate Services
Ron Austen, General Manager,
Parks, Recreation & Culture
Dan Derby, General Manager, Public Safety
Jacob Ellis, Manager, Corporate Planning
Dominique Beesley, Recording Secretary

**APPROVAL OF
AGENDA**

It was moved and seconded that the agenda be approved.

MOTION CARRIED

**ADOPTION OF
MINUTES
2M1**

It was moved and seconded that the minutes of the March 25, 2009 Regular Regional Services Committee meeting be corrected by:

- 1. Changing the figure '\$5,500' to '\$5,000' under *Function 472 – Senior Centre Grant* on Page 7; and**
- 2. Changing the figure '\$3,500' to '\$7,500' under *Function 111 – Grants-in-Aid Area A* on Page 9; and**
- 3. That the minutes, as corrected, be adopted.**

MOTION CARRIED

DELEGATIONS

It was the consensus of the Committee to vary the order of the agenda to place Item No. 4D2 before Item No. 4D1.

4D2 Inspector Howard Goodridge, Regional Commander, representing the RCMP's Cowichan Valley Regional Police Service, provided an overview on policing priorities for the Cowichan Region which included youth, traffic, drugs and visibility and which was received as information by the Committee.

He requested input from the Committee on policing priorities for the development of the Service's 2009/2010 Annual Performance Plan.

Inspector Goodridge was joined by Sergeant Al O'Halloran, Cowichan Valley Regional Police Service, who both responded to questions from the Committee regarding: publicity of its current Annual Performance/Strategic Plan; Police to community communications; Police visibility to the public; Police patrols on Cowichan and Shawnigan Lakes; Police enforcement of traffic infringements by cyclists; and Police enforcement of "CVRD Bylaw No. 3209 – Ticket Information Authorization Bylaw, 2008".

4D1 Rick Jeffery representing Coast Forest Products Association provided a presentation and overview of the status of the coastal forest industry which was received as information by the Committee.

Mr. Jeffery referred to the following topics in relation to his presentation: conditions of the lumber, US housing and pulp and paper markets; safety issues; coastal crown stumpage; and the future of the coast industry. Mr. Jeffrey also provided statistics on softwood log exports from the years 1997 – 2008.

STAFF REPORTS

5SR1 Staff Report from the Manager, Corporate Planning dated March 17, 2009, re: Corporate Strategic Planning, was considered for information purposes.

5SR2 Staff Report from the Administrator dated March 17, 2009, re: Regional Recreation Update, was considered for information purposes.

8:11 p.m. Director Morrison left the meeting at 8:11 p.m.

8:13 p.m. Director Marcotte left the meeting at 8:13 p.m.

ADJOURNMENT It was moved and seconded that the meeting adjourn.

MOTION CARRIED

8:15 p.m.

The meeting adjourned at 8:15 p.m.

Chairperson

Recording Secretary

Dated: _____

**Cowichan Valley Regional District
Corporate Services Department
Request to Appear as Delegation**

APPLICATION DATED: May 20, 2009

NAME OF APPLICANT: Kyle Braid and/or Paul Musca

ADDRESS OF APPLICANT: 1285 West Pender Street, Suite 200

PHONE NO.: 778-373-5130

REPRESENTING: Ipsos Reid

MEETING DATE: May 27, 2009

COMMITTEE/BOARD NAME: Regional Services Committee Meeting

NO. ATTENDING: 2

TOPIC TO BE PRESENTED: 2009 Cowichan Valley Regional District Resident Satisfaction Survey

NATURE OF REQUEST/CONCERN: For Information

Note: Once the request for delegation application has been favourably considered, presentations will be restricted to ten (10) minutes, unless notified otherwise.



5SR1

STAFF REPORT

REGIONAL SERVICES COMMITTEE MEETING OF MAY 27, 2009

DATE: May 19, 2009

FILE NO:

FROM: Sharon Moss, Manager, Finance Division

BYLAW NO:

SUBJECT: Cowichan Valley Regional District's 2008 Financial Statements and 2008 Audit Report

Recommendation:

That it be recommended to the Board:

1. That the Cowichan Valley Regional District's 2008 Financial Statements be accepted.
2. That the Directors' 2008 Statement of Remuneration and Expenses be accepted.
3. That the Audit Findings Report dated April 24, 2009 be received and filed.

Purpose:

To present to the Board, for their acceptance, the 2008 Cowichan Valley Regional District's Financial Statements, and the 2008 Directors' Statement of Remuneration and Expenses. Also, to provide the Board with information from the Cowichan Valley Regional District's Auditor (Meyers Norris Penny).

Financial Implications:

Not applicable.

Interdepartmental/Agency Implications:

The Local Government Act requires that each year the Regional District holds a public meeting for the purposes of presenting the audited Financial Statements for the preceding year and a report that shows the Directors' Statement of Remuneration and Expenses. Notice of this meeting must be publicized in a local newspaper.

Generally accepted auditing practices require that the Audit Findings Report be forwarded to the Committee that oversees the results of the Financial Statement Audit. This is an attempt to ensure that you have an understanding of the important issues and decisions that are made during the Audit and Financial Statement preparation process, as well as the results of the Audit.

Background:

The Cowichan Valley Regional District's Financial Statements were audited by Meyers Norris Penny LLP. The format and presentation of these Financial Statements is dictated by the Canadian Institute of Chartered Accountants. The Audit Report clarifies the Auditors role and responsibility, their method of performing the audit as well as their findings. This year's audit was completed on time, without any problems and as a result received a clean audit report.

Respectfully submitted by:



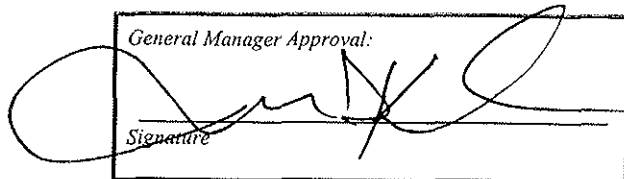
Sharon Moss, C.G.A.
Manager, Finance Division

SM:tk

Attach.

Z:\Sharon2\Staff Reports - 2009\Staff Report - CVRD 2008 Financial Statement.doc

General Manager Approval:



Signature

Attachment for RSC Agenda item 5SR1:

2008 Complete Financial Statements

The following link is provided to access the 2008 Complete Financial Statement:

Control + Click to follow link:

<http://www.cvrld.bc.ca/index.aspx?nid=114>

**COWICHAN VALLEY REGIONAL DISTRICT
DIRECTOR REMUNERATION AND EXPENSES
YEAR ENDED DECEMBER 31, 2008**

<u>Director</u>	<u>Position</u>	<u>Remuneration</u>	<u>Expenses</u>
Walker, Michael D	Director - Area A*	\$ 18,846.69	\$ 6,088.41
Harrison, Brian	Director - Area A	1,385.79	165.12
Cossey, Kenneth W	Director - Area B	20,177.04	3,777.44
Giles, Gerry	Director - Area C	20,713.87	6,331.61
Tansley, Michael S	Director - Area D*	18,846.69	5,280.13
Iannidinardo, Lori	Director - Area D	1,385.79	238.42
Duncan, Loren	Director - Area E	20,177.04	8,713.74
Allan, Joseph	Director - Area F*	19,078.69	4,376.02
Morrison, Ian	Director - Area F	1,385.79	233.16
Dorey, Melvin F	Director - Area G	20,177.04	6,970.34
Marcotte, Mary	Director - Area H	20,177.04	7,564.93
Hodson, Brooke	Director - Area I*	18,846.69	5,322.52
Kuhn, Klaus	Director - Area I	1,385.79	-
Kent, Philip	Director - Duncan	13,450.06	-
Hutchins, Robert	Director - Ladysmith	13,682.06	738.00
Peake, Jack	Chair - Director - Lake Cowichan *	26,451.76	7,902.79
McGonigle, Tim	Director - Lake Cowichan	923.77	-
Lefebure, Jon	Director - North Cowichan*	12,563.24	-
Walker, Tom	Director - North Cowichan	923.77	-
Seymour, George	Director - North Cowichan	13,450.06	-
Hartmann, Ruth	Director - North Cowichan*	12,563.24	-
Harrison, Brian	Alternate - Area A	200.00	-
Dheensaw, Terry	Alternate - Area B	500.00	100.00
Einarsson, Donna	Alternate - Area D	100.00	-
McKenzie, Joan	Alternate - Area F	1,900.00	475.00
Dietrich, Michael	Alternate - Area G	400.00	-
Waters, Robert	Alternate - Area H	100.00	40.50
Marshall, Alexander	Alternate - Area I	100.00	-
Cadorete, Raymond	Alternate - Duncan	400.00	-
Foster, Patricia	Alternate - Lake Cowichan	1,000.00	-
Hailey, Melissa	Alternate - North Cowichan	300.00	-
Murray, Anne	Alternate - North Cowichan	400.00	-
Haywood, Dave	Alternate - North Cowichan	1,123.77	14.00
		<u>\$ 283,115.68</u>	<u>\$ 64,332.13</u>

* Director term ended December 3, 2008



MEYERS NORRIS PENNY LLP

April 24, 2009

Board of Directors of
Cowichan Valley Regional District

Dear Sirs:

We are pleased to submit to you this report for discussion of our audit of the financial statements of Cowichan Valley Regional District for the year ended December 31, 2008. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Directors.

We have completed our audit of the financial statements of Cowichan Valley Regional District and are prepared to sign our Auditors' Report after the Board of Directors's review and approval of the financial statements. Our report provides an unqualified opinion to the Chairperson and Directors of Cowichan Valley Regional District. A draft copy of our proposed report is included in Appendix A to this document.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We also appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours truly,

Meyers Norris Penny LLP

MEYERS NORRIS PENNY LLP

TS/wah
encls.

Cowichan Valley Regional District
Report to the Board of Directors
December 31, 2008

Cowichan Valley Regional District

Contents

For the year ended December 31, 2008

	Page
1. Auditor Responsibilities.....	1
2. Engagement Status.....	1
3. Areas of Audit Emphasis.....	2
4. Significant Audit and Financial Reporting Matters.....	2
5. Significant Management Estimates.....	2
6. Management's Representations.....	3
7. Other Matters Important to the Board of Directors.....	3
8. Auditor Independence.....	4

Appendices:

- A Draft Audit Report
- B Auditor Independence Letter
- C Summary of Differences

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for any other purpose.

1. Auditor Responsibilities

As auditors of Cowichan Valley Regional District (the "Regional District"), we report to the Chairperson and Directors on the results of our examination of the Regional District's annual financial statements. This report addresses our audit of Cowichan Valley Regional District and, accordingly, discusses issues that are of relevance to the Board of Directors of Cowichan Valley Regional District.

- Our audit procedures included a review of all significant accounting and management reporting systems. Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances. Each material year-end balance, key transaction and other event considered significant to the financial statements was separately examined.
- The audit process focused and placed reliance on certain of the controls utilized by Cowichan Valley Regional District's management. It involved an identification of overall and specific risks related to the operations of the Regional District and its management reporting systems. This risk assessment enabled us to concentrate our audit procedures on the areas where the differences were most likely to arise.
- During the course of this audit, we have:
 - Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
 - Assessed the accounting principles used;
 - Assessed the significant estimates made by management;
 - Obtained an understanding of the entity and its environment, including management's internal controls deemed relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively.
 - Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
 - Evaluated the overall financial statement presentation;
 - Performed a subsequent events review with management;
 - Reviewed and assessed the status of contingencies, commitments and guarantees;
 - Reviewed and assessed exposure to environmental liabilities; and
 - Obtained written representation from management regarding the audited financial statements.

2. Engagement Status

We have completed our audit of the financial statements of Cowichan Valley Regional District and are prepared to sign our Auditors' Report after the Board of Directors review and approval of the financial statements and final completion of minor outstanding items. Our report will provide an unqualified opinion to the Chairperson and Directors. A draft copy of our proposed report is included in Appendix A to this document.

- **Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$350,000**
- There were no limitations placed on the scope of our audit, which was carried out in accordance with Canadian generally accepted auditing standards.
- We have satisfactorily completed our audit test procedures for each of the major account balances and transaction streams. We relied on controls over utilities and curbside pickup revenues, the expenditures, payables and disbursements system and the payroll system. A combined approach was used in auditing Cowichan Valley Regional District's financial statements. The Regional District's controls were relied upon.
- We detected a few areas in which controls could be enhanced and we will issue to management a letter describing our findings and recommendations. An overview of the key items is presented in this report.
- No irregularities came to our attention that would have materially affected the results for the year or the presentation of the financial statements.
- There were a number of differences noted during the audit. We have described all non-trivial differences, whether adjusted or not, and any non-trivial presentation and disclosure differences or omissions, at Appendix C. The cumulative net effect of unadjusted differences and disclosure differences or omissions identified during our audit has not resulted in material misstatement, and therefore does not affect our audit report. All trivial and non-trivial differences were reported to and discussed with management.
- Nothing has come to our attention that would suggest the existence of any conflicts of interest, unusual related party transactions, or illegal or questionable payments.

During the planning and initial phases of our audit, we met with the following individuals to obtain their perspective on the business risks and challenges facing Cowichan Valley Regional District:

- Mark Kueber, CGA
- Sharon Moss, CGA

During the course of our audit and at audit finalization, we reviewed the results and financial statements with Mark Kueber and Sharon Moss.

At the time of release of this report, we are finalizing the receipt of legal letters and other limited documents required to fully complete our audit.

We do not expect the finalization of the above outstanding matters to be of any concern.

We would like to formally acknowledge the excellent cooperation and assistance we received from the management and staff of Cowichan Valley Regional District.

3. Areas of Audit Emphasis

Landfill Closure and Post-Closure Liabilities

Sick Leave Benefits

4. Significant Audit and Financial Reporting Matters

4.1 Landfill Closure and Post-Closure Liabilities

- The unfunded liabilities for landfill post-closure monitoring costs and closure costs for three ashfills represent one of the largest items in the Regional District's financial statements. These costs are an estimate, based on factors such as the estimated cost to close the three ashfill sites and the projected future costs to monitor the landfill site using an appropriate discount rate used to determine a present value of these future costs.

Audit Procedures:

We reviewed management's methodology used in the calculation of the estimate of these liabilities and a check of the mathematical accuracy. We agreed estimates and figures to backup supporting the amounts. We reviewed assumptions and rates used and assessed their reasonability.

We have concluded that the accounting related to the closure of the ashfill sites and the landfill post-closure liabilities was appropriate.

4.2 Sick Leave Benefits

- Handbook section 3255 *Post-employment benefits, compensated absences and termination benefits* states that these items are recorded depending on whether benefit vests/accumulates or not. As the Regional District's sick leave benefit accumulates, a liability is recorded in the period in which the employees provide services. Recording of accrued obligation assumes payment of benefits is probable and amounts can be reasonably estimated.

Audit Procedures:

We reviewed management's methodology used in the calculation of the estimate of these liabilities and a check of the mathematical accuracy. On a test basis we agreed inputs to the calculation to the underlying data source. We reviewed the assumptions used in the calculation and assessed their reasonability.

We have concluded that the accounting related to the sick leave benefits was appropriate.

5. Significant Management Estimates

The following is a summary of significant management estimates and provisions at December 31, 2008:

- Provision for legal contingencies - no provision deemed necessary.
- Provision for unauthorized, remote or abandoned landfills - estimate not determinable.
- Landfill post-closure costs - estimated at present value of future costs related to post closure monitoring.
- Three ashfill sites estimated closure costs.
- Provision for doubtful accounts receivable - no provision deemed necessary.
- Provision for Sick Leave Benefits

All significant estimates made by management were reviewed for the current period and no material differences were noted. The methodologies and processes used by management were consistent with those employed in fiscal year 2007.

6. Management's Representations

At the conclusion of our audit, we raised, among other questions, the following key questions with management of Cowichan Valley Regional District. The responses indicated that there were no specific or significant items that should be reflected in the financial statements or brought to the attention of the Board of Directors as a result of this inquiry. The significant questions were as follows:

- Are there any potential major losses due to the permanent impairment in the value of assets for which no provision has been made in the accounts (i.e., are asset values appropriate)?
- Are there any significant outstanding liabilities for which no accrual has been made in the accounts?
- Are there any significant contingent liabilities, which would require disclosure in the 2008 financial statements?
- Have there been any unusual related party transactions during the year and have all significant related party transactions been disclosed?
- Have there been any significant non-monetary transactions during the year, as well as non-monetary transactions with related parties, and have all non-monetary transactions been disclosed?
- Does management know of any situations of conflicts of interest, or illegal or other questionable payments?
- Does management know of any situations of non-compliance with statutory or regulatory requirements, including financial reporting requirements?
- Has management appropriately disclosed all subsequent events?
- Is management satisfied that estimates used in the preparation of the financial statements are sufficiently and adequately supported?
- Does management understand that they are responsible for the implementation and operation of controls that are designed to prevent and detect fraud? Has there been any fraud or possible irregularities involving management or employees who have a significant role in the system of controls, or that could have a material effect on the financial statements? What is management's assessment of the risk that the financial statements may be materially misstated as a result of fraud?
- Have all arrangements conveying a right to use the underlying tangible asset(s), been accounted for as a lease?
- Has management appropriately disclosed information that enables users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital? Is management satisfied that the entity's policies and processes reflect their objectives and intentions for managing capital? Has management disclosed whether the entity has/has not complied with externally imposed capital requirements, the consequences of non-compliance and the steps taken to rectify non-compliance?

7. Other Matters Important to the Board of Directors

Summary of key matters noted or arising during the course of our audit:

SUBJECTS	2008	2007
Significant doubt concerning entity's ability to continue as a going concern	None	None
Illegal or fraudulent acts	None	None
Fraud by employees/management with key roles in control activities	None	None
Differences that may:		
- Cause future statements to be materially misstated	None	None
- Indicate significant weaknesses in controls	None	None
Irregularities having a material financial statement effect	None	None
Limitations placed on the scope of our audit	None	None
Significant transactions not in the ordinary course of business, or other unusual related party transactions	None	None
Unusual significant transactions given the entity and its environment	None	None
Non-monetary transactions	None	None
Transactions that increase risk	None	None
Breaches of corporate code of conduct or other sources of concern	None	None
Conflicts of interest	None	None
Disagreements with management	None	None
Matters influencing audit appointment	None	None
Difficulties encountered during the audit	None	None
Disagreements with management's accounting estimates	None	None
Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment	None	None
Significant weaknesses in the entity's risk assessment process within the design and/or implementation of controls	None	None
Material weaknesses in controls resulting from inappropriate response by management regarding implementing controls over significant risks	None	None
Matters giving rise to questions regarding the honesty and integrity of management	None	None

In prior years, management has been hesitant to correct adjustments noted during the audit due to the impact on the budgeting process. In the current year, we met with management prior to the audit and discussed changes to be made in advance of the audit fieldwork.

8. Auditor Independence

We confirm to the Board of Directors that we are independent of Cowichan Valley Regional District.

Our letter to the Board of Directors discussing our independence is included as Appendix B to this report.

Appendix A - Draft Audit Report

To the Chairperson and Directors of Cowichan Valley Regional District:

We have audited the consolidated statement of financial position of Cowichan Valley Regional District as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Regional District's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Regional District as at December 31, 2008 and the results of its operations and its change in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on the statements of financial position and revenue and expenditures of individual funds is presented for purposes of additional analysis. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the consolidated financial statements taken as a whole.

Duncan, British Columbia

April 10, 2009

Chartered Accountants

Appendix B - Auditor Independence Letter

April 24, 2009

Board of Directors
Cowichan Valley Regional District
175 Ingram Street
Duncan, BC V9L 1N8

Dear Sirs:

We have been engaged to audit the financial statements of Cowichan Valley Regional District ("the Regional District") for the year ending December 31, 2008.

CICA Handbook 5751, *Communications With Those Having Oversight Responsibility for the Financial Reporting Process* ("the Standard"), requires that we communicate at least annually with you regarding all relationships between the Regional District and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute and applicable legislation, covering such matters as:

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

We are not aware of any relationship between the Regional District and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2008 to April 24, 2009.

Generally Accepted Auditing Standards require that we confirm our independence to the Audit Committee. Accordingly, we hereby confirm that Meyers Norris Penny LLP is independent with respect to the Regional District within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of BC as of April 24, 2009.

The total fees charged to date to the Regional District for interim and audit services were \$35,000 from an audit quote of \$40,000 (2007 - \$26,000), during the period from January 1, 2008 to December 31, 2008.

This report is intended solely for the use of the Board of Directors, management and others within the Regional District and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,



MEYERS NORRIS PENNY LLP
TS/wah
encl.

Appendix C - Summary of Differences

Adjusted Differences

During the audit, we discovered that a 2009 payment on interim financing for \$292,150 had been booked in 2008. The entry reduced interim financing and increased capital equity by the amount noted. It was subsequently reversed by the Regional District.

Unadjusted Differences

Differences Noted	Financial Statement Items Affected	Adjustment to Balance Sheet	Adjustment to Earnings
2008 Grant in lieu not recorded	Accounts receivable understated and net revenues (expenditures) understated	37,700	37,700
Estimate of severance liability at 8% probability of payout	Unfunded liabilities understated, payroll expenditures understated	(100,000)	(100,000)
Utility billings revenue not billed at year end and not recorded in 2008 (actual \$15,957 extrapolated to total possible \$61,737)	Accounts receivable understated and net revenues (expenditures) understated	61,737	61,737
Possible difference arising from interest rate used to calculate landfill liability (4% vs. 5%)	Unfunded liabilities understated, change in unfunded liabilities understated	(20,822)	(20,822)
Carryforward effect of 2007 differences	Earnings overstated; no effect on closing equity	-	183,898
Total Unadjusted Differences (Closing Equity Effect)		(21,385)	-
Total Unadjusted Differences (Income Effect)			162,513