



C·V·R·D

REGIONAL SERVICES COMMITTEE

WEDNESDAY, JANUARY 27, 2010

6:00 P.M. / BOARD ROOM

175 INGRAM STREET

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2.	<u>ADOPTION OF MINUTES:</u>	
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3.	<u>BUSINESS ARISING FROM THE MINUTES:</u>	
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6.	<u>DISCUSSION:</u>	
	6DC1 Director Ian Morrison Re: Regional Tourism and Economic Development <i>(referred from Regional Services Committee meeting of Nov. 25, 2009)</i>	Verbal 47

7. **ADJOURNMENT:**

The next Regional Services Committee meeting is scheduled for Wednesday, February 24, 2010 at 6:00 p.m. in the Board Room, at the CVRD office, 175 Ingram Street, Duncan, BC.

DISTRIBUTION:

Regional Services Committee

Director P. Kent, Chair

Director R. Hutchins, Vice-Chair

Director K. Cossey

Director M. Dorey

Director L. Duncan

Director G. Giles

Director B. Harrison

Director D. Haywood

Director T. Walker

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, Manager, Human Resources

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, November 25, 2009 at 6:34 pm.

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

ABSENT: Chair P. Kent and Director T. Walker

ALSO

PRESENT: Warren Jones, Administrator
Joe Barry, Corporate Secretary
Mark Kueber, General Manager, Corporate Services
Tom Anderson, General Manager,
Planning and Development
Brian Dennison, General Manager,
Engineering and Environment
Sybille Sanderson, A/General Manager, Public Safety
Sharon Moss, Manager, Finance
Geoff Millar, Manager, Economic Development
Kate Miller, Manager, Regional Environmental Policy
Kate McIntosh, Manager, Human Resources
Steve Hurcombe, Budget Coordinator
Dominique Beesley, Recording Secretary

CALL TO ORDER

The Corporate Secretary explained that Director Kent, Mayor, City of Duncan and Director Walker, Mayor, District of North Cowichan were absent because they were attending a meeting for their citizens who were affected by the recent Cowichan River flooding.

The Corporate Secretary called the Committee meeting to order and explained the procedure for appointing an acting Chair.

It was moved and seconded that Director Hutchins be appointed to Chair the meeting.

MOTION CARRIED

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 Regular meeting of Regional Services Committee held October 28, 2009 be adopted.

MOTION CARRIED

DELEGATIONS

4D1 Catherine Brandon, Cowichan Sportsplex and representing Chesterfield Sports Society introduced Don McClintock, President, Andy Hutchins, former President, and Richard Ellis, Treasurer all of the Chesterfield Sports Society. Ms. Brandon provided a presentation on the Cowichan Sportsplex and requested a regional grant-in-aid of \$100,000.

7:56 pm Director Morrison left the Board Room at 7:56 pm.

It was moved and seconded that the grant-in-aid request in the amount of \$100,000 from the Chesterfield Sports Society be referred to the 2010 budget deliberations.

MOTION CARRIED

7:58 pm Director Morrison returned to the Board Room at 7:58 pm.

4D2 Christine Fagan and Bev Thompson, Volunteer Coordinator, both representing the Cowichan Intercultural Society, provided a presentation on 'greeting our stories about our house' and circulated an invitation for training on *The Arts and Civic Engagement Toolkit* from 5:00 pm on Thursday, January 21, 2010 to 5:00 pm on Saturday, January 23, 2010.

4D3 Rodger Hunter, Coordinator, representing Cowichan Basin Water Advisory Council, provided a presentation on the status of the Cowichan Basin Water Management Plan and presented proposed governance for a Cowichan basin water advisory council.

7:40 pm The Committee recessed from 7:40 pm to 7:47 pm.

2010 BUDGET REVIEW The General Manager, Corporate Services provided a brief overview of the 2010 draft budget review process to date noting that staff were in attendance to answer any questions.

Staff has prepared the draft budget, explained Mr. Kueber, based on the core 2009 budget. Mr. Kueber noted that a substantial decrease in surplus has occurred this year which resulted in an \$800,000 increase to the tax

requisition.

Responding to questions from the Committee regarding the process to make changes to the draft 2010 budget, Mr. Kueber explained that a Committee resolution, for the Board's approval, would be required.

Mr. Kueber also reviewed the Board's General Government allocation policy as well as all the other allocations that due to charging the various functions with the services they receive.

STAFF REPORTS

5SR1 Staff Report from the Acting General Manager, Public Safety dated November 18, 2009, regarding Antenna Site Agreement—Mt. Bruce, Saltspring Island, was considered:

It was moved and seconded that it be recommended to the Board that the Chair and Corporate Secretary be authorized to sign the renewal agreement for the use of the Mt. Bruce CI911 Antenna Site.

MOTION CARRIED

DISCUSSION

6D1 Director Ian Morrison had requested a discussion regarding Regional Tourism and Economic Development at the September 23, 2009 Regional Services meeting.

It was moved and seconded that the Regional Tourism and Economic Development discussion be referred to the next Regional Services Committee meeting.

MOTION CARRIED

ADJOURNMENT **It was moved and seconded that the meeting adjourn.**
9:00 pm

MOTION CARRIED

The meeting adjourned at 9:00 pm.

Chairperson

Recording Secretary

Attn. Kate Miller (250) 746-2513

4D1



REQUEST TO APPEAR AS A DELEGATION

(Submit completed form to Legislative Services Division – Fax 250.746.2513)

REQUEST TO ADDRESS: CVRD BOARD
 Regional Services COMMITTEE

at the meeting of Wed. January 27, 2010 at 6:00 pm

APPLICANT NAME Tina Neale

REPRESENTING: Ministry of Environment
(name of organization if applicable)

AS: Climate Change Adaptation Advisor
(capacity/office)

NUMBER ATTENDING: 1

Applicant mailing address: 395 Waterfront Cres., 2nd Floor

Applicant Telephone: (250) 387-0415 Fax: (250) 356-7286

Applicant email: tina.neale@gov.bc.ca

PRESENTATION TOPIC and NATURE OF REQUEST:
Sea level rise and storm surge - impacts
for coastal BC

(If more space is required, please attach an additional page to this form)

Tina Neale
Signature

Jan 18, 2010
Date

Cowichan Valley Regional District, 175 Ingram Street, Duncan BC V9L 1N8
Please address inquiries to the Corporate Secretariat Division at 250.746.2508.



STAFF REPORT

 REGIONAL SERVICES COMMITTEE MEETING
 OF JANUARY 27, 2010

DATE: January 4, 2010 **FILE NO:** 1760-03-
 CVRD
FROM: Sharon Moss, Manager, Finance Division **BYLAW NO:** 3345
SUBJECT: Interim Borrowing for the Regional District

Recommendation:

It is recommended to the Board that the Finance Division be authorized to proceed with Interim Borrowing through the Municipal Finance Authority in an amount not to exceed \$9,000,000. For operational purposes only, and that "CVRD Bylaw No. 3345 - Cowichan Valley Regional District Revenue Anticipation Borrowing Bylaw, 2010" be forwarded to the Board for consideration of three readings and adoption.

Purpose:

To obtain authorization from the Board for interim borrowing for the Regional District for the operational needs until the requisition money is received August 3, 2010.

Financial Implications:

If approved the Regional District would then be able to meet its financial obligations once the surplus that was carried over from 2009 was expended. Interest expense will occur and has been budgeted in the 2010 General Government Budget.

Interdepartmental/Agency Implications:

Not applicable.

Background:

Regional Districts receive their requisition money from the Surveyor of Taxes and Member Municipalities annually on the first business day of August. During the period from January 1st to August the Regional District uses surplus funds from the previous year, these funds will be extinguished in the first quarter at which time the Regional District will be required to interim borrow for operational needs until the first business day of August. The attached Regional District Bylaw provides Finance with the authority it needs to undertake interim borrowing.

Submitted by,

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

SM:tk

Attach.

General Manager Approval

Signature



COWICHAN VALLEY REGIONAL DISTRICT

BYLAW NO. 3345

A Bylaw to Provide for the Borrowing of Money in Anticipation of Revenue

WHEREAS the Regional District does not have sufficient money on hand to meet the current lawful expenditures of the Regional District;

AND WHEREAS it is provided by Section 821 of the *Local Government Act* that the Regional Board may, without the assent of the electors or the approval of the Inspector of Municipalities, provide for the borrowing of such sums of money as may be necessary to meet the current lawful expenditures of the Regional District;

AND WHEREAS there are no liabilities outstanding under Section 821;

NOW THEREFORE the Board of Directors of the Cowichan Valley Regional District enacts as follows:

1. **CITATION:**

This bylaw may be cited as “**CVRD Bylaw No. 3345 – Cowichan Valley Regional District Revenue Anticipation Borrowing Bylaw, 2010.**”

- 2. The Regional Board shall be and is hereby empowered and authorized to borrow upon the credit of the Regional District an amount or amounts not exceeding the sum of Nine Million Dollars (\$9,000,000.).
- 3. The form of obligation to be given as acknowledgement of the liability shall be a Promissory Note or Notes bearing the corporate seal and signed by the Chair and the Treasurer.
- 4. All anticipated revenue of the current year or so much thereof as may be necessary shall, when collected, be used to repay the money so borrowed.

READ A FIRST TIME this _____ day of _____, 2010.

READ A SECOND TIME this _____ day of _____, 2010.

READ A THIRD TIME this _____ day of _____, 2010.

ADOPTED this _____ day of _____, 2010.

Chair

Corporate Secretary



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5SR2

STAFF REPORT

REGIONAL SERVICES COMMITTEE MEETING
OF JANUARY 27, 2010

DATE: January 11, 2010

FILE NO:

FROM: Sharon Moss, Manager, Finance Division

BYLAW 3346
NO:

SUBJECT: Spring Security Issuing Bylaw

Recommendation:

It is recommended that CVRD Security Issuing Bylaw No. 3346 be forwarded to the Board for consideration of three readings and adoption.

Purpose:

To obtain authorization from the Board to approve the Security Issuing Bylaw for the borrowing of \$1,750,000. from the Municipal Finance Authority for the District of North Cowichan to construct two ground water wells, ancillary works, a watermain and two reservoirs in Chemainus.

Financial Implications:

The principle and interest costs on this borrowing are paid for by the taxpayers of the District of North Cowichan.

Interdepartmental/Agency Implications:

All borrowing by the Regional District's member Municipalities must be from MFA and must flow through the Regional District. MFA goes out on the open market and obtains financing twice per year, spring and fall.

Background:

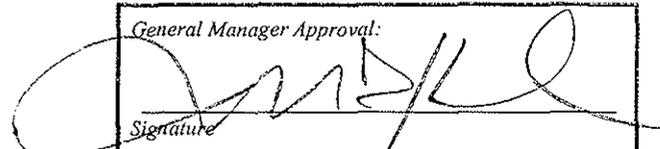
The District of North Cowichan has received the appropriate public approval and has adopted the Loan Authorization Bylaw. The Cowichan Valley Regional District has been requested to borrow \$1,750,000. by the District of North Cowichan to construct two ground water wells, ancillary works, a watermain and two reservoirs in Chemainus, this Security Issuing Bylaw will enable the funds to be borrowed. Annual Debt payments will be paid by the District of North Cowichan.

Submitted by,

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

SM:tk

Attach.

<p>General Manager Approval:</p>  <p>Signature</p>
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C·V·R·D

COWICHAN VALLEY REGIONAL DISTRICT

BYLAW NO. 3346

A Bylaw to Authorize the Entering into of an Agreement Respecting Financing Between the Cowichan Valley Regional District and the Municipal Finance Authority of British Columbia

WHEREAS the Municipal Finance Authority of British Columbia (the "Authority") may provide financing of capital requirements for regional districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;

AND WHEREAS the District of North Cowichan is a member municipality of the Cowichan Valley Regional District:

AND WHEREAS the Regional District is to finance from time to time on behalf of and at the sole cost of the member municipalities, under the provisions of Section 824 of the Local Government Act, the works to be financed pursuant to the following loan authorization bylaw(s):

L/A Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
3391	Chemainus Wells	\$1,750,000.	\$0.	\$1,750,000.	20 years	\$1,750,000.
TOTAL		\$1,750,000.	\$0.	\$1,750,000.		\$1,750,000.

Total financing under Section 824 \$1,750,000.

AND WHEREAS the Regional Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority;

NOW THEREFORE the Regional Board of the Cowichan Valley Regional District enacts as follows:

1. CITATION

This bylaw may be cited for all purposes as "Cowichan Valley Regional District Bylaw No. 3346 - Security Issuing (Loan Authorization Bylaw No. 3391) Bylaw, 2010".

2. The Regional Board hereby consents to financing the debt of the District of North Cowichan in the amount of One Million, Seven Hundred and Fifty Thousand Dollars (\$1,750,000.), in accordance with the following terms.

3. The Authority is hereby requested and authorized to finance from time to time the aforesaid undertakings at the sole cost and on behalf of the Regional District and its member municipalities up to, but not exceeding One Million Seven Hundred and Fifty Thousand Dollars (\$1,750,000.) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$1,750,000. in Canadian dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.
4. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and Treasurer of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements which said agreement or agreements shall be substantially in the form annexed hereto as Schedule A and made part of the bylaw (such agreement or agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
5. The Agreement in the form of Schedule "A" shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the *Local Government Act*, in such currency or currencies as shall be borrowed by the Authority under Section 2 of this bylaw and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
6. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
7. The Agreement shall be sealed with the seal of the Regional District and shall bear the signatures of the Chair and Treasurer.
8. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Victoria and at such time or times as shall be determined by the Treasurer of the Authority.
9. If during the currency of the obligations incurred under the said Agreement to secure borrowings in respect of the District of North Cowichan Bylaw No. 3391 – Chemainus Wells Loan Authorization Bylaw, 2009, there shall be requisitioned annually an amount sufficient to meet the annual payment of interest and the repayment of principal.
10. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided however, that if the sum provided for in the Agreement is not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Regional District shall make provision to discharge such liability.

11. At the request of the Treasurer of the Authority and pursuant to Section 15 of the "Municipal Finance Authority of British Columbia Act", the Regional District shall pay over to the Authority such sums and execute and deliver such promissory notes as are required pursuant to said Section 15 of the "Municipal Finance Authority of British Columbia Act", to form part of the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

READ A FIRST TIME this _____ day of _____, 2010

READ A SECOND TIME this _____ day of _____, 2010

READ A THIRD TIME this _____ day of _____, 2010

ADOPTED this _____ day of _____, 2010

Chair

Corporate Secretary



C·V·R·D

SCHEDULE "A"

to CVRD Bylaw No. 3346

CANADA

PROVINCE OF BRITISH COLUMBIA

Dollars

AGREEMENT

COWICHAN VALLEY REGIONAL DISTRICT

The Cowichan Valley Regional District hereby promises to pay to the Municipal Finance Authority of British Columbia (the "Authority") at its Head Office in Victoria, British Columbia, the sum of _____ (\$ _____) in lawful money of Canada, together with interest thereon from the _____ day of _____ at varying rates of interest calculated semi-annually in each and every year during the currency of this Agreement; and payments shall be as specified in the table appearing on the reverse hereof commencing on the _____ day of _____ provided that in the event of payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority such further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this _____ day of _____.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 3346 cited as "Cowichan Valley Regional District Bylaw No. 3346 - Security Issuing (Loan Authorization Bylaw 3391) Bylaw, 2010." This Agreement is sealed with the Corporate Seal of the Cowichan Valley Regional District and signed by the Chair and Treasurer thereof.

Chair

Treasurer



5SR3

STAFF REPORT

**REGIONAL SERVICES COMMITTEE MEETINGS
OF JANUARY 27, 2010**

DATE: January 20, 2010

FILE NO:

FROM: Sharon Moss, Manager, Finance Division

BYLAW 3347

NO:

SUBJECT: Spring Security Issuing Bylaw

Recommendation:

That CVRD Security Issuing Bylaw 3347 be given three readings and adoption.

Purpose:

To obtain authorization from the Board to approve the Security Issuing Bylaw for the borrowing of funds for the upgrade of the sewage treatment plant and disposal field for Kerry Village Sewer System, the renovation of Cowichan Lake Sports Arena, the purchase of a mobile water tender firefighting apparatus for Sahtlam Fire Protection Service and to construct a new Bings Creek Operations Facility.

Financial Implications:

The debt payments for this borrowing will be borne by the property owners within their respective service areas.

Interdepartmental/Agency Implications:

All borrowing by the Regional District and its member Municipalities must be from MFA and must flow through the Regional District. MFA goes out on the open market and obtains financing twice per year, spring and fall.

Background:

The Regional District has received the appropriate public approval and has adopted Loan Authorization Bylaws approving this borrowing. The Regional District has 5 years to request funds from the MFA under each Loan Authorization Bylaw which is done through a Security Issuing Bylaw. The identified projects require funds now or will this spring.

Submitted by,

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

SM:tk

Attach.

General Manager Approval:

Signature



COWICHAN VALLEY REGIONAL DISTRICT

BYLAW NO. 3347

**A Bylaw to Authorize the Entering into an Agreement Respecting Financing
Between the Cowichan Valley Regional District and the
Municipal Finance Authority of British Columbia**

WHEREAS the Municipal Finance Authority of British Columbia (the “Authority”) may provide financing of capital requirements for regional districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;

AND WHEREAS under the provisions of Section 825 of the *Local Government Act*, the amount of borrowing authorized by the following Loan Authorization Bylaw, the amount already borrowed under the authority thereof, the amount of authorization to borrow remaining thereunder and the amount being issued under the authority thereof by this bylaw is as follows:

L/A Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
3019	Upgrade of Sewage Treatment Plant & Disposal Field for Kerry Village Sewer System	\$80,000	Nil	\$80,000	20 Years	\$80,000
3197	Renovation of Cowichan Lake Arena	\$7,500,000	\$2,500,000	\$5,000,000	20 Years	\$3,700,000
3272	Mobile Water Tender Firefighting Apparatus Sahtlam Fire Protection Service	\$130,000	Nil	\$130,000	10 Years	\$130,000
3278	Construct a new Bings Creek Operations Facility	\$590,000	Nil	\$590,000	20 Years	\$590,000
TOTAL		\$8,300,000	\$2,500,000	\$5,800,000		\$4,500,000

TOTAL Financing under Section 825

\$4,500,000

AND WHEREAS the Regional Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority;

NOW THEREFORE the Regional Board of the Cowichan Valley Regional District enacts as follows:

1. **CITATION**

This bylaw may be cited for all purposes as “**Cowichan Valley Regional District Bylaw No. 3347 - Security Issuing (Loan Authorization Bylaw No. 3019, Loan Authorization Bylaw No. 3197, Loan Authorization Bylaw No. 3272, and Loan Authorization Bylaw No. 3278) Bylaw, 2010**”.

2. The Authority is hereby requested and authorized to finance from time to time the aforesaid undertakings at the sole cost and on behalf of the Cowichan Valley Regional District up to, but not exceeding Four Million, Five Hundred Thousand, (\$4,500,000.) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$4,500,000. in Canadian dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.
3. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and Treasurer of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements which said agreement or agreements shall be substantially in the form annexed hereto as Schedule A and made part of the bylaw (such agreement or agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
4. The Agreement in the form of Schedule A shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the *Local Government Act*, in such currency or currencies as shall be borrowed by the Authority under Section 2 of this bylaw and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
5. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.

6. The Agreement shall be sealed with the seal of the Regional District and shall bear the signatures of the Chair and Treasurer.
7. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Victoria and at such time or times as shall be determined by the Treasurer of the Authority.
8. During the currency of the obligations incurred under the said Agreement to secure borrowings in respect of "CVRD Bylaw No. 3019 – Kerry Village Sewer System Service Loan Authorization Bylaw, 2007", "CVRD Bylaw No. 3197 – Cowichan Lake Sports Arena Renovation Loan Authorization Bylaw, 2008", "CVRD Bylaw No. 3272 – Sahtlam Fire Protection Service Loan Authorization Bylaw, 2009", and "CVRD Bylaw No. 3278 – Solid Waste Management Loan Authorization (Operations Facility) Bylaw, 2009" the anticipated revenues accruing to the Regional District from the operation of the Kerry Village Sewer System, Cowichan Lake Sports Arena, Sahtlam Fire Protection and Solid Waste Management are at any time insufficient to meet the annual payment of interest and the repayment of principal in any year, there shall be requisitioned an amount sufficient to meet such insufficiency.
9. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided however, that if the sum provided for in the Agreement is not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Regional District shall make provision to discharge such liability.
10. At the request of the Treasurer of the Authority and pursuant to Section 15 of the "Municipal Finance Authority of British Columbia Act", the Regional District shall pay over to the Authority such sums and execute and deliver such promissory notes as are required pursuant to said Section 15 of the "Municipal Finance Authority of British Columbia Act", to form part of the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

READ A FIRST TIME this _____ day of _____, 2010

READ A SECOND TIME this _____ day of _____, 2010

READ A THIRD TIME this _____ day of _____, 2010

ADOPTED this _____ day of _____, 2010

Chair

Corporate Secretary



C·V·R·D

SCHEDULE "A"

to CVRD Bylaw No. 3347

C A N A D A

PROVINCE OF BRITISH COLUMBIA

Dollars

A G R E E M E N T

COWICHAN VALLEY REGIONAL DISTRICT

The Cowichan Valley Regional District hereby promises to pay to the Municipal Finance Authority of British Columbia (the "Authority") at its Head Office in Victoria, British Columbia, the sum of _____ (\$ _____) in lawful money of Canada, together with interest thereon from the _____ day of _____ at varying rates of interest calculated semi-annually in each and every year during the currency of this Agreement; and payments shall be as specified in the table appearing on the reverse hereof commencing on the _____ day of _____ provided that in the event of payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority such further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this _____ day of _____, 20____.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 3347 cited as "Cowichan Valley Regional District Bylaw No. 3347 - Security Issuing (Loan Authorization Bylaw 3019, Loan Authorization Bylaw 3197, Loan Authorization Bylaw 3272, and Loan Authorization Bylaw 3278) Bylaw, 2010." This Agreement is sealed with the Corporate Seal of the Cowichan Valley Regional District and signed by the Chair and Treasurer thereof.

Chair

Treasurer



5SR4

STAFF REPORT

REGIONAL SERVICES COMMITTEE MEETING
OF JANUARY 27, 2010

DATE: January 21, 2010 FILE NO: 1680-20-
2009
FROM: Sharon Moss, Manager, Finance Services BYLAW NO:
SUBJECT: Cowichan Valley Regional District Audit

Recommendation:

That it be recommended to the Regional District Board,

1. That the Audit Service Plan be received and filed.
2. That the Chair and Secretary to the Board be authorized to sign the Engagement Letter with the Auditors for the 2009 Audit.

Purpose:

To provide the Committee with correspondence and information from the Cowichan Valley Regional District's Auditors. (Meyers Norris Penny)

Financial Implications:

Not applicable.

Interdepartmental/Agency Implications:

Our auditors have sent a number of documents that pertain to the Regional District's Audit. Generally accepted auditing practices require that these documents be forwarded to the Committee that oversees the results of the Financial Statements 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.

...2 (Cont'd.)

Background:

The first document, Appendix A, is the Year End Audit Plan, which is to assist the Board and Management in understanding the audit approach and states that in the Auditor's opinion they are independent from the Regional District. The second document, Appendix B, is the Engagement Letter that clarifies the auditors' responsibility and management's responsibility in regard to the Financial Statement and Audit of the Regional District. It also explains the terms under which they were hired, and what is expected of them. This document is presented annually. The Regional District awarded the annual audit for a five-year period to Hill & Partners when they were the lowest bid in the tendering process. Since awarding the contract, Hill & Partners have merged with a larger national firm called Meyers Norris Penny which will be performing the 2009 audit.

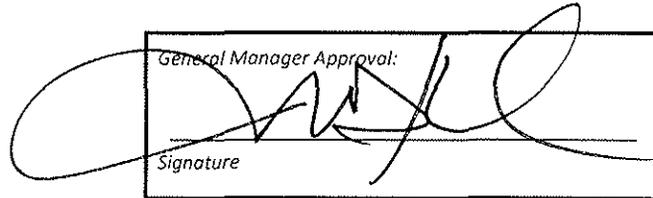
Respectfully submitted by:



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

SM:vm

Attach.



Appendix A

Cowichan Valley Regional District Audit Service Plan

December 31, 2009

For presentation to the Board of Directors

November 12, 2009

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

Dear Sirs/Mesdames:

We are pleased to submit to you this report for discussion of our overall strategy and general arrangements for the audit of the consolidated financial statements of the Regional District for the year ended December 31, 2009. In the report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Directors.

We look forward to working with both management and employees over the course of our audit work.

We would also be pleased to respond to any questions you may have about our upcoming audit, and to discuss any other matters that may be of interest to you.

Yours truly,

MeYers Norris Penny LLP

MEYERS NORRIS PENNY LLP

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encls.

Cowichan Valley Regional District

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For the year ended December 31, 2009

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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. Introduction

We are pleased to continue our appointment as auditors of Cowichan Valley Regional District (the "Regional District").

This summary Audit Service Plan is for the use of Meyers Norris Penny LLP ("MNP"), the Regional District's Board of Directors and members of Regional District's management and staff, and is designed to document the overall approach and the general arrangements for the conduct of our fiscal 2009 audit.

The plan should assist the Board of Directors and management in understanding the approach to the 2009 audit.

2. Audit Objectives and Responsibilities

2.1 Audit Objectives

The primary objective of our 2009 work for the Regional District is to report on the fair presentation of the consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles.

Our audit will be conducted in accordance with Canadian generally accepted auditing standards and, at the conclusion of our examination, we will submit to you a report containing our opinion on the consolidated financial statements.

2.2 Audit Responsibilities

Our statutory responsibility as auditors of the Regional District is to report to the Board whether the annual consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Regional District in accordance with Canadian generally accepted accounting principles. In forming our opinion, the following issues are important:

Effective controls	<ul style="list-style-type: none"> • While effective controls may reduce the likelihood of fraud occurring, controls cannot completely eliminate that possibility. • We cannot guarantee that all errors, fraud or illegal acts, if present, will be detected. • We will design our audit to provide reasonable, but not absolute, assurance of detecting errors, fraud or illegal acts having a material effect on the financial statements taken as a whole. Absolute assurance cannot be provided because of limitations inherent in controls, including faulty human judgment in decision-making, human error and the possibility of management override or collusion. • We will obtain an understanding of internal controls relevant to the audit, however, not all controls would be relevant to the audit. We will evaluate the design of controls relevant to our audit and determine whether they have been implemented. We will obtain sufficient understanding to identify and assess the risks of material misstatement of the consolidated financial statements and to design and perform further audit procedures. We are not, however, required to determine whether relevant controls are operating effectively. • Although we will provide the Board of Directors with any material information about weaknesses in internal control that have come to our attention, we may not be aware of all the material weaknesses in internal control that do, in fact, exist.
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<p>Inherent limitations in the auditing process</p>	<ul style="list-style-type: none"> • An auditor cannot obtain absolute assurance that material misstatements in the consolidated financial statements will be detected due to factors such as use of significant judgment regarding the gathering of evidence and the drawing of conclusions based on the audit evidence acquired; the use of testing of the data underlying the financial statements; inherent limitations of controls described above; and, the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. • Because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. While effective controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, the auditor cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards. • The likelihood of not detecting material misstatement resulting from management fraud is greater than for employee fraud, because management is in a position to manipulate records, present fraudulent information or override controls. • We will, inform the appropriate level of management or the Board of Directors with respect to identified: <ul style="list-style-type: none"> • Misstatements resulting from error, other than trivial errors; • Fraud or any information obtained that indicates that a fraud may exist; • Evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred; • Significant weaknesses in the design or implementation of controls to prevent and detect fraud or error; and, • Related party transactions that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure. • Our concern as auditors is with material misstatements, and thus, we are not responsible for the detection of misstatements that are not material to the consolidated financial statements taken as a whole.
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To meet these responsibilities in accordance with Canadian generally accepted auditing standards, our audit examination includes:

2. 2 Audit Responsibilities (continued)

- 2. 2. 1 Obtaining an understanding of the entity and its environment, including its controls, in order to identify and assess the risk that the consolidated financial statements contain material misstatements due to fraud or error;
- 2. 2. 2 Assessing the adequacy of and examining, on a test basis, the key controls over significant transaction streams and over the general organizational and computer environments;
- 2. 2. 3 Assessing the systems used to ensure compliance with applicable legislative and related authorities pertaining to financial reporting, revenue raising, borrowing, and investing activities;
- 2. 2. 4 Examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- 2. 2. 5 Assessing the appropriateness of accounting principles used and their application; and,
- 2. 2. 6 Assessing the significant estimates used by management.

As part of our planning process, we will also undertake to inform the Board of Directors of concerns relating to management's implementation and maintenance of controls, and the effects of any such concerns on the overall strategy and scope of the audit. These concerns might arise from the nature, extent and frequency of management's assessments of controls in place to detect fraud and error, and of the risk that the financial statements may be misstated; from a failure by management to appropriately address material weaknesses in controls identified in prior audits; and, from our evaluation of the Regional District's control environment, and management's competence and integrity.

2. 3 Management's Responsibilities

Management is responsible for the preparation and fair presentation of the consolidated financial statements, including the notes thereto, in accordance with Canadian generally accepted accounting principles. This responsibility includes the initial selection of and changes to significant estimates and accounting policies, and the disclosure of sufficient information about the extent and nature of events having an effect on the Regional District, in the preparation of the statements. Management's responsibilities also include the safeguarding of assets; the establishment and maintenance of policies, financial reporting systems and controls, including those designed to prevent and detect fraud and error; and ensuring compliance with applicable legislative authorities.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our examination to confirm oral representations given to us and to reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Specifically, we will request written confirmation of significant representations provided on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; not directly related to items that are material to the consolidated financial statements, but are significant, either individually or in the aggregate, to the engagement; and matters relevant to judgments or estimates that are material, either individually or in the aggregate, to the financial statements. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

2. 4 Board of Directors Responsibilities

The Board of Directors's primary responsibilities include the review and approval of the financial statements. In order to perform these responsibilities, the Board of Directors should maintain oversight of management to ensure the integrity of accounting and financial reporting systems, and that appropriate controls are in place, including those needed for monitoring risk, financial reporting, and compliance with relevant laws and regulations. The Board of Directors should consider the potential for management override of controls or other inappropriate influences, such as earnings management, over the financial reporting process. Primary responsibility for the prevention and detection of fraud and error rests with both the Board of Directors and management, through the creation and maintenance of a culture of honesty and high ethics, and the establishment of appropriate controls to prevent and detect fraud and error. The Board of Directors should also assume responsibility for the approval of policies and the monitoring of performance areas.

Effective discharge of the respective responsibilities of the auditor, management, and the Board of Directors, and maintenance of strong working relationships and open communication between MNP as auditors, and the management and Board of Directors of the Regional District, is directed toward a common duty to provide appropriate and adequate financial accountability, and quality financial disclosure.

3. Our Overall Audit Strategy and Materiality

3.1 Our Plan

Our overall audit strategy is risk-based and controls-oriented. Assessment and identification of risk is performed continuously throughout the audit process. We focus on the risks that have a potential impact on the financial accounting systems and consequent financial reporting.

Our overall audit strategy does not, and is not intended to, involve the authentication of documents, nor are our team members trained or expected to be experts in such authentication. Unless we have reason to believe otherwise, we accept records and documents as genuine. The subsequent discovery of a material misstatement resulting from fraud does not, in and of itself, indicate a failure to comply with Canadian generally accepted auditing standards.

3.2 Overall Reliance

In general, there are three levels of reliance that we can place on controls, or the absence thereof:

- 3.2.1 **Low/None** - where controls are weak or absent and reliance therefore cannot be placed on them, or where it is deemed to be more efficient to carry out a high level of direct substantive tests of transactions and balances. Audit evidence is primarily obtained through detailed verification procedures and sufficient substantive tests of details and transactions.
- 3.2.2 **Moderate** - where there are some weaknesses in systems application or procedural controls or where it is deemed to be inefficient to test systems application controls, but where we can test and rely on the management monitoring systems in place to detect and correct material errors in the financial reporting systems. Testing of controls is supplemented with a moderate level of substantive tests of details and transactions.
- 3.2.3 **High** - where a high degree of control is in place in the areas of management monitoring controls AND application systems and procedures. Our audit work focuses on testing both management monitoring and application systems and procedures controls, and is supplemented with a low level of substantive tests of details and transactions.

For the 2009 audit, we are planning to place moderate reliance on the Regional District's accounting systems. This level of reliance is the same as in 2008, and will involve analysis of payroll, purchases, user fees, curbside, solid waste revenues and community centre revenues. This reliance is based on our 3 year rotation plan of control testing, which is dependent upon your systems having no significant changes. The systems which we plan to test controls on in 2009 are solid waste revenues and community centre revenues. Our audit work will also include substantive testing of year-end balances.

As part of our audit work we will update our understanding of the entity and its environment, including the controls relevant to our audit of the principal transaction cycles, sufficient to identify and assess the risks of material misstatement of the financial statements resulting from fraud or error. This will be accomplished through enquiries with management and others within the entity, analytical procedures and observation and inspection. Furthermore, we will consider whether effective controls have been established to adequately respond to the risks arising from the use of IT or manual systems. Our review of the Regional District's controls will not be sufficient to express an opinion as to their effectiveness or efficiency.

3. 3 Audit Materiality

Materiality is an important audit concept. It is used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. Specifically, a misstatement or the aggregate of all misstatements in financial statements is considered to be material, if it is probable that the decision of the party relying on the financial statements, who has reasonable understanding of business and economic activities, will be changed or influenced by such a misstatement or the aggregate of all misstatements. The scope of our audit work is tailored to reflect the relative size of operations of the Regional District and our assessment of the potential for material misstatements in the Regional District's financial statements. In determining the scope, we emphasize relative audit risk and materiality, and consider a number of factors, including:

- 3. 3. 1 The size, complexity, and growth of the Regional District;
- 3. 3. 2 Changes within the organization, management or accounting systems; and
- 3. 3. 3 Concerns expressed by management.

Judgment is applied separately to the determination of materiality in the audit of each set of financial statements. The foregoing factors are taken into account in establishing the materiality level. For your information, **we have calculated and propose to use \$350,000 as materiality for audit planning purposes.**

3. 4 Carryforward Effect of Prior Year Differences

The following differences, identified during our 2008 audit engagement, were not adjusted in the prior year's financial statements. If these differences have not been appropriately recorded in the current year's accounting records, they will result in an ending equity overstatement of \$79,178, unless we obtain evidence during our 2009 audit indicating a change to our prior year's assessment is appropriate.

DESCRIPTION OF UNADJUSTED DIFFERENCE	2009 OPENING EQUITY (UNDER) OVER STATEMENT
Estimate of severance liability at 8% probability of payout	100,000
Difference of interest rates used in calculating landfill liability	(20,822)
Total overstatement of opening equity	79,178

3. 5 Summary of Planned Overall Audit Strategy

SIGNIFICANT CONSOLIDATED FINANCIAL STATEMENT ITEMS	DESCRIPTION OF POSSIBLE RISK	CONTROLS TO BE RELIED UPON	TESTS TO PERFORM
Cash, short-term deposits, investments	Existence	None	- confirm with banks - vouch outstanding items - check allocation of interest income
Accounts receivable	Existence	None	- confirm, agree to agreements or vouch large items to subsequent receipts - check collectibility - check cut-off
Accounts payable	Completeness	None	- search for unrecorded liabilities
Other liabilities	Completeness	None	- agree to payroll records, check calculations and test selected individual amounts
Deferred Revenue	Completeness	None	- agree to grant documentation/other letters if applicable - check individual calculations - ensure revenue only recognized for valid projects

Audit Service Plan

Long term debt	Completeness	None	- confirm amounts - recalculate interest expense and accrued interest
Unfunded Liabilities	Completeness	None	- verify assumptions - check calculations
Tangible Capital Assets	Existence	Expenditures/ Payables/ Disbursements controls	- vouch significant additions - check a sample of amortization calculations - check methodology, assumptions and execution of implementation of new tangible capital assets policy - test sample of restated opening balances for support of existence, cost and accumulated amortization
Reserves	Completeness	None	- agree contributions to/from other funds to other fund and relevant by-law and ensure expenditures are valid
Other Equity	Presentation	None	- agree changes to other sections - recalculate equity in capital assets
Property tax revenue	Occurrence	None	- recalculate, comparison to budget
User fees	Occurrence	User fee controls	- comparison to budget
Revenue from own sources	Occurrence	Curbside, solid waste revenues and community centre revenues controls	- comparison to budget
Other revenues	Occurrence	None	-comparison to budget and prior years
Non-payroll expenses	Completeness, Classification, and Accuracy	Expenditures/ Payables/ Disbursements controls	- comparison to budget
Payroll Expenses	Occurrence	Payroll controls	- comparison to budget

SIGNIFICANT MANAGEMENT ESTIMATES	DESCRIPTION OF POSSIBLE RISK	CONTROLS TO BE RELIED UPON	TESTS TO PERFORM
Landfill closure costs	Understatement of liabilities	None	Review management calculation and assumptions for reasonableness
Accounts receivable collections	Overstatement of receivables and revenue	None	Review subsequent deposits
Accounts payable accruals	Understatement of accounts payable and expenditures	None	Review subsequent payments and unpaid invoices
Valuation of tangible capital asset	Under or overstatement of tangible capital assets	None	Review management support for estimated cost bases and useful lives
Accrued sick time	Understatement of liabilities	None	Review updated calculations of actual sick time use versus earned sick time
Accrued severance liability	Understatement of liabilities	None	Review calculations and probability of the estimated severance liability

4. Your Needs and Expectations and the Planned MNP Response

We are committed to providing you with the highest level of professional service, to meet your needs and expectation. Based on our discussions with you, we have identified the following needs and expectations, and have developed our planned service response:

NEEDS AND EXPECTATIONS	RESPONSE
Keep you apprised of new and proposed CICA Handbook pronouncements so we can plan for their effect.	Provide ongoing updates relative to proposed and new accounting pronouncements and assistance in the implementation, to the extent relevant.
Communicate effectively with the Board of Directors	We will communicate in accordance with CICA Handbook Section 5751, <i>Communication with Those Having Oversight Responsibility for the Financial Reporting Process</i> . Those communications include presentation of the Audit Service Plan.
Assign an engagement team that has an understanding of the Regional District and the industry in which it operates.	The engagement team will have the continuity of Terry Shepherd, Chris Fyfe, Cory Vanderhorst and Baljeet Basi.
Provide ongoing business, taxation and accounting advice, and financial reporting recommendations on unusual transactions, business contracts and arrangements as considered appropriate.	We will assist management as transactions or issues arise and as required.
Opine on the financial statements prepared in accordance with Canadian generally accepted accounting principles.	Upon completion of the audit, review draft financial statements and opine thereon.
DELIVERABLES	
Audit report on the 2009 financial statements	Issuance of audit report and audited financial statements.
Reporting to the Board of Directors in accordance with CICA Handbook Section 5751.	We will report on our Audit Service Plan, financial statement audit opinion and our Audit Findings to the Board of Directors. This Audit Service Plan includes our understanding of your needs and expectations, and our plan to address them.
Management Letter	Identify recommendations to management relative to controls and administrative efficiencies.

5. Key Developments in your Business and Our Audit Response

Based on discussions with management, we noted the recent developments set out below. Our audit strategy has been developed giving consideration to these factors

The following are key areas that we have highlighted as requiring particular attention during the course of the audit. MNP will review other points of focus as may be directed by the Board of Directors.

ISSUES AND DEVELOPMENTS	AUDIT RESPONSE
New functions created in the year.	Review by-laws and check taxation limits.
Impact of changes to new tangible capital assets policy	Assess the reasonableness of CVRD policy for asset capitalization amortization. Audit a sample of restated opening balances for evidence of asset existence and ownership, determination of cost amount and calculation of accumulated amortization.
Impact of change in financial statement reporting model	Ensure that the statement of financial activities is expense based.

6. Reporting Requirements, Timetable and the MNP Engagement Team

COMMUNICATION	DATE
Presentation of 2009 Audit Service Plan to the Board of Directors	November 2009
Interim field work	November 16-20, 2009
Year-end field work	March 29, 2010
Draft year-end audit findings to management	April 19, 2010
Report of the 2009 Audit Findings to the Board of Directors	April 26, 2010
Release of the 2009 Auditors' Report	April 26, 2010
Issuance of Management Letter	April 26, 2010

Our audit team, knowledgeable about Cowichan Valley Regional District and your industry, will be:

- Engagement Partner - Terry Shepherd, CA
- Concurring Partner - Chris Fyfe, CA
- Engagement Manager - Cory Vanderhorst, CA
- Team Member(s) - Baljeet Basi, CA (Senior), Scott Boucher, Yui Sakuma

Professional standards require that we obtain sufficient information to evaluate complex, difficult, or contentious matters. In that regard, our audit team may also include other MNP professionals whose consultation may be obtained in order to resolve any matters identified during our engagement.

7. Audit Hours and Fees

Our audit hours and fees for the year ended December 31, 2009 are estimated to be \$42,000, plus \$3,000 - \$5,000 for work on the tangible capital assets opening balances and \$450 - \$500 for changes in the financial statement model.

Our audit fee amount is dependent on your completion of working papers, finalization of accounting matters, completion of consolidation procedures and drafting of the full financial statement package before the start of our audit field work. In order to complete the audit in the most efficient manner, we need the full consolidated financial statements package as a starting point.

8. New and Proposed Reporting and Auditing Developments

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.

Financial statement presentation (PS 1200 Amendment)

PS 1200 provides recommended general reporting principles and standards for the disclosure of information in government financial statements. This Section has been amended to incorporate local governments within its scope and to introduce a new financial statement reporting model based on full accrual accounting principles, consistent with PS 3150 Tangible capital assets. Following adoption of these amended standards, local governments will be required to include in their general purpose financial statements:

- A statement of financial position reporting both net debt/net financial assets and accumulated surplus/deficit calculated on a full accrual basis of accounting;
- A statement of operations (previously a statement of financial activities) reporting the annual surplus/deficit as the difference between revenue and expenses;
- A new statement of change in net debt, including current year budget figures calculated on a full accrual basis of accounting, highlighting the effects of capital spending on net debt; and
- A statement of cash flows (previously a statement of changes in financial position) that includes a new capital category.

This amendment applies to local governments for fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

Tangible capital assets (PS 3150)

This revised Section establishes standards on accounting for and reporting tangible capital assets in all government financial statements, including local governments which previously did not have standards for accounting for capital assets. The major changes to the recommendations of PS 3150 include:

- Revised definition of cost indicating that capital grants are not to be netted against the cost of a tangible capital asset;
- Tangible capital assets acquired in lieu of development charges would be recorded at fair value;
- Additional guidance on the commencement and cessation of capitalizing carrying costs;
- Removal of the 40-year limit on the amortization period; and
- Adding the disclosure requirements from *Financial statement presentation - federal, provincial & territorial governments*, paragraph PS 1200. 061 to Section PS 3150.

Revised PS 3150 now applies to local governments for fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

Version 1.1 - March 16, 2007

Funds and reserves (PSG-4 Amendment)

This Guideline has been amended to expand its scope to include local governments. It provides guidance on presenting information related to a government's financial funds and reserves, excluding externally restricted funds and reserves, which are addressed in PS 3100 *Restricted assets and revenues*. To maintain consistency with PS 1200 *Financial statement presentation*, PSG-4 specifies that funds and reserves may only be disclosed in notes and schedules to the financial statements. Therefore, local governments can no longer separately report funds and reserves in the statement of financial position. The Guideline applies to a local government when it adopts PS 1200.

Version 1.0 - July 9, 2007

Government transfers (Second Re-Exposure Draft)

This second Re-Exposure Draft (RED), released in April 2009, proposes to issue revised *Government transfers*, CICA Public Sector Accounting Handbook Section PS 3410. The significant changes from the previous RED are as follows:

- A transferring government is permitted to consider a transfer authorized if it is demonstrably committed to the transfer and final approval of the related legislation, regulation or by-laws occurs before the date the financial statements are completed;
- Consistent with the previous RED, operating transfers are recognized as revenue when authorized and eligibility criteria met unless the definition of liability met. The second RED provides further guidance on the evidence of a liability, which includes consideration of both the transfer terms and a recipient government's actions and communications related to the transfer;
- Unlike the previous RED, in this second RED capital transfers or transfers of tangible capital assets are initially recognized as deferred capital contributions and reported separately from and below non-financial assets on the statement of financial position. The transfers are subsequently recognized in revenue when the related tangible capital assets are recognized in expenses.

The final standard is expected to be approved in November 2009, effective for new transfers on or after April 1, 2011

Financial instruments (Statement of Principles)

The Public Sector Accounting Board ("PSAB") proposes in this Statement of Principles released in June 2007, to expose *Financial instruments* as new Handbook material to be applied by all levels of government. The main principles are as follows:

- Derivatives and portfolio investments quoted in an active market are to be measured at fair value;
- Hedge accounting treatment is permitted for certain documented highly effective hedging relationships;
- May designate non-derivative financial assets and financial liabilities to be reported at fair value in cases where more relevant information will result;
- Choice of two measurement categories:
 - Cost or amortized cost; and
 - Fair value (with gains and losses recognized in the statement of operations);
- Specific disclosure and presentation requirements for financial instruments are suggested.

The Statement of Principles also contains information such as definitions, fundamental principles, scope of application, impact of the proposals on key financial reporting indicators, and an illustration of the presentation for a cash flow hedge. For the most part, the scope of the proposed principles is equivalent to CICA Handbook-Accounting standards. However, unlike the private sector standards, PSAB is recommending only two classifications and reporting bases. PSAB approved an Exposure Draft in Summer 2009 with a final standard expected to be released in March 2010.

Tax revenue (Re-Exposure Draft)

This Re-Exposure Draft (RED), released on April 2009, proposes to issue *Tax revenue*, new CICA Public Sector Accounting Handbook Section PS 3510. The proposed standard is based on the tax revenue principles set out in International Public Sector Accounting Standard, IPSAS 23, *Revenue from non-exchange transactions (taxes and transfers)* for recognition, measurement and disclosure of tax revenue. The main differences from the previous Exposure Draft (ED) are as follows:

- The term "tax expenditures" is changed to "tax concessions". Consistent with previous ED, "tax concessions" are netted against tax revenue and "transfers made through a tax system" are recognized as expenses;
- The term "expenses paid through the tax system" is changed to "transfers made through a tax system" to avoid potential confusion.
- The term "parliamentary convention" is changed to "legislative convention" and the concept is further explained. A tax is considered authorized when the effective date of the tax has passed and the earlier of the following has occurred: the related legislation, regulations or by-laws have been approved, or the ability to assess and collect tax has been provided through legislative convention;
- Tax revenue should be recognized by the government that imposes the tax except in purely flow through arrangements. The previous ED proposed that tax revenue should be recognized when a government chooses to impose a tax if it has a choice to impose a tax or not;
- Tax transactions are measured initially at its realizable value, compared to fair value in the previous ED;
- The previous ED proposed a liability treatment for taxes levied for specific purposes. Reference to "taxes levied for specific purposes" is removed in the RED as it appears not applicable to Canada

The final standard is expected to be approved in late 2009 and is expected to apply to all levels of government for fiscal years beginning on or after January 1, 2012. Earlier adoption is encouraged.

9. Auditor Independence

9.1 An essential aspect of all our services to the Regional District is an independent viewpoint, which recognizes that our responsibilities are to the Board. While the concept of independence demands a questioning and objective attitude in conducting our audit, it also requires the absence of financial or other interest in the Regional District. In accordance with our firm's policy, and the Rules of Professional Conduct, which govern our profession, neither MNP nor any of its team members assigned to the engagement or any of its partners, are permitted to have any involvement in or relationship with the Regional District that would impair independence or give that appearance. As auditors, we subscribe to the highest standards and are required to discuss the auditors' independence with the Board of Directors on an annual basis. Under the standard an auditor shall:

- 9.1.1** Disclose to the Board of Directors, in writing, all relationships between the auditor and the Regional District that in the auditor's professional judgment may reasonably be thought to bear on our independence.
- 9.1.2** Confirm in writing that, in its professional judgment, MNP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia as of date of completion of the audit; and,
- 9.1.3** Discuss the auditors' independence with the Board of Directors.

9. 2 Confirmation of Independence

We are not aware of any relationships between our Firm and the Regional District that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred during the year ended December 31, 2009. We hereby confirm that we are independent accountants with respect to the Regional District. Our draft letter to the Board of Directors discussing our independence will be issued upon the conclusion of our audit and attached to our Audit Findings Report.

During the course of the audit, we will communicate any significant new matters that come to our attention that, in our professional judgment, may reasonably be thought to bear on our independence. At the completion of our audit, we will reconfirm our independence.



MEYERS NORRIS PENNY LLP

November 12, 2009

Ms. Sharon Moss, C.G.A.
Cowichan Valley Regional District
175 Ingram Street
Duncan, BC V9L 1N8

Dear Ms. Moss:

This letter will confirm the arrangements discussed with you regarding the services we will render to Cowichan Valley Regional District ("the Regional District") commencing with the fiscal year ending December 31, 2009.

Objective, scope and limitations

Our statutory function as auditors of the Regional District is to report to the Board by expressing an opinion on the Regional District's annual financial statements. We will conduct our audit in accordance with Canadian generally accepted auditing standards and at the conclusion of our examination, we will submit to you a report containing our opinion on the financial statements. If, during the course of our work, it appears for any reason that we will not be in a position to render an unqualified opinion on the financial statements, we will discuss this with you.

An auditor conducting an audit in accordance with Canadian generally accepted auditing standards obtains reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of factors such as the use of judgment, selective testing of data, inherent limitations of controls, and the fact that much of the audit evidence available 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 Canadian generally accepted auditing standards may not detect a material fraud. While effective controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

Our responsibilities

We shall examine the consolidated statement of financial position of the Regional District as at December 31, 2009 and the related consolidated statements of financial activities and changes in financial position for the year then ended. Our examination will be made in accordance with Canadian generally accepted auditing standards, and accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

The Rules of Professional Conduct require that we are independent when conducting this engagement. We will communicate in writing to the Board any relationships between the Regional District (including related entities) and Meyers Norris Penny LLP that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to Regional District. If matters should arise during this engagement that can reasonably be assumed to have impaired our independence, we may need to withdraw from this engagement.

The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if any of the following matters are identified, they will be communicated to the appropriate level of management:

- misstatements, resulting from error, other than trivial errors;
- fraud or any information obtained that indicates that a fraud may exist;
- any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- significant weaknesses in the design or implementation of controls to prevent and detect fraud or error; and,
- related party transactions identified that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

Furthermore, we will consider the Regional District's controls over financial reporting for the purpose of identifying types of potential misstatement, considering factors that affect the risks of material misstatement, and determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of controls over financial reporting nor to identify all significant weaknesses in the Regional District's system of financial controls. However, we will inform the appropriate level of management of any significant weaknesses in controls that come to our attention.

Management's responsibilities

The operations of the Regional District are under the control of management, which has responsibility for the accurate recording of transactions and the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles.

During the course of our audit, you will be required to provide and make available complete information, including financial records, related data, and copies of all minutes of meetings of directors and committees of directors. As well, information relating to any known or probable instances of non-compliance with legislative or regulatory requirements (including financial reporting requirements), illegal or possibly illegal acts and all related parties and related party transactions will need to be provided.

Management's responsibility with respect to fraud and error includes the design and implementation of controls for its prevention and detection; an assessment of the risk that the financial statements may be materially misstated; disclosure of situations where fraud or suspected fraud involving management, employees who have significant roles in controls, or others, where the fraud could have a non-trivial effect on the financial statements, have been identified or allegations have been made; and communicating your belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

As management, you will also be asked to provide us with information relating to recognition, measurement and disclosure in the financial statements, specifically relating to:

- an assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures;
- any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- the measurement and disclosure of related party transactions;
- an assessment of all areas of measurement uncertainty known to management requiring disclosure;
- claims and possible claims, whether or not they have been discussed with the Regional District's legal counsel;
- other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Regional District is contingently liable;
- whether the Regional District has satisfactory title to assets, and whether liens or encumbrances on assets exist, or assets are pledged as collateral;
- compliance with aspects of contractual agreements that may affect the financial statements; and
- subsequent events.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our examination in order to confirm oral representations given to us and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Specifically, we will request written confirmation of significant representations provided on matters that are directly related to items that are material, either individually or in the aggregate, to the financial statements, not directly related to items that are material to the financial statements, but are significant, either individually or in the aggregate, to the engagement, and matters relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

If the Regional District plans any reproduction or publication of our report, or a portion thereof, printer's proofs of the complete documents should be submitted to us in sufficient time for our review, prior to making such documents publicly available. It will also be necessary for you to furnish us with a copy of the printed report. Further, it is agreed that in any electronic distribution, for example on the Regional District's website, management is solely responsible for the accurate and complete reproduction of our report and the subject matter on which we reported, and for informing us of any subsequent changes to such documents.

The examination of the financial statements and the issuance of our audit opinion are solely for the use of the Regional District and those to whom our report is specifically addressed. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party. If our name is to be used in connection with the financial statements, you will attach our audit report when distributing the financial statements to third parties.

We ask that our names be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.

Other matters

We will ask that your personnel, to the extent possible, prepare various schedules and analysis, and make various invoices and other documents available to our team. This assistance will facilitate the progress of our work and minimize the cost of our service to you.

We will, as permitted by the Rules of Professional Conduct, provide additional services upon request, in areas such as taxation, leadership and human resource management, communication, marketing, strategic planning, financial management and technology consulting.

As part of our services, we may submit to you a memorandum containing suggestions for improvement of existing systems of control, accounting policies and procedures, and related matters that come to our attention during the course of our work.

Our fees are determined on the basis of time spent on the engagement at the tariff rates of various members of our team. Any disbursements will be added to the billing. The estimate of fees for the audit services to be provided are \$42,000. The estimate of fees for the audit of Tangible Capital Asset implementation will range from \$3,000 - \$5,000. Assistance with changes to the financial statement model will range from \$450 - 500.

Our standard terms and conditions, listed below, form part of our mutual understanding of the terms of this engagement.

1. **Timely Performance** - Meyers Norris Penny LLP ("MNP") will use all reasonable efforts to complete, within any agreed-upon time frame, the performance of the services described in the engagement letter to which these Terms and Conditions are attached. However, MNP shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by the Regional District of its obligations as set out in the engagement letter.
2. **Right to Terminate Services** - The Regional District may terminate the engagement upon 30 days written notice. If this occurs, the Regional District shall pay for time and expenses incurred by MNP up to the termination date, together with reasonable time and expenses incurred to bring the services to a close in a prompt and orderly manner. Should the Regional District not fulfil its obligations as set out herein and in the engagement letter, and in the event that the Regional District fails to remedy such default within 30 days following receipt of notice from MNP to that effect, MNP may, upon written notification and without prejudice to its other rights and resources, terminate provision of our services as described in the engagement letter. In such case, MNP shall not be responsible for any loss, costs, expenses, or damages resulting from such termination.
3. **Change Order** - If, subsequent to the date of this engagement letter, the Regional District requires significant changes to the arrangements set forth in this engagement letter, the Regional District will be required to agree to the change in scope of the engagement in writing, in a "Change Order" agreement. The "Change Order" agreement will set forth the revised arrangements and scope of services to be performed and any related additional fees associated.
4. **Fees** - Any fee estimates by MNP take into account the agreed-upon level of preparation and assistance from the Regional District's personnel. MNP undertakes to advise the Regional District's management on a timely basis should this preparation and assistance not be provided, or should any other circumstances arise which cause actual time to exceed the estimate.
5. **Billing** - Bills will be rendered on a regular basis as the assignment progresses. Accounts are due and payable upon receipt. Interest may be charged on the balance of any accounts remaining unpaid for more than 30 days, at a rate of 1.5% per month (19.56% per annum).
6. **Taxes** - All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. The Regional District shall assume and pay any such taxes or duties, without deduction from the fees and charges hereunder.



7. **Governing Law** - The engagement will be governed and construed in accordance with the laws of the Province of British Columbia, and shall be deemed in all respects to be an British Columbia contract. The Regional District and MNP submit to the courts of that jurisdiction with respect to all matters arising under or by virtue of this Agreement.
8. **Working Papers** - MNP owns all working papers and files, other materials, reports and work created, developed or performed during the course of the engagement, including intellectual property used in the preparation thereof. We will provide management with a copy of all practitioner-prepared working papers necessary for the Regional District's accounting records. MNP may develop software, including spreadsheets, documents, databases, and other electronic tools, to assist us with our assignment. As these tools and working papers were developed specifically for our purposes and without consideration of any purpose for which the Regional District might use them, any such tools which may be provided to the Regional District, will be made available on an "as is" basis only, at our discretion, and should not be distributed to or shared with any third party. Except as indicated in the Rules of Professional Conduct or by any legal proceeding, we have no responsibility to share our working papers with you or with any other parties.
9. **Out-sourcing** - MNP out-sources to third party service providers certain data-entry functions. To protect our clients, we have imposed detailed contractual obligations on these service providers regarding the safeguarding, confidentiality and security of your personal information. Nevertheless, our service provider may be required by the applicable laws of a foreign country to disclose personal information in its custody to that country's government or agencies pursuant to a lawful court order made in that country.
10. **Nature of the Limited Liability Partnership (LLP)** - MNP is a registered limited liability partnership, as permitted by legislation enacted in our governing jurisdiction of the Province of Alberta. This legislation provides that a partner of an LLP is not personally liable for any of the debts, obligations, or liabilities of the LLP or any of the other partners which may arise as a result of any negligent act or omission of another partner of the LLP, or by any employee of the partnership, unless such act or omission is committed by the partner him or herself or by a person under the partner's direct supervision and control. All partners of an LLP remain personally liable for any acts or omissions arising as a result of their own negligence, and for the acts or omissions of those directly under their supervision or control, and shall continue to be subject to unlimited personal liability for all of the other liabilities of the partnership. The legislation does not reduce or limit in any way the liability of the partnership itself, and all of the partnership's assets and insurance coverage remain at risk.
11. **Release and Limitation of Liability** - The Regional District and MNP agree to the following with respect to MNP's liability to the Regional District:
 - a. In any action, claim, loss or damage arising out of the engagement, the Regional District agrees that MNP's liability will be several and not joint and the Regional District may only claim payment from MNP of MNP's proportionate share of the total liability based on the degree of fault of MNP as finally determined by a court of competent jurisdiction.
 - b. Other than for matters finally determined to have resulted from the negligent behaviour of MNP, whether the claim be in tort, contract, or otherwise:
 - i. MNP shall not be liable to the Regional District and the Regional District releases MNP for all claims, damages, costs, charges and expenses (including legal fees and disbursements) incurred or suffered by the Regional District related to, arising out of, or in any way associated with the engagement to the extent that the aggregate of such amounts is in excess of three times the total professional fees paid by the Regional District to MNP in connection with this engagement during the 12 month period commencing from the date of the engagement letter to which these terms and conditions are attached; and,
 - ii. MNP shall not be liable to the Regional District for any consequential, indirect, lost profit or similar damages, or failure to realize expected savings, relating to MNP's services provided under the engagement letter to which these terms and conditions are attached.

12. **Indemnity** - The Regional District agrees to indemnify and hold harmless MNP against:
- a. All claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, other than those finally determined by a court of competent jurisdiction to have resulted from MNP's gross negligence, fraud or willful misconduct; and,
 - b. Notwithstanding "a.," all claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, that arise from or are based on any deliberate misstatement or omission in any material, information or representation supplied or approved by any officer or member of the Council of the Regional District.
13. **Survival of Terms** - The Regional District and MNP agree that clauses 11. and 12. will survive termination of the engagement.

In the event that you choose to terminate this engagement based on the terms outlined above we reserve the right to notify all financial statement users of the change.

The privacy and security of the personal information you provide is important to us. We strive to ensure the strictest compliance with all applicable provincial and federal standards of protection and disclosure of personal information by any and all of our employees, agents, divisions and/or affiliates (referred to collectively as "MNP"). You may review our privacy policy at www.mnp.ca. We will not collect, use, or disclose any of your personal information without your knowledge and consent, unless required to do so by legal authority or the applicable provincial Rules of Professional Conduct.

By signing this engagement letter you agree that for the purposes of this engagement MNP may collect, use, and disclose personal information in accordance with our privacy policy. You also agree that MNP may collect and use personal information from you for the purposes of providing other services or informing you of other opportunities from time to time ("Other Matters"). Personal information that is not relevant to the purposes of this engagement or to any Other Matters will not be disclosed to anyone for any reason without your further prior consent.

In accordance with professional regulations (and by Firm policy), our client files must be periodically reviewed by provincial or national practice inspectors and by other Firm personnel to ensure we are adhering to professional and Firm standards. Confidentiality of client information will be maintained throughout this process.

The arrangements outlined above will continue in effect from year to year, unless changed in writing.

We believe the foregoing correctly sets forth our understanding, but if you have any questions, please let us know. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing and returning to us the second copy of this engagement letter.

It is a pleasure to be of service to you. We look forward to many years of association with you and the Regional District.

Yours truly,

Meyers Norris Penny LLP

MEYERS NORRIS PENNY LLP

/wah

RESPONSE:

This letter correctly sets forth the understanding of the Regional District .

Officer Signature

Title

Date





5SR5

STAFF REPORT

**REGULAR REGIONAL SERVICES COMMITTEE MEETING
OF JANUARY 27, 2010**

DATE: January 21, 2010
FROM: General Manager, Corporate Services
SUBJECT: **Regional District Budget Process**

Recommendation:

That the Board provide direction to staff on any changes they would like made to the Regional District's budget process.

Background:

In November 2009 budget booklets were provided to the Directors for the draft 2010 budget. This proposed budget summarized the overall impact of the 160 budgets that comprises all of the Regional District services.

These draft budgets were prepared by department managers, reviewed by the Corporate Leadership Team and presented at Committee and Commission meetings. During these meetings changes were made based on direction from the Directors.

During this process there has been some feedback and discussion about what was presented, the process, what was recommended, as well as timing.

It is staff's desire to ensure that the budget process meets the expectations of the Board. Your direction is requested.

Submitted by,

A handwritten signature in black ink, appearing to read "Mark Kueber", is written over the printed name and title.

Mark Kueber
General Manager, Corporate Services

MK/db

Attachment



MEMORANDUM

DATE: November 17, 2009 **FILE NO:**
TO: Board of Directors
FROM: Mark Kueber, General Manager, Corporate Services
SUBJECT: Draft 2010 Budget

Attached is the draft 2010-2014 Financial Plan of the CVRD. By its nature the financial plan is a forward looking document that financially describes the upcoming work plan and sets the spending priorities. At this point in time the financial plan reflects the Corporate Leadership Teams recommendations for the next five years. We have attempted to focus on living within our means and maintaining a reasonable level of taxation, while providing quality services at reasonable costs to the taxpayers. It is recognized that the Board may, and is obviously entitled to have different priorities, however the management team feels that it is responsible for providing its best advice and recommendations to the Board.

Year 2010 is based on the 2009 Core Budget plus items that the Board approved during 2009, including negotiated staff contracts with our three unions reflecting a 3.5% increase for 2010 and another 3.5% for 2011, a new temporary full time Planner, the Kinsol Trestle fundraising commitment and new debt for Cowichan Lake Arena, Satellite Park Water, Fern Ridge Water, Cobble Hill Sewer, Kerry Park Recreation, and Regional Parkland Acquisition.

There is a significant decrease in the anticipated surplus rolled forward from 2009 to 2010 which has a direct impact on the tax requisition. When all the surpluses are combined there is a decrease from \$1.5 million to \$740,000 which equates to an increase in the requisition of \$820,000 or 4%. At yearend if the actual surplus is more than was anticipated the increase will be used to lower the 2010 requisition.

The Corporate Leadership Team has reviewed numerous supplemental items which were put forward by various departments to be included in the 2010 Budget. While many of these items are supported by the Team and should be included in the 2010 Budget, the overall tax impact was too high. As a result the Corporate Leadership Team is recommending seven new items be added to the draft 2010 Budget, and they are listed below based on our ranking.

	Impact/\$100,000	Assessed Value
Human Resources assistant	\$82,120	\$.57
Communications Officer	\$120,000	\$.83
Parks & Trails Planner	\$85,000	
Emergency Planning Coordinator	\$86,875	\$.60
Regional Parks Cowichan Valley Trail	\$170,000	\$.80
Regional Sustainability Plan	\$100,000	\$.23
20% of surplus be transferred to Operating Reserves		

The supplemental items that were not recommended at this time will be included as part of a review by the various departments when they present their draft budget to their committees/commissions. If there is a decision to add additional items to their respective budgets they may do so when the budget is presented to them.

At this point in time the combined tax increase is \$1,390,967 however; the increase affects all areas differently, each caused by different reasons. The low is Electoral Area G with a 4.11% increase and the highest is Electoral Area I with an increase of 11.41% which is due to the capital works taking place at the Arena. Please note the tax rate and costs per \$100,000 of assessed value do not take into account any increase in assessed values for 2010. These figures are based on 2009 assessed values; the 2010 figure will be released in the New Year.

Staff are currently exploring opportunities for increasing alternative revenue streams in an effort to lessen our reliance on the tax requisition and will continue to do so in the future. Some examples are a gas charge to help offset rising transit expenditures as well as a hotel tax to help fund tourism expenditures.

You may also note that we have attempted to better realign expenditures that have been paid for by one Department while being benefitted by another. An example is the GIS Division which historically has been funded 100% by the Planning & Development Department and has now been allocated throughout the Regional District to the functions that utilize the GIS services.



5SR6

STAFF REPORT

REGIONAL SERVICES COMMITTEE MEETING OF JANUARY 27, 2010

DATE: January 19, 2010
FROM: Jacob Ellis, Manager, Corporate Planning
SUBJECT: Organizational Restructure

Recommendation:

That the Board provide input and feedback regarding the 2009 organizational restructure.

Purpose:

To update the Board on the 2009 organizational restructure, discuss its impacts on the organization and obtain input and feedback regarding service expectations.

Background:

The Corporate Leadership Team recently completed a review of the CVRD organizational structure. The review examined structural and operational strengths and weaknesses in the organization in light of the 2008 restructure, and where necessary made minor adjustments to address outstanding issues. As part of this internal staffing review, the Corporate Leadership Team is interested in Board input to ensure that any outstanding issues are considered and taken into account.

Discussion

Since implementation of the new organizational structure nearly one year ago, the organization has seen numerous changes to the way we do business and the level of service we are able to offer the community. As a result of the changes to the organizational structure and operational approach, the organization has seen a range of improvements in areas such as:

1. GIS – improved GIS services and better user based cost allocations;
2. Staff Support – greater focus and dedicated staff support to specific service roles;
3. Annual Budget & Allocations – increased organizational capacity to develop the annual budget, as well as more accurate cost sharing and allocations for staffing and services;
4. Economic Development – better communication between Economic Development and other divisions in the Planning and Development Department;
5. Capital Projects – increased capacity to undertake capital projects for Parks, Recreation and Culture projects through the services of the Capital Projects Division;
6. Facility Maintenance – huge improvement to facility maintenance has been achieved through the creation of the Facilities, Fleet & Transit Management Division;
7. Corporate Leadership Team – the creation of the Corporate Leadership Team has yielded significant benefits.

8. Parks, Recreation & Culture – Recreation, and Culture functions have enhanced coordination and integration of parks, recreation and culture services, increased the level of support to the four recreation centre as well as the Parks and Trails Division.
9. Internal Communications – improved inter divisional communications has helped build productive working relationships between staff;
10. Environmental Initiatives – the Regional Environmental Policy Division has been helpful in identifying and encouraging “green” capital projects and otherwise better inform engineering and capital projects;
11. Public Safety – Public Safety has been able to build a closer working relationship with Planning & Development, helping to move forward public safety improvements to the subdivision serving bylaw.

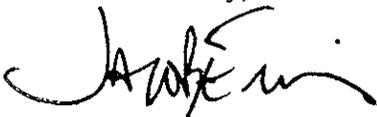
Changes to the organizational structure and approach to operations have not come without challenges that continue to be addressed. Some of these issues include:

1. Communications – internal and external communications continue to be a challenge for the organization;
2. Staffing & Resources - the organization is struggling to meet growing service demands with the limited resources now in place;
3. Strategic Planning – completing and implementing a corporate strategic plan continues to be a priority. The business and work plans that flow out of the corporate strategic plan will greatly enhance the overall efficiency, productivity, and capacity of the organization to addresses current and future challenges.
4. Budget Process – the process needs to continue to evolve to better meet Board expectations.
5. Long Range Planning – demands for processing current development applications is impacting the organization’s ability to work on long range plans.

Some of the structural and operational changes made as a result of this review include:

1. The Water Management Division will be refocused more towards “utilities/public works.” High level water issues will be shifted to the Regional Environmental Policy Division’s list of responsibilities.
2. Policy level issues for fleet management within the Facilities, Fleet and Transit Management Division will remain with that division, but all other fleet related issues will be dealt with in a decentralized fashion, as is currently being done.
3. The name of the “Corporate Secretariat” Division has been changed to “Legislative Services.”
4. The Corporate Leadership Team meeting minutes will be posted on the CVRD Intranet, and an email will be sent out weekly advising staff of the minutes and inviting them to read them.
5. A “hot sheet” will be developed and sent out within 24 hours of each Board meeting to keep staff better apprised of key issues and activities of the Board.

Submitted by,



Jacob Ellis,
Manager, Corporate Planning

requisition.

Responding to questions from the Committee regarding the process to make changes to the draft 2010 budget, Mr. Kueber explained that a Committee resolution, for the Board's approval, would be required.

Mr. Kueber also reviewed the Board's General Government allocation policy as well as all the other allocations that due to charging the various functions with the services they receive.

STAFF REPORTS

5SR1 Staff Report from the Acting General Manager, Public Safety dated November 18, 2009, regarding Antenna Site Agreement—Mt. Bruce, Saltspring Island, was considered:

It was moved and seconded that it be recommended to the Board that the Chair and Corporate Secretary be authorized to sign the renewal agreement for the use of the Mt. Bruce CI911 Antenna Site.

MOTION CARRIED

CORRESPONDENCE

6C1 Director Ian Morrison, regarding Regional tourism, was considered.



It was moved and seconded that the correspondence from Director Ian Morrison regarding Regional tourism be referred to the next Regional Services Committee meeting.

MOTION CARRIED

ADJOURNMENT It was moved and seconded that the meeting adjourn.
9:00 pm

MOTION CARRIED

The meeting adjourned at 9:00 pm.

Chairperson

Recording Secretary

Dated: _____