

CENTRAL COAST REGIONAL DISTRICT
PO BOX 186
BELLA COOLA, BC V0T 1C0

KPMG LLP
177 Victoria Street, Suite 400
Prince George, BC V2L 5R8
Canada

April 7, 2022

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Central Coast Regional District ("the Entity") as at and for the period ended December 31, 2021.

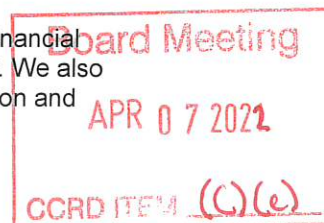
GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

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

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 3, 2022, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and



maintenance of internal control to prevent and detect fraud.

- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and

their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

MISSTATEMENTS:

- 10) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 11) We approve the corrected misstatements identified by you during the audit described in Attachment II.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

OTHER:

- 14) The Board of Directors has approved the December 31, 2021 consolidated financial statements.
- 15) We confirm that the landfill closure and post closure liability is management's best estimate based on assumptions available to us.
- 16) We confirm that the disclosures in the consolidated financial statements are complete based on assumptions available to us and knowledge regarding COVID-19 at the time of the auditors' report.

Yours very truly,

By: Ms. Yene Byun, Chief Financial Officer

By: Mr. Curtis Slingerland, Chief Administrative Officer

Attachment I – Definitions**MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II

Central Coast Regional District

Year End: December 31, 2021

Adjusting Journal Entries

Date: 1/1/2021 To 12/31/2021

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Preparer	Preparer	Preparer	Reviewer
			TRT 3/22/2022
Reviewer	Reviewer MCR 3/28/2022	Post signoff	Post signoff

Number	Date	Name	Account No	Reference Annotation	Debit	Credit	Recurrence	Misstatement
AJE 1	12/31/2021	MFA - CIBC Mellon Global Cad Ad	10110		6,770.65			
AJE 1	12/31/2021	Interest income	40100-200			6,770.65		
To record income made on short term bond.								
AJE 2	12/31/2021	Retained Earnings	32000		76,408.58			
AJE 2	12/31/2021	HAGW balance, begin of year	34160		1,166,536.48			
AJE 2	12/31/2021	HAGF balance, begin of year	34165		646,301.63			
AJE 2	12/31/2021	HAGWTS balance, begin of year	34170		24,032.85			
AJE 2	12/31/2021	Revenue on HWD Conversion	40900-A			1,913,279.54		
To record Hagensborg surplus as revenue arising from government transfer.								
AJE 3	12/31/2021	Asset Replacement Fund	26020			45,603.00		
AJE 3	12/31/2021	Contribution from Gen Operating	33010		275,021.03			
AJE 3	12/31/2021	Amortization	33012			199,385.16		
AJE 3	12/31/2021	Amortization - Parks	33013			30,759.00		
AJE 3	12/31/2021	Amortization - Paving	33014			20,084.40		
AJE 3	12/31/2021	FIRE Balance, begin of year	34040		61,045.00			
AJE 3	12/31/2021	GOOP Balance, begin of year	34050			65,625.00		
AJE 3	12/31/2021	GOOP Balance, begin of year	34050			245,377.03		
AJE 3	12/31/2021	PARKS Balance, begin of year	34080		4,300.00			
AJE 3	12/31/2021	POOL Balance, begin of year	34095		280.00			
AJE 3	12/31/2021	WW2 Balance, begin of year	34146		8,931.60			
AJE 3	12/31/2021	Depreciation Expense	36006			22,256.90		
AJE 3	12/31/2021	WCOP Balance, begin of year	36035			8,931.60		
AJE 3	12/31/2021	WCOP Balance, begin of year	36035		15,959.00			
AJE 3	12/31/2021	Amortization	33012-200		199,385.16			
AJE 3	12/31/2021	Amortization - Parks	33013-200		30,759.00			
AJE 3	12/31/2021	Amortization - Paving	33014-200		20,084.40			
AJE 3	12/31/2021	Depreciation Expense	36006-380		22,256.90			
To adjust opening surplus to agree to prior year audited financial statements.								
AJE 4	12/31/2021	Deferred capital contributions	26260		67,090.96			
AJE 4	12/31/2021	Revenue on HWD Conversion	40900-A			67,090.96		
To close the balance of deferred capital revenue account to revenue account in 2021.								
AJE 5	12/31/2021	Deferred grant	21095		293.70			
AJE 5	12/31/2021	Provincial Grants - Other	40130-230			293.70		
AJE 5	12/31/2021	Special Projects - Other	50245-230		293.70			
AJE 5	12/31/2021	Supplies & small tools - Other	50250-230			293.70		
To adjust expense coding as per discussion with Yane and recognize associated revenue related to Denny Island Trail Project.								
AJE 6	12/31/2021	Landfill Closure/Post Closure	26030			1,683,581.00		
AJE 6	12/31/2021	REFUSE Balance, begin of year	34020		1,653,320.00			
AJE 6	12/31/2021	Landfill Post Closure Reserve	50999-220		30,261.00			
To adjust 2021 landfill liability to actual.								
AJE 7	12/31/2021	Hagensborg Water Reserve	39980			34,571.00		
AJE 7	12/31/2021	Hagensborg Fire Reserve	39990			38,222.00		
AJE 7	12/31/2021	Reserve Transfer	50318-460		34,571.00			
AJE 7	12/31/2021	Reserve Transfer	50318-470		38,222.00			
To record allocation to Hagensborg Water and Hagensborg Fire replacement reserves.								
SAM 1	12/31/2021	Provincial Grants - Other	40130-350			28,331.67		
SAM 1	12/31/2021	Emergency Mngt Initiatives - Other	50089-350		28,331.67			
To adjust emergency initiatives								

Central Coast Regional District

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Year End: December 31, 2021

Adjusting Journal Entries

Date: 1/1/2021 To 12/31/2021

Preparer	Preparer	Preparer	Reviewer
Reviewer	Reviewer MCR 3/28/2022	Post signoff	TRT 3/22/2022 Post signoff

Number	Date	Name	Account No	Reference Annotation	Debit	Credit	Recurrence	Misstatement
funding to revenue and expenses for current year activity.								
SAM 2	12/31/2021	Buildings - Hagensborg Fire	15040			43,563.57		
SAM 2	12/31/2021	Accum Amortization HWD Bldg	15041		43,563.57			
SAM 2	12/31/2021	Furniture & Equipment	16010			42,743.14		
SAM 2	12/31/2021	Accumulated amortization - furn	16011		42,743.14			
SAM 2	12/31/2021	Accumulated amortization - park	16031		68.40			
SAM 2	12/31/2021	Vehicles	16050			93,851.22		
SAM 2	12/31/2021	Accumulated amortization - vehi	16051		93,851.22			
SAM 2	12/31/2021	Hag Water Purification System	16060			79,443.36		
SAM 2	12/31/2021	Accum Amortization - Wtr Purifi	16061		79,443.36			
SAM 2	12/31/2021	Hag Pipeline System	16065			347,210.60		
SAM 2	12/31/2021	Accum Amort. - Hag Pipeline Sys	16066		347,210.60			
SAM 2	12/31/2021	Snootli Dam	16070			13,972.58		
SAM 2	12/31/2021	Accum Amort. Snootli Dam	16071		13,972.58			
SAM 2	12/31/2021	Hag Well/Upgrade	16080			2,672.37		
SAM 2	12/31/2021	Accum Amort. - Well/Upgrade	16081		2,672.37			
SAM 2	12/31/2021	Amortization - Parks	33013-200			68.40		
To adjust opening balances of Hagensborg capital assets.								
SAM 3	12/31/2021	H Non Red Term #662500169847	10072			5,294.39		
SAM 3	12/31/2021	662500262865 1-yr term	10100			9,013.70		
SAM 3	12/31/2021	662500262907	10105			4,787.67		
SAM 3	12/31/2021	Accrued Interest - Receivable	12515		19,095.76			
To adjust accrued interest at year end to accounts receivable.								
					5,052,077.31	5,052,077.31		
Net Income (Loss)			2,598,566.04					

Central Coast Regional District

Year End: December 31, 2021

Engagement properties

Date: 1/1/2021 To 12/31/2021

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Preparer	Preparer	Preparer	Reviewer
Reviewer	Reviewer MCR 3/25/2022	Post signoff	TRT 3/29/2022 Post signoff

Number	Date	Name	Account No	Reference Annotation	Debit	Credit	Recurrence	Misstatement
SUAM 1	12/31/2021	Province Debt Reserve Fund	26010		10,276.69			
SUAM 1	12/31/2021	GCOP Balance, begin of year	34050			10,104.82		
SUAM 1	12/31/2021	Interest Expense	50138-360			171.87		
		To adjust debt reserve fund liability to actual.						
SUAM 2	12/31/2021	ADMIN Balance, begin of year	34000			72,208.00		
SUAM 2	12/31/2021	GCOP Balance, begin of year	34050			84,638.00		
SUAM 2	12/31/2021	Water Cap - Begin of year	36020		156,846.00			
		To adjust water and general capital fund balances to actual.						
					167,122.69	167,122.69		
Net Income (Loss)			2,598,737.91					

Central Coast Regional District

Year End: December 31, 2021

Engagement properties

Date: 1/1/2020 To 12/31/2020

G7

Preparer	Preparer	Preparer	Reviewer
Reviewer	Reviewer MCR 3/23/2022	Post signoff	TRT 3/22/2022 Post signoff

Number	Date	Name	Account No	Reference Annotation	Debit	Credit	Recurrence	Misstatement
PY 1	12/31/2020	Gain (Loss) on disposal of asse	33015			1,939.35		
PY 1	12/31/2020	Misc operating, freight	50180-200		1,939.35			
To record the loss on sale of equipment in prior year to expense account for consistency in financial statement presentation.								
PY 2	12/31/2020	Landfill Closure/Post Closure	26030			1,653,320.00		
PY 2	12/31/2020	REFUSE Balance, begin of year	34020		1,585,309.00			
PY 2	12/31/2020	Landfill Post Closure Reserve	50999-220		68,011.00			
To adjust post-closure liability in 2020 based on Morrison Hershfield's report (catch-up adjustment).								
PY 3	12/31/2020	Savings - short #311	10075			172,691.13		
PY 3	12/31/2020	862500262965 1-yr term	10100		172,691.13			
To reclassify prior year term deposits with maturity greater than 1 year for financial statement presentation purposes.								
					1,827,950.48	1,827,950.48		

Net Income (Loss) 2,598,566.04