



Scott Point Waterworks District

Financial Report for the Annual General Meeting 2018

Overview of 2017

The financial position of Scott Point Waterworks District (SPWD) continues to be strong and the Accumulated Surplus increased from \$674,604 in 2016 to 679,174 in 2017. A decline in Financial Assets associated with expenditures on Project Blend was balanced by an increase in Tangible Capital Assets.

2017 Financial Statements

Scott Point Waterworks District's Auditor, McLean, Lizotte, Wheadon and Company, has, once again, provided us with the opinion that "the financial statements present fairly, in all material respects, the financial position of Scott Point Waterworks District as at December 31, 2017, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards."

- ***We remain in a good financial position - See Statement of Financial Position (page 3)***
 - Cash and cash equivalents. At year-end 2017, we had \$47,033 combined in two bank accounts, one at the Bank of Montreal (BoM) and the other at Island Savings (ISCU), a division of First West Credit Union. The amount of cash was significantly lower than the \$152,874 recorded in 2016 as a result of expenditures on Project Blend.
 - Investments. To finance construction of project blend, the capital reserve fund was drawn down. By the end of the 2017 the fund contained only a term deposit of \$36,719.
 - Non-Financial Assets. Project Blend increased the Tangible Capital assets from \$459,687 in 2016 to \$587,678 at the end of 2017.

- ***Revenue matched the level in 2017 – See Statement of Operations (page 4)***
 - Water toll revenue was \$48,990 in 2017, slightly higher than the \$46,987 recorded in 2016. This was in part due to the base rate increase from \$125 bi monthly to \$128 but also reflected an increase in water use at a few residences being tolled at the higher rate.
 - Parcel tax revenue was \$24,400 at a rate of \$400 set for the 61 properties, unchanged from 2016. Tax from one property was outstanding at year-end but has since been received.

- ***Operating expenses were similar to 2016 – See Statement of Operations (page 4)***
 - Total operating expenses were \$69,803 in 2017 compared to 70,189 in 2016.
 - Office and miscellaneous expenses were higher in 2017 reflecting the cost of water toll billing which was formerly done by NSSWD.
 - Repair and maintenance expenses were \$3,118 lower in 2017. The higher 2016 expenditure resulted from leak and tree root investigations that did not re-occur in 2017.
 - Annual surplus was \$564 higher in 2017 than 2016.

- ***Net financial assets decreased in 2017 – See Statement of Financial Position (page 3)***
 - For the reasons noted in the overview to this report, net financial assets at year-end 2017 were \$88,492, a decrease of \$90,630 from 2017.

Internal Controls/Processes

Again in 2017, the Trustees were pleased with the operational reporting from our contracted operator and in our testing scheduling and reporting. We continued monthly water meter reading throughout the year (although invoicing remains every two months) to assist in early leakage detection and high water usage notification. This diligence paid off as a few owners were able to respond to larger than usual water usage numbers when they were notified.

Our customer issue and complaint notification and management process continues as implemented four years ago. No complaints were received in 2017.

During 2017 we took back the task of water toll billing and began to update the process for the convenience of our homeowners and to reduce costs. Changes to date include:

- Email invoicing. All but one property owner now receive their invoices by email.
- Interac payments. About half of the payments are now received online through interac.

Thanks to Jean Eastman for getting these changes implemented and resolving all their complications.

We are now working to transfer our accounting system to Quick Books. This will increase efficiency in our bookkeeping system, facilitate our auditors' review, help track suppliers, and allow us to print statements for toll and tax accounts. From the homeowner perspective, the visible change will be a new invoice format.

2018 Budget

The 2018 budget approved by the Trustees is outlined below. It was prepared as part of the 10 year plan and reflects the results of the November risk review which highlighted the need to replenish our reserves following the Project Blend expenditures so that we could respond to short notice issues.

- **Water tolls.** Water toll revenue for 2018 reflects an increase in the base rate to \$132 bi-monthly which reflects increasing costs, plus the need for tolls (not parcel tax) to support operating costs.
- **Annual parcel tax.** Revenue reflects a return to \$500 per property consistent with the previously discussed need to rebuild capital reserves.
- **Expenses.**
 - Bookkeeping. Office costs will increase as 2018 will include preparing all six rounds of invoices and receipts, as well as data input associated with the Quick Books changeover.
 - Maintenance. In addition to the work completed most years, 2018 maintenance will include the following non-routine items:
 - Well 3 tank clean
 - Clean and refill Well #3 Filter
 - Hydrant maintenance
 - Right of Way clearing

- **Annual surplus/(deficit).** An annual operating surplus of \$5,420 is anticipated given revenue and expense projections. This amount should provide a buffer if unexpected lower revenues or slightly increased expenses should occur.
- **Acquisition of tangible capital assets.** The 2018 budget includes \$56,000 for capital expenditures including.
 - Project Blend completion
 - Well 3 Upgrades
 - Controls (SCADA and instruments)
 - Minor Items per Asset Plan

Operations Budget 2018					
		2016	2017	2017	2018
REVENUE		Audited	Estimate	Audited	Budget
Toll Revenue		46,987	49,870	48,990	52,566
Parcel Tax		24,400	24,400	24,400	30,721
Interest Income		2,164	749	793	749
Other income		644	1,050	190	1,000
TOTAL REVENUE		74,195	76,069	74,373	85,036
EXPENSES					
Amortization***		16,314	16,314	16,313	16,314
Office*		863	1,050	3,947	1,066
Book keeping & Billing		248	1,260	**	4,298
Insurance		5,352	5,615	5,642	6,042
Audit		5,450	4,200	5,450	4,597
Utilities		3,585	3,500	3,230	3,334
Lab Testing		1,519	1,600	1,649	1,654
Maintenance		36,540	32,680	33,422	42,156
Water License Fee		318	275	150	155
TOTAL OPERATING EXPENSE		70,189	66,494	69,803	79,616
ANNUAL SURPLUS/DEFECIT		4,006	9,575	4,570	5,420
Capital Expenditures					
Acquisition of tangible Capital Asset		16,761	130,000	114,303	56,400
Amortization of tangible Assets***		16,314	16,314	16,313	16,314
Change in Net Financial Assets		3,559	(104,111)	(93,420)	(34,666)
*Includes bookeeping and bank charges					
** Not broken out in statements.					
*** 2018 not yet updated					

Renewal of Auditors

The District continues to be pleased with the work performed by the auditor and conducted an evaluation after the completion of the audit report. I recommend that McLean, Lizotte, Wheadon and Company be reappointed as the auditor for the 2018 financial year.

Respectfully submitted,

Tim Slaney,
Trustee and Financial Officer