



Scott Point Waterworks District

Financial Report for the Annual General Meeting 2019

Overview of 2018

The financial position of Scott Point Waterworks District (SPWD) continues to be strong and the Accumulated Surplus increased from \$679,174 in 2017 to \$722,445 largely due to increases in Tangible Capital Assets resulting from Project Blend.

2018 Financial Statements

Scott Point Waterworks District's Auditor, McLean, Lizotte, Wheadon and Company, has, once again, provided us with the opinion that "the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2018, and the results of its operations 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 4)

- Cash and cash equivalents. At year-end 2018, we had \$31,315 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. This was down from \$47,034 in 2017.
- Investments. The term deposit at Island Savings remained untouched in 2018 and now totals \$38,464..
- Non-Financial Assets. Project Blend increased the Tangible Capital assets from \$587,678 in 2017 to \$640,237 at the end of 2018.

- ***Revenue exceeded 2017 – See Statement of Operations (page 5)***
 - Water toll revenue was \$73,801 in 2018 which is higher than the \$48,990 recorded in 2017. This was in part due to the base rate increase to \$135 but also reflected high water use at two locations being billed at the top rate.
 - Parcel tax revenue was \$30,500 for the 61 properties, up 25% from 2017. This reflected the increase from \$400 to \$500.

- ***Operating expenses were lower than 2017 – See Statement of Operations (page 4)***
 - Total operating expenses were \$62,100 in 2018 compared to 69,803 in 2017.
 - Consulting fees of \$2,019 were required to get our historical data into the format required by provincial ministries.
 - Repair and maintenance expenses in 2018 were \$9,946 lower than 2017. There were few problems in the wells and treatment plants, and no leaks in the distribution system.
 - Annual surplus was \$38,699 higher in 2018 than 2017 as a result of the revenue reported above.

- ***Net financial assets decreased in 2017 – See Statement of Financial Position (page 4)***
 - For the reasons noted in the overview to this report, Net Financial Assets at year-end 2018 were \$79,248, down from \$88,492 in 2017.

Internal Controls/Processes

Again in 2018, 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.

During 2018 we shifted our accounting and invoicing systems to Quick Books. The process went reasonably well. Initially there were a few concerns about the presentation of water use data on the invoices. However, these were corrected in later invoice series.

2019 Budget

The 2019 budget approved by the Trustees is outlined below. It was prepared as part of the rolling 10 year plan which is posted on the SPW website. The 10 year plan takes into account 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 2019 reflects an increase in the base rate to \$139 bi-monthly which reflects increasing costs, plus the need for tolls (not parcel tax) to support operating costs.
- **Annual parcel tax.** The Parcel Tax will remain at the 2018 level.
- **Maintenance.** In addition to the work completed most years, 2019 maintenance will include the following non-routine items:
 - Reservoir inspection
 - Well 3 tank cleaning
 - Replace filter media and minor equipment replacements
- **Annual surplus/(deficit).** An annual operating surplus (loss) of (\$2,634) is anticipated given revenue and expense projections. The loss is attributable to non-routine maintenance costs.
- **Acquisition of tangible capital assets.** The 2019 budget includes \$15,000 for capital expenditures including:
 - Project Blend completion
 - Well 4 roof replacement
 - Minor equipment replacements per Asset Plan

Operations Budget 2019

	2017	2018	2018	2019
	Audited	Budget	Audited	Budget
REVENUE				
Toll Revenue	48,990	52,566	73,801	55,194
Parcel Tax	24,400	30,721	30,500	30,500
Interest Income	793	749	969	850
Other income	190	1,000	100	1,000
TOTAL REVENUE	74,373	85,036	105,370	87,544
EXPENSES				
Amortization***	16,313	16,314	16,313	16,314
Office*	3,947	1,066	215	331
Book keeping & Billing	**	4,298	3,119	5,021
Insurance	5,642	6,042	5,848	6,159
Audit	5,450	4,597	4,750	4,774
Utilities	3,230	3,334	3,969	4,235
Consulting			2,019	
Lab Testing	1,649	1,654	1,591	1,785
Maintenance	33,422	42,156	23,476	51,211
Water License Fee	150	155	800	350
TOTAL OPERATING EXPENSE	69,803	79,616	62,100	90,180
ANNUAL SURPLUS/DEFECIT	4,570	5,420	43,270	(2,636)
Capital Expenditures				
Acquisition of tangible Capital Asset:	114,303	56,400	68,871	15,000
Amortization of tangible Assets***	16,313	16,314	16,313	16,313
Change in Net Financial Assets	(93,420)	(34,666)	(52,558)	1,313

*Includes bookkeeping and bank charges

** Not broken out in statements.

*** 2019 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 move that McLean, Lizotte, Wheadon and Company be reappointed as the auditor for the 2019 financial year.

Respectfully submitted,

Tim Slaney,
Trustee and Financial Officer