

Scott Point Waterworks District



Financial Report for the for the Annual General Meeting 2020

Overview of 2019

The financial position of Scott Point Waterworks District (SPWD) continues to be strong and the Accumulated Surplus increased from \$722,445 in 2018 to \$731,352 largely due to increases in Tangible Capital Assets resulting from Project Blend.

2019 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, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards."

Financial position - See Statement of Financial Position (page 4)

- Cash and cash equivalents. At year-end 2019, we had \$47,028 combined in two bank accounts, one at the Bank of Montreal and the other at Island Savings. This was up from \$31,315 in 2017.
- Investments. The term deposit at Island Savings remained untouched in 2019 and now totals \$39,502.
- Non-Financial Assets. Project Blend increased the Tangible Capital assets from \$640,237 in 2018 to 652,143 at the end of 2019.

Revenue - See Statement of Operations (page 5)

- Water toll revenue was \$54,339 in 2019 which is down from \$73,801 in 2018 as there were fewer leaks and high use events.
- Parcel tax revenue was essentially unchanged from 2018.

Operating expenses - See Statement of Operations (page 5)

- Total operating expenses were \$77,019 in 2019 up from \$62,100 in 2018, and \$69,803 in 2017.
- Amortization expense increased by \$7,340 to \$23,653 as a result of Project Blend and other capital expenditures.
- Laboratory Testing cost \$3,653 in 2019 which is \$2,062 above 2018 expenditures and almost twice budget. Most of this increase was due to additional testing required to decipher water quality anomalies.
- Repair and maintenance expenses in 2019 were \$30,343 which is \$6,867 higher than 2018 and reflected a normal number of leaks and other issues. However, it was lower than budgeted as some planned non-routine tasks had to be deferred to 2020.
- Annual surplus was higher than planned largely because of operational savings despite the increased amortization cost.

Net financial assets - See Statement of Financial Position (page 4)

As noted earlier, Net Financial Assets at year-end 2019 were \$76,214 which is down slightly from \$79,248 in 2018 but offset by increases in nonfinancial assets.

Internal Controls/Processes

Again in 2019, 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 five years ago.

2020 Budget

The 2020 budget approved by the Trustees is shown overleaf. It was prepared as part of the rolling 10 year planning process (see <http://www.scottpointwaterworks.com/governance/10-year-plan/>). The 10 year plan takes into account the need to replenish our reserves following the Project Blend expenditures so that we can respond to short notice issues in the future. Highlights of the 2020 budget include:

- **Water tolls.** Water tolls will remain at the 2019 levels.
- **Annual parcel tax.** The Parcel Tax will remain at the 2018/2019 level.
- **Maintenance.** In addition to the work completed most years, 2020 maintenance will include the following non-routine items:

Reservoir Cleaning		5,000
Well 3 Tank Clean		1,000
#3 Filter Clean+Refill	tank,1 sand,1 pyrolux + other	4,000
Well 1, 4, 3	Pull well pump & screen	1,600
ROW Clearing		1,000
Total		12,600

- **Annual surplus/(deficit).** An annual operating surplus (loss)of (\$4,939) is anticipated given revenue and expense projections. The loss is attributable to non-routine maintenance costs some of which are deferred from 2019.

- **Acquisition of tangible capital assets.** The 2020 budget includes:

Well 3 Upgrades	paper filter, minor changes	5,000
Service lines & meters	3 per year	4,500
Water tower Isolation valve		4,000
Well 1, Well 4	well pump	2,000
Minor Items per Asset Plan		1,100
TOTAL CAPEX		16,600

Operations Budget 2020

	2018	2019	2019	2020
REVENUE	Audited	Budget	Audited	Budget
Toll Revenue	73,801	55,194	54,339	53,947
Parcel Tax	30,500	30,500	30,550	30,500
Interest Income	969	850	1,038	1,323
Other income	100	1,000		1,000
TOTAL REVENUE	105,370	87,544	85,927	86,770
EXPENSES				
Amortization	16,313	16,314	23,653	23,653
Office, Book keeping, & Billing	3,334	5,352	2,663	3,401
Insurance	5,848	6,159	5,946	6,267
Audit	4,750	4,774	5,500	5,100
Utilities	3,969	4,235	4,911	4,605
Consulting	2,019			
Lab Testing	1,591	1,785	3,653	3,726
Maintenance	23,476	51,211	30,343	44,600
Water License Fee	800	350	350	357
TOTAL OPERATING EXPENSE	62,100	90,180	77,019	91,709
ANNUAL SURPLUS/DEFECIT	43,270	(2,636)	8,908	(4,939)
Capital Expenditures				
Acquisition of tangible Capital Asset	68,871	15,000	35,595	16,600
Amortization of tangible Assets	16,313	16,313	23,653	23,653
Change in Net Financial Assets	52,558	(1,313)	11,942	(7,053)

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