

Scott Point Waterworks District



Financial Report for the for the Annual General Meeting 2021

Overview of 2020

The financial position of Scott Point Waterworks District (SPWD) continues to be strong although the Accumulated Surplus dropped from \$731,352 in 2019 to \$720,482 largely due to increased maintenance costs and increased amortization resulting from Project Blend.

2020 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, 2020, 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 2020, we had \$26,428 combined in two bank accounts, one at the Bank of Montreal and the other at Island Savings. This was down from \$47,028 in 2019.
- Investments. The term deposit at Island Savings remained untouched in 2020 and now totals \$40,192.
- Non-Financial Assets. Tangible Capital assets declined slightly from \$655,137 in 2019 to 654,302 at the end of 2020.

Revenue - See *Statement of Operations (page 5)*

- Water toll revenue was \$55,065 in 2020 which is up from \$54,339 in 2019.
- Parcel tax revenue was essentially unchanged since 2018.

Operating expenses - See *Statement of Operations (page 5)*

- Total operating expenses were \$97,261 in 2020 up from \$77,019 in 2019 and \$62,100 in 2018.
- Amortization expense increased to \$24,338. This was well above budget as the annual budgeting cycle required estimates before Project Blend totals and amortization requirements were available at the end of 2019.
- Laboratory Testing cost \$4,607 in 2020 which is \$954 above 2019 expenditures.
- Repair and maintenance expenses in 2020 were \$48,288 which is \$17,945 higher than 2019, and \$3,688 above budget. This reflected some planned expensive non-routine items like reservoir cleaning, as well as some unplanned treatment plant issues.
- Annual surplus was (\$10,869), which is \$13,269 below budget and largely due to the increased amortization and maintenance costs.

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

As noted earlier, Net Financial Assets at year-end 2020 were \$66,1181 which is down slightly from \$76,214 in 2019.

Internal Controls/Processes

Again in 2020, 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.

The District reviewed the financial controls policy (which is posted on the website) and concluded the policy continues to provide effective protections to ensure accurate reporting of the financial results.

Our customer issue and complaint notification and management process continues as implemented six years ago.

2021 Budget

The 2021 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 continue plant updates and to replenish our reserves following the Project Blend expenditures so that we can respond to short notice issues in the future.

Highlights of the 2021 budget include:

- **Water tolls.** Water tolls will increase 5% from 2020 levels due to increases in maintenance costs.
- **Annual parcel tax.** The Parcel Tax will remain at the 2018-2020 level.
- **Maintenance.** In addition to the work completed most years, 2021 maintenance will include the following non-routine items:

Replace media in 2 filters at Well 3	1,000
Pull and clean Well 4 pump and screen	1,500
Hydrant Maintenance	3,000
PLC (computer controls) revisions	2,000
	7,500

- **Annual surplus/(deficit).** An annual operating surplus (loss) of (\$2,432) is anticipated given revenue and expense projections. The loss is attributable to non-routine maintenance costs some of which are deferred from 2020.
- **Acquisition of tangible capital assets.** The 2021 budget includes:

Treatment Plant	Well 3 Upgrades	Upgrade controls and piping, remove brass fittings, add sediment & hardness treatment	11,500
Water Distribution	Reset meters	4 per year	2,000
Treatment Plant	Well 1	RO Membrane circulating pump	2,000
Minor Items per Plan		Asset Plan	2,300
			17,800

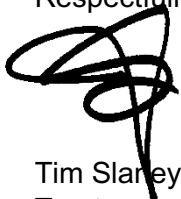
Operations Budget 2021

	2019	2020	2020	2021
	Audited	Budget	Audited	Budget
REVENUE				
Toll Revenue	54,339	53,947	55,065	56,644
Parcel Tax	30,550	30,500	30,637	30,500
Interest Income	1,038	1,323	690	1,349
Other income		1,000		
TOTAL REVENUE	85,927	86,770	86,392	88,493
EXPENSES				
Amortization	23,653	16,314	24,338	23,653
Office, Book keeping, & Billing	2,663	3,401	2,403	3,469
Insurance	5,946	6,267	6,323	6,392
Audit	5,500	5,100	5,000	5,202
Utilities	4,911	4,605	5,902	5,600
Consulting				
Lab Testing	3,653	3,726	4,607	3,801
Maintenance	30,343	44,600	48,288	42,444
Water License Fee	350	357	400	364
TOTAL OPERATING EXPENSE	77,019	84,370	97,261	90,925
ANNUAL SURPLUS/DEFECIT	8,908	2,400	(10,869)	(2,432)
Capital Expenditures				
Acquisition of tangible Capital Assets	35,595	16,600	23,502	17,800
Amortization of tangible Assets	23,653	16,314	24,338	23,653
Change in Net Financial Assets	(3,034)	2,114	(10,033)	3,421

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 2021 financial year.

Respectfully submitted,



Tim Slarney,
Trustee and Financial Officer