

# Scott Point Waterworks District



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## Financial Report for the for the Annual General Meeting 2022

### Overview of 2021

The financial position of Scott Point Waterworks District (SPWD) continues to be strong although the Accumulated Surplus dropped from \$720,482 to \$711,869 largely due to increased maintenance costs.

### 2021 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, 2021, 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 2021, we had \$22,263 combined in two bank accounts, one at the Bank of Montreal and the other at Island Savings. This was down from \$26,428 in 2020.
- Investments. In 2021, we purchased two additional term deposits at Island Savings. The Three term deposits totaled \$60,505 at year end, compared to \$40,192 at end of 2020.
- Non-Financial Assets. Tangible capital assets declined slightly from \$651,099 in 2020 to \$635,609 at the end of 2021, due to depreciation.

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

- Water toll revenue was \$59,617 up from \$55,065 in 2020.
- Parcel tax revenue was \$30,500, essentially unchanged since 2018.

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

- Total operating expenses were \$99,194 in 2021, up from \$97,261 in 2020.
- Amortization expense increased slightly to \$24,640 in 2021 from \$24,338 in 2020.
- Laboratory Testing cost \$5,692 in 2021 up from \$4,607 in 2020, reflecting increased prices on sample tests.
- Repair and maintenance expenses in 2021 were \$47,778 which is \$17,945 slightly lower than 2020, but \$5,334 above budget. This reflected unplanned treatment plant issues particularly earlier than anticipated replacement of the RO membranes.
- Annual surplus was (\$8,614), which is \$6,183 below budget and largely due to the increased laboratory and maintenance costs.

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

- Net Financial Assets at year-end 2021 were \$72,486 which is up from \$66,181 in 2020.

## Internal Controls/Processes

Again in 2021, 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 use 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 seven years ago.

## 2022 Budget

The 2022 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 2022 budget include:

- **Water tolls.** Water tolls will increase 5% from 2021 levels due to increased operating costs.
- **Annual parcel tax.** The Parcel Tax will rise to \$550.
- **Maintenance.** In addition to the work completed most years, 2022 maintenance will include the following non-routine items:

Reservoir external inspection	1,800
Reservoir paint repair	3,000
Clean Blend and Transfer tanks	1,500
Well 3 Filters clean+refill	1,200
PLC regular upgrade	2,000
Total non-routine	9,500

- **Annual surplus/(deficit).** An annual operating surplus (loss) of (\$4,718) is anticipated given revenue and expense projections.
- **Acquisition of tangible capital assets.** The 2022 budget includes:

Treatment Plant	Well 3 Upgrades	11,500
Water Distribution	Reset 4 meters	2,200
	Prepare for trucked water contingency	1,000
Wells	Replace Well 1 pump	2,200
	Up grade confined space pit at Well 1	2,000
Minor Items per Plan		2,800
		21,700

## Operations Budget 2022

	2020	2021	2021	2022
	Audited	Budget	Audited	Budget
<b>REVENUE</b>				
Toll Revenue	55,065	56,644	59,617	59,477
Parcel Tax	30,637	30,500	30,650	33,550
Interest Income	690	1,349	313	243
Other income				
<b>TOTAL REVENUE</b>	<b>86,392</b>	<b>88,493</b>	<b>90,580</b>	<b>93,270</b>
<b>EXPENSES</b>				
Amortization	24,338	23,653	24,640	24,000
Office, Book keeping, & Billing	2,403	3,469	2,812	2,884
Insurance	6,323	6,392	7,016	7,815
Audit	5,000	5,202	5,000	5,150
Utilities	5,902	5,600	5,906	6,290
Consulting				
Lab Testing	4,607	3,801	5,692	5,863
Maintenance	48,288	42,444	47,778	45,626
Water License Fee	400	364	350	360
<b>TOTAL OPERATING EXPENSE</b>	<b>97,261</b>	<b>90,925</b>	<b>99,194</b>	<b>97,988</b>
<b>ANNUAL SURPLUS/DEFECIT</b>	<b>(10,869)</b>	<b>(2,432)</b>	<b>(8,614)</b>	<b>(4,718)</b>
<b>CAPITAL EXPENDITURES</b>				
Acquisition of tangible Capital Assets	23,502	17,800	9,150	21,700
Amortization of tangible Assets	24,338	23,653	24,640	24,000
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>(10,033)</b>	<b>3,421</b>	<b>6,876</b>	<b>(2,418)</b>
* see <a href="http://www.scottpointwaterworks.com/governance/10-year-plan/">http://www.scottpointwaterworks.com/governance/10-year-plan/</a>				

### Renewal of Auditors

The District conducted an evaluation after the completion of the audit report, and continues to be pleased with the work performed by the auditor. I move that McLean, Lizotte, Wheadon and Company be reappointed as the auditor for the 2022 financial year.

Respectfully submitted,



Tim Slaney,  
Trustee and Financial Officer