



Grant Thornton

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BEAVER FALLS WATERWORKS DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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Audit • Tax • Advisory

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BEAVER FALLS WATERWORKS DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2021

Management's Responsibility for Financial Reporting

Management is composed entirely of the Board of Trustees who is elected by the Members of the Beaver Falls Waterworks District. Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Board of Trustees is responsible for overseeing the financial reporting responsibilities and for approving the financial information and discussing relevant matters with the external auditors. The Board of Trustees is also responsible for recommending the appointment of the District's external auditors.

Grant Thornton LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Trustees to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to meet with the Board of Trustees to discuss their audit findings.

Arnold Webber
Trustee
April 4/2022
Date

John Valli
Trustee
4/4/22
Date

Independent Auditor's Report

Grant Thornton LLP
4 - 615 Columbia Avenue
Castlegar, BC V1N 1G9

T +1 250 365 7745
F +1 250 365 8027
www.GrantThornton.ca

To the Members of
Beaver Falls Waterworks District

Opinion

We have audited the financial statements of Beaver Falls Waterworks District (the "District"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Beaver Falls Waterworks District as at December 31, 2021 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Castlegar, Canada
April 4, 2022



Chartered Professional Accountants

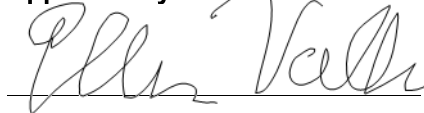
BEAVER FALLS WATERWORKS DISTRICT

Statement of Financial Position

As at December 31

	2021	2020
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 588,606	\$ 522,223
Accounts receivable	17,577	14,380
	606,183	536,603
Financial Liabilities		
Accounts payable	14,736	14,817
	591,447	521,786
Net Financial Assets		
Non-Financial Assets		
Prepaid expenses	8,459	8,459
Inventory of supplies	8,016	8,016
Tangible capital assets (Note 3)	167,073	179,093
	183,548	195,568
Accumulated Surplus (Schedule)	\$ 774,995	\$ 717,354

Approved by the Trustees:


Trustee


Trustee

BEAVER FALLS WATERWORKS DISTRICT

Statement of Changes in Net Financial Assets

For the Year Ended December 31

	2021 Budget	2021 Actual	2020
Annual surplus	\$ 50,000	\$ 57,641	\$ 73,801
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	-	(46,517)
Amortization of tangible capital assets	10,000	12,020	11,384
	10,000	12,020	(35,133)
Changes in other non-financial assets			
Acquisition of prepaid expenses	-	(8,459)	(8,459)
Use of prepaid expenses	-	8,459	8,254
	-	-	(205)
Changes in net financial assets	60,000	69,661	38,463
Net financial assets, beginning of year	521,786	521,786	483,323
Net financial assets, end of year	\$ 581,786	\$ 591,447	\$ 521,786

BEAVER FALLS WATERWORKS DISTRICT

Statement of Operations and Accumulated Surplus

For the Year Ended December 31

	2021	2021	2020
	Budget	Actual	
Revenues			
Water tolls	\$ 101,400	\$ 102,204	\$ 95,416
Water taxes	56,300	56,037	53,649
Interest and penalties	3,600	3,399	3,383
Interest - unrestricted	1,570	1,689	3,106
Connection fees	-	-	1,100
Capital expenditure charge - subdivision fees	-	-	1,000
Interest - internally restricted	900	618	917
Government transfers - temporary wage subsidy	-	-	556
	<u>163,770</u>	<u>163,947</u>	<u>159,127</u>
Operating Expenses			
Engineering and water study	3,000	-	-
Insurance	13,000	12,035	11,142
Licences and permits	800	899	681
Repairs and maintenance	22,500	31,208	11,790
Utilities	9,000	9,512	8,492
Vehicle	1,580	1,722	1,262
Water operator contract	17,168	12,606	12,286
	<u>67,048</u>	<u>67,982</u>	<u>45,653</u>
	<u>96,722</u>	<u>95,965</u>	<u>113,474</u>
Administrative Expenses			
Administrative contract	10,172	6,904	9,975
Amortization	10,000	12,020	11,384
Bank charges and interest	120	129	72
Education	400	66	110
Honoraria	2,600	2,710	2,581
Office	2,500	3,082	2,556
Professional fees	11,000	10,700	10,205
Telephone	2,900	2,713	2,714
Travel	600	-	76
	<u>40,292</u>	<u>38,324</u>	<u>39,673</u>
Annual surplus	56,430	57,641	73,801
Accumulated surplus, beginning of year	<u>717,354</u>	<u>717,354</u>	<u>643,553</u>
Accumulated surplus, end of year	<u>\$ 773,784</u>	<u>\$ 774,995</u>	<u>\$ 717,354</u>

BEAVER FALLS WATERWORKS DISTRICT

Statement of Cash Flows

For the Year Ended December 31

	2021	2020
Cash Flows Provided By (Used In) Operating Activities		
Cash received from users	\$ 158,443	\$ 152,277
Cash received from government transfers	-	556
Cash paid to suppliers and employees	(94,367)	(72,657)
Cash received from unrestricted interest	1,689	3,106
Cash received from internally restricted interest	618	917
	<u>66,383</u>	<u>84,199</u>
Cash Flows Provided By (Used In) Investing Activities		
Purchase of tangible capital assets	-	(46,517)
	<u>-</u>	<u>(46,517)</u>
Increase in cash	66,383	37,682
Cash and cash equivalents, beginning of year	<u>522,223</u>	<u>484,541</u>
Cash and cash equivalents, end of year	<u>\$ 588,606</u>	<u>\$ 522,223</u>

BEAVER FALLS WATERWORKS DISTRICT

Notes to Financial Statements

December 31, 2021

Nature of Operations

The Beaver Falls Waterworks District was formed as an Improvement District on October 1, 1959. The objectives of the District are the acquisition, maintenance and operation of the waterworks and all incidental matters thereto for the land within the District.

1. Summary of Significant Accounting Policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Funds are segregated for the purpose of carrying on specific activities or attaining specific objectives. The following funds are currently in use:

Unrestricted operating fund - this fund is used to report the operating activities of the District, including general operations and the water utilities.

Internally restricted reserve funds - these funds have been established to hold funds for specific future requirements. The use of these funds is at the discretion of the Board of Trustees and consists of a capital expenditure fund and a capital works, renewal reserve fund.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions which affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, accrued liabilities included in accounts payable, the valuation of inventory of supplies and the estimated useful lives of tangible capital assets. Actual results may differ from these estimated amounts.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Inventory of supplies

Inventory of supplies consists of materials and supplies for use and consumption. Inventory of supplies is measured at the lower of cost and net replacement value. Cost has been determined using the specific identification method.

BEAVER FALLS WATERWORKS DISTRICT

Notes to Financial Statements

December 31, 2021

Tangible capital assets	<p>Tangible capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the following periods:</p> <table><tr><td>Computer equipment</td><td>3 years</td></tr><tr><td>Tools and equipment</td><td>5 years</td></tr><tr><td>Vehicles</td><td>10 years</td></tr><tr><td>Waterworks system</td><td>25 years</td></tr></table>	Computer equipment	3 years	Tools and equipment	5 years	Vehicles	10 years	Waterworks system	25 years
Computer equipment	3 years								
Tools and equipment	5 years								
Vehicles	10 years								
Waterworks system	25 years								
Revenue recognition	<p>Tolls and taxes revenues are recognized on an accrual basis and are recognized in the period to which they relate provided that collection is reasonably assured. Connection fees and capital expenditure charge - subdivision fees are recognized when services are rendered provided that collection is reasonably assured. All other revenue is recognized when collection is reasonably assured.</p>								
Expense recognition	<p>Operating and administrative expenses are recognized on an accrual basis in the period in which they are incurred.</p>								
Donated goods and services	<p>The District benefits from donated goods and services in the form of volunteer time and donated goods. Donated materials and services that relate to tangible capital assets are recognized at fair value. Any other donated goods and services are not recognized in these financial statements.</p>								
Government transfers	<p>Government transfers are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.</p>								
Budget data	<p>The budget data presented in these financial statements was adopted by the Board of Trustees at the Annual General Meeting on July 22, 2021.</p>								

BEAVER FALLS WATERWORKS DISTRICT

Notes to Financial Statements

December 31, 2021

2. Cash and Cash Equivalents

Cash and cash equivalents comprise unrestricted operating accounts that consist of bank accounts and members shares and internally restricted reserve funds that consist of bank accounts. The reserve funds have been established by the Board for specific operating uses. Funds received from capital expenditure charges and interest earned on these funds are included in the capital expenditure fund. These funds may only be used to increase source capacity, enlarge mains, increase storage or to otherwise in any way augment the capacity of the works. Funds received from the sale of District land, current revenue and general revenue fund surplus may from time to time be paid into the capital works, renewal reserve fund. These funds and interest earned on these funds may only be used for the replacement, upgrade or renewal of existing works. The funds may be disbursed by a bylaw of the Trustees of the District.

	2021	2020
Operating accounts	\$ 417,841	\$ 352,076
Capital expenditure fund	15,346	15,291
Capital works, renewal reserve fund	<u>155,419</u>	<u>154,856</u>
	<u>\$ 588,606</u>	<u>\$ 522,223</u>

BEAVER FALLS WATERWORKS DISTRICT

Notes to Financial Statements

December 31, 2021

3. Tangible Capital Assets

As at December 31, 2021	Cost	Accumulated Amortization	Net Book Value
Land	\$ 10,000	\$ -	\$ 10,000
Computer equipment	3,797	3,528	269
Tools and equipment	9,838	7,646	2,192
Vehicles	13,606	4,083	9,523
Waterworks system	<u>713,663</u>	<u>568,574</u>	<u>145,089</u>
	<u>\$ 750,904</u>	<u>\$ 583,831</u>	<u>\$ 167,073</u>

As at December 31, 2020	Cost	Accumulated Amortization	Net Book Value
Land	\$ 10,000	\$ -	\$ 10,000
Computer equipment	3,797	3,350	447
Tools and equipment	9,838	6,528	3,310
Vehicles	13,606	2,722	10,884
Waterworks system	<u>713,663</u>	<u>559,211</u>	<u>154,452</u>
	<u>\$ 750,904</u>	<u>\$ 571,811</u>	<u>\$ 179,093</u>

Additions for the year amount to \$Nil in computer equipment (2020: \$535), \$Nil in waterworks system (2020: \$44,810) and \$Nil in tools and equipment (2020: \$1,172). There were no disposals in the year. Amortization expense for the year amounted to \$12,020 (2020: \$11,384).

BEAVER FALLS WATERWORKS DISTRICT

Schedule of Changes in Accumulated Surplus

For the Year Ended December 31

	Unrestricted operating fund	Internally restricted capital expenditure fund	Internally restricted capital works, renewal reserve fund	Invested in tangible capital assets	Total 2021	Total 2020
Accumulated surplus, beginning of year	\$ 368,114	\$ 15,291	\$ 154,856	\$ 179,093	\$ 717,354	\$ 643,553
Annual surplus	69,661	-	-	(12,020)	57,641	73,801
Internally restricted interest - transfer	(618)	55	563	-	-	-
Accumulated surplus, end of year	<u>\$ 437,157</u>	<u>\$ 15,346</u>	<u>\$ 155,419</u>	<u>\$ 167,073</u>	<u>\$ 774,995</u>	<u>\$ 717,354</u>

Management Representation Letter

April 4, 2022

Grant Thornton, LLP
4-615 Columbia Ave,
Castlegar BC,
V1N 1G9

Dear Sir/Madam:

We are providing this letter in connection with your audit of the financial statements of Beaver Falls Waterworks District ("the District") as of December 31, 2021, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Beaver Falls Waterworks District in accordance with Canadian public sector accounting standards.

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of April 4, 2022, the following representations made to you during your audit.

Financial statements

- 1 The financial statements referred to above 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, as agreed to in the terms of the audit engagement.

Completeness of information

- 2 We have made available to you all financial records and related data and all minutes of the meetings of trustees, and committees of trustees, as agreed in the terms of the audit engagement.

Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.

- 3 We have provided you with unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
- 4 There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. The adjusting journal entries which have been proposed by you are approved by us and will be recorded on the books of the District.
- 5 There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.
- 6 We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
- 7 We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
- 8 We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.
- 9 We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.
- 10 You provided a non-audit service by assisting us with drafting the financial statements and related notes. In connection with this non-audit service, we confirm that we have made all management decisions and performed all management functions, have the knowledge to evaluate the accuracy and completeness of the financial statements, and accept responsibility for such financial statements.

Fraud and error

- 11 We have no knowledge of fraud or suspected fraud affecting the District involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
- 12 We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, analysts, regulators or others.
- 13 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Recognition, measurement and disclosure


- 14 We believe that the methods, significant assumptions and data used by us in making accounting estimates and related disclosures are appropriate to achieve recognition, measurement and disclosure that are in accordance with Canadian public sector accounting standards.
- 15 We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
- 16 All related party transactions have been appropriately measured and disclosed in the financial statements.
- 17 The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- 18 All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
- 19 All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
- 20 With respect to environmental matters:
 - a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;
 - b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and
 - c) commitments have been measured and disclosed, as appropriate, in the financial statements.
- 21 The District has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the District's assets nor has any been pledged as collateral.
- 22 We have disclosed to you, and the District has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
- 23 The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the District are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the District are considered complete.
- 24 Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Canadian public Sector accounting standards sections PS 3250 Retirement benefits and PS3255 Post-employment benefits, compensated absences and termination benefits.

25 There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

Other

26 We have considered whether or not events have occurred, or conditions exist which may cast significant doubt on the District's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,



Harold Walker, Trustee