

**BEAVER FALLS WATERWORKS DISTRICT**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

## 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 consolidated 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 consolidated 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 consolidated 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.

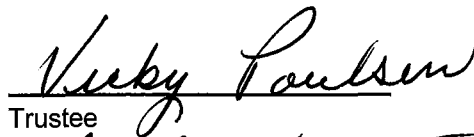
Yule Anderson, an independent firm of Chartered Accountants, is appointed by the Board of Trustees to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet with the Board of Trustees to discuss their audit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



Trustee

April 10<sup>th</sup>, 2015

Date



Trustee

April 10/2015

Date



**yule  
anderson**

Chartered Professional  
Accountants

\*Incorporated as Yule Anderson & Company Inc.

**Ron Anderson**, BAS, CPA, CA  
**Geoff W. Yule**, BBA, CPA, CA  
**Katarina Yule**, B.Comm, CPA, CA  
**Pam Gerrand**, B.Comm, CPA, CA  
**Jodi Silva**, B.Comm, CPA, CA  
**Alissa Bryden**, B.Comm, CPA, CA  
**Sharel Wallace**, CPA, CMA

April 10, 2015

## **Independent Auditor's Report**

To the Members of  
Beaver Falls Waterworks District

We have audited the accompanying consolidated financial statements of Beaver Falls Waterworks District, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statement of operations, consolidated statement of changes in net financial assets, consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**


Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Beaver Falls Waterworks District as at December 31, 2014 and the results of its operations, changes in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

  
Chartered Accountants

# BEAVER FALLS WATERWORKS DISTRICT

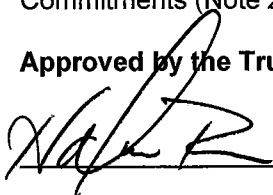
## Consolidated Statement of Financial Position

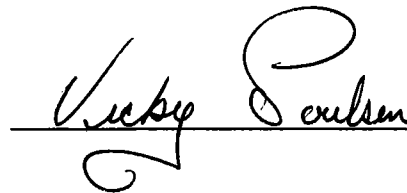
As at December 31

	2014	2013
<b>Financial Assets</b>		
Cash	\$ 184,126	\$ 121,796
Short-term investments	31,617	31,306
Accounts receivable	16,919	20,298
Restricted assets - reserve funds (Note 3)	<u>33,754</u>	<u>44,660</u>
	<u>266,416</u>	<u>218,060</u>
<b>Financial Liabilities</b>		
Accounts payable	<u>11,187</u>	<u>12,963</u>
<b>Net Financial Assets</b>	<u>255,229</u>	<u>205,097</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	9,097	9,391
Inventory	6,907	18,373
Tangible capital assets (Note 4)	<u>139,365</u>	<u>137,971</u>
	<u>155,369</u>	<u>165,735</u>
<b>Accumulated Surplus (Schedule)</b>	<u>\$ 410,598</u>	<u>\$ 370,832</u>
<b>Represented By:</b>		
Unrestricted operating fund	\$ 237,479	\$ 188,201
Internally restricted capital expenditure fund	11,511	15,522
Internally restricted fire protection fund	-	22,900
Internally restricted renewal reserve fund	22,243	6,238
Equity in tangible capital assets	<u>139,365</u>	<u>137,971</u>
	<u>\$ 410,598</u>	<u>\$ 370,832</u>

Commitments (Note 2)

Approved by the Trustees:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

# BEAVER FALLS WATERWORKS DISTRICT

## Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31

---

	2014 Budget (unaudited)	2014 (Actual)	2013
<b>Annual surplus</b>	\$ <u>30,823</u>	\$ <u>39,766</u>	\$ <u>139,499</u>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	(25,160)	(8,611)	(5,400)
Amortization of tangible capital assets	<u>6,000</u>	<u>7,217</u>	<u>6,391</u>
	<u>(19,160)</u>	<u>(1,394)</u>	<u>991</u>
<b>Changes in other non-financial assets</b>			
Acquisition of prepaid expenses	-	(9,097)	(9,391)
Use of prepaid expenses	-	9,391	9,369
Acquisition of inventory	-	-	(6,624)
Use of inventory	<u>-</u>	<u>11,466</u>	<u>-</u>
	<u>-</u>	<u>11,760</u>	<u>(6,646)</u>
<b>Change in net financial assets</b>	11,663	50,132	133,844
<b>Net financial assets, beginning of year</b>	<u>205,097</u>	<u>205,097</u>	<u>71,253</u>
<b>Net financial assets, end of year</b>	\$ <u>216,760</u>	\$ <u>255,229</u>	\$ <u>205,097</u>

# BEAVER FALLS WATERWORKS DISTRICT

## Consolidated Statement of Operations

For the Year Ended December 31

	2014 (Budget) (unaudited)	2014 (Actual)	2013
<b>Revenues</b>			
Water tolls	\$ 76,600	\$ 78,689	\$ 70,574
Water taxes	42,410	44,142	148,401
Other	-	3,540	636
Interest and penalties	2,150	3,394	2,750
Maintenance contract	1,688	1,567	3,401
Interest - unrestricted	-	760	710
Connection fees	-	150	525
Interest - restricted	-	21	19
Contributions	-	-	5,400
	<u>122,848</u>	<u>132,263</u>	<u>232,416</u>
<b>Operating Expenditures</b>			
Insurance	11,000	10,357	10,223
Licences and permits	850	616	796
Repairs and maintenance	17,650	26,045	25,316
Utilities	6,400	6,372	5,738
Vehicle	4,200	1,690	-
Water operator contract	8,500	8,671	3,600
	<u>48,600</u>	<u>53,751</u>	<u>45,673</u>
	<u>74,248</u>	<u>78,512</u>	<u>186,743</u>
<b>Administrative Expenditures</b>			
Administrative contract	12,540	10,312	15,306
Amortization	6,000	7,217	6,391
Bank charges and interest	150	142	122
Education	1,000	457	380
Honoraria	1,925	1,925	1,305
Office	4,250	2,830	5,816
Professional fees	13,000	11,047	12,862
Rent	3,020	3,015	3,080
Telephone	840	1,088	1,029
Travel	700	713	953
	<u>43,425</u>	<u>38,746</u>	<u>47,244</u>
<b>Annual surplus</b>	<u>\$ 30,823</u>	<u>\$ 39,766</u>	<u>\$ 139,499</u>

# BEAVER FALLS WATERWORKS DISTRICT

## Consolidated Statement of Cash Flows

For the Year Ended December 31

	2014	2013
<b>Cash Flows Provided By (Used In) Operating Activities</b>		
Cash received from users	\$ 134,861	\$ 211,177
Cash paid to suppliers	(75,296)	(111,879)
Cash received from unrestricted interest	760	710
Cash received from internally restricted interest	<u>21</u>	<u>19</u>
	60,346	100,027
<b>Cash Flows Provided By (Used In) Investing Activities</b>		
Purchase of tangible capital assets	<u>(8,611)</u>	<u>-</u>
<b>Increase in cash</b>	51,735	100,027
<b>Cash, beginning of year</b>	<u>197,762</u>	<u>97,735</u>
<b>Cash, end of year</b>	<u>\$ 249,497</u>	<u>\$ 197,762</u>
<b>Represented by:</b>		
Cash	\$ 184,126	\$ 121,796
Short-term investments	31,617	31,306
Restricted assets - reserve funds	<u>33,754</u>	<u>44,660</u>
	<u>\$ 249,497</u>	<u>\$ 197,762</u>

# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Consolidated Financial Statements

December 31, 2014

---

### 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. Under the Income Tax Act of Canada, the District qualifies as a not-for-profit organization and is exempt from income tax.

### 1. Summary of Significant Accounting Policies

#### Basis of presentation

The consolidated 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, fire protection fund and renewal reserve fund.

The consolidated financial statements include the accounts of all of the funds of the District. Inter-fund transactions and balances have been eliminated.

#### Use of estimates

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

#### Short-term investments

Short-term investments include term deposits in Kootenay Savings Credit Union and are recorded at cost.

#### 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.



# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Consolidated Financial Statements

December 31, 2014

---

### Inventory

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

### Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is calculated on the straight-line basis over the following periods:

Computer equipment	3 years
Tools and equipment	5 years
Waterworks system	25 years
Vehicle	10 years

The provision for amortization is reduced by one-half in the year of acquisition and no amortization is recorded in the year of disposition.

### Revenue recognition

Taxes and toll revenue are recognized on an accrual basis and recognized in the period to which they relate provided that collection is reasonably assured. Connection fees and subdivision revenues are recognized when services are rendered provided that collection is reasonably assured. All other revenue is recognized when collection is reasonably assured.

### Expense recognition

Operating and administrative expenditures are recognized on an accrual basis in the period in which they are incurred.

### Donated goods and services

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 consolidated financial statements.

### Budget data

The unaudited budget data presented in these consolidated financial statements was adopted by the Board of Trustees at the Annual General Meeting on April 9, 2014.

## 2. Commitments

The District leases its premises under an agreement expiring in August 2015. Minimum annual lease payments remaining under the terms of the contract are \$1,750.

# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Consolidated Financial Statements

December 31, 2014

### 3. Restricted Assets - Reserve Funds

Internally restricted reserve funds have been established by the Board for specific operating uses. Income earned throughout the year on these funds is added to the internally restricted net asset balance. Use of the capital expenditure fund and fire protection fund for their designated purpose is at the discretion of the Board. The funds in the renewal reserve fund can only be disbursed by a bylaw passed by the Trustees of the District after being given written approval of the Deputy Inspector of Municipalities.

Internally restricted reserve funds consists of the following:

	2014	2013
KSCU Maximizer - Capital Expenditure Fund	\$ 11,511	\$ 15,522
KSCU Maximizer - Fire Protection Fund	-	22,900
KSCU Maximizer - Renewal Reserve Fund	<u>22,243</u>	<u>6,238</u>
	<u>\$ 33,754</u>	<u>\$ 44,660</u>

### 4. Tangible Capital Assets

As at December 31, 2014	Cost	Accumulated Amortization	Net Book Value
Land	\$ 10,000	\$ -	\$ 10,000
Computer equipment	2,332	2,036	296
Tools and equipment	4,245	424	3,821
Waterworks system	633,662	512,224	121,438
Vehicle	<u>4,011</u>	<u>201</u>	<u>3,810</u>
	<u>\$ 654,250</u>	<u>\$ 514,885</u>	<u>\$ 139,365</u>

As at December 31, 2013	Cost	Accumulated Amortization	Net Book Value
Land	\$ 10,000	\$ -	\$ 10,000
Computer equipment	1,977	1,918	59
Waterworks system	<u>633,662</u>	<u>505,750</u>	<u>127,912</u>
	<u>\$ 645,639</u>	<u>\$ 507,668</u>	<u>\$ 137,971</u>

Additions for the year amount to \$355 in computer equipment (2013: \$Nil), \$4,245 in tools and equipment (2013: \$Nil), \$Nil in waterworks system (2013: \$5,400) and \$4,011 in vehicle (2013: \$Nil). Amortization expense for the year amounted to \$7,217 (2013: \$6,391).

# BEAVER FALLS WATERWORKS DISTRICT

## Consolidated Schedule of Changes in Accumulated Surplus

For the Year Ended December 31

	Unrestricted Operating Fund	Internally Restricted Capital Expenditure Fund	Internally Restricted Fire Protection Fund	Internally Restricted Renewal Reserve Fund	Equity in Tangible Capital Assets (a)	Total 2014	Total 2013
Accumulated surplus, beginning of year	\$ 188,201	\$ 15,522	\$ 22,900	\$ 6,238	\$ 137,971	\$ 370,832	\$ 231,333
Annual surplus	39,766	-	-	-	-	39,766	139,499
Transfers	10,927	(4,018)	(22,909)	16,000	-	-	-
Restricted interest - transfer	(21)	7	9	5	-	-	-
Additions to tangible capital assets - transfer	(8,611)	-	-	-	8,611	-	-
Amortization - transfer	<u>7,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,217)</u>	<u>-</u>	<u>-</u>
Accumulated surplus, end of year	<u>\$ 237,479</u>	<u>\$ 11,511</u>	<u>\$ -</u>	<u>\$ 22,243</u>	<u>\$ 139,365</u>	<u>\$ 410,598</u>	<u>\$ 370,832</u>

(a) The District records amounts paid for the acquisition of tangible capital assets and principal repayments on loans incurred to acquire tangible capital assets to this account. A reduction is charged against this account for funds received to finance tangible capital asset purchases, proceeds from the sale of tangible capital assets and amortization. The net investment is classified as restricted where there are external restrictions placed upon the use and/or possible future dispositions of the tangible capital assets.