



**BEAVER FALLS WATERWORKS DISTRICT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**


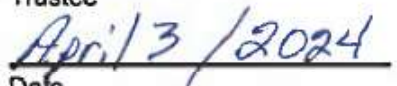
## Management's Responsibility for Financial Reporting

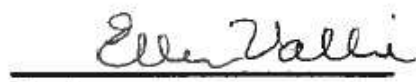
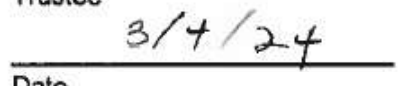
Management is composed entirely of the Board of Trustees who is elected by the Members of the Beaver Falls Waterworks District. Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates 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.

  
Trustee  
  
Date

  
Trustee  
  
Date

## Independent Auditor's Report

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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, 2023 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, 2023 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.

*Grant Thornton LLP*

Castlegar, Canada  
April 3, 2024

Chartered Professional Accountants

# BEAVER FALLS WATERWORKS DISTRICT

## Statement of Financial Position

As at December 31

	2023	2022
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 558,502	\$ 604,933
Accounts receivable	36,375	23,708
	594,877	628,641
<b>Financial Liabilities</b>		
Accounts payable	18,024	21,329
Asset retirement obligation	10,206	-
	566,647	607,312
<b>Net Financial Assets</b>		
	566,647	607,312
<b>Non-Financial Assets</b>		
Prepaid expenses	8,459	8,459
Inventory of supplies	11,084	8,016
Tangible capital assets (Note 4)	347,763	187,550
	367,306	204,025
<b>Accumulated Surplus</b> (Schedule)	<b>\$ 933,953</b>	<b>\$ 811,337</b>

Approved by the Trustees:

 Trustee

 Trustee

# BEAVER FALLS WATERWORKS DISTRICT

## Statement of Operations and Accumulated Surplus

For the Year Ended December 31

	2023 Budget	2023 Actual	2022
<b>Revenues</b>			
Water tolls	\$ 112,100	\$ 113,377	\$ 107,859
Water taxes	61,800	62,105	59,184
Insurance proceeds	-	55,011	-
Interest - unrestricted	2,040	8,333	2,789
Interest and penalties	3,700	5,400	1,673
Connection fees	8,000	1,075	-
Interest - internally restricted	900	845	1,037
	<u>188,540</u>	<u>246,146</u>	<u>172,542</u>
<b>Operating Expenses</b>			
Insurance	14,000	15,811	13,573
Licences and permits	900	1,114	800
Repairs and maintenance	170,000	10,466	18,007
Sourced water	-	-	9,235
Utilities	13,000	10,201	14,154
Vehicle	2,500	1,173	2,691
Water operator contract	19,210	22,621	15,165
	<u>219,610</u>	<u>61,386</u>	<u>73,625</u>
	<u>(31,070)</u>	<u>184,760</u>	<u>98,917</u>
<b>Administrative Expenses</b>			
Administrative contract	10,810	17,534	8,496
Amortization	18,471	15,655	10,327
Asset retirement obligation accretion	-	499	-
Bank charges and interest	150	58	109
Education	400	1,121	534
Honoraria	2,900	3,130	2,846
Office	3,675	3,238	3,128
Professional fees	48,700	16,521	14,200
Telephone	2,950	2,824	2,718
Travel	600	1,564	79
	<u>88,656</u>	<u>62,144</u>	<u>42,437</u>
Loss on disposal of tangible capital assets (Note 4)	-	-	(20,138)
<b>Annual surplus (deficit)</b>	(119,726)	122,616	36,342
<b>Accumulated surplus, beginning of year</b>	<u>811,337</u>	<u>811,337</u>	<u>774,995</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 691,611</u>	<u>\$ 933,953</u>	<u>\$ 811,337</u>

# BEAVER FALLS WATERWORKS DISTRICT

## Statement of Changes in Net Financial Assets

For the Year Ended December 31

	2023 Budget	2023 Actual	2022
<b>Annual surplus</b>	\$ (119,726)	\$ 122,616	\$ 36,342
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	-	(166,161)	(50,942)
Amortization of tangible capital assets	18,471	15,655	10,327
Asset retirement obligation added to tangible capital assets	-	(9,707)	-
Disposal of tangible capital assets	-	-	20,138
	18,471	(160,213)	(20,477)
<b>Changes in other non-financial assets</b>			
Acquisition of prepaid expenses	-	(8,459)	(8,459)
Use of prepaid expenses	-	8,459	8,459
Acquisition of inventory	-	(3,068)	-
	-	(3,068)	-
<b>Changes in net financial assets</b>	(101,255)	(40,665)	15,865
<b>Net financial assets, beginning of year</b>	607,312	607,312	591,447
<b>Net financial assets, end of year</b>	\$ 506,057	\$ 566,647	\$ 607,312

# BEAVER FALLS WATERWORKS DISTRICT

## Statement of Cash Flows

For the Year Ended December 31

	2023	2022
<b>Cash Flows Provided By (Used In) Operating Activities</b>		
Cash received from users	\$ 224,301	\$ 162,585
Cash paid to suppliers and employees	(113,749)	(99,142)
Cash received from unrestricted interest	8,333	2,789
Cash received from internally restricted interest	845	1,037
	<u>119,730</u>	<u>67,269</u>
<b>Cash Flows Provided By (Used In) Investing Activities</b>		
Purchase of tangible capital assets	<u>(166,161)</u>	<u>(50,942)</u>
	<u>(166,161)</u>	<u>(50,942)</u>
<b>(Decrease) increase in cash</b>	(46,431)	16,327
<b>Cash and cash equivalents, beginning of year</b>	<u>604,933</u>	<u>588,606</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 558,502</u>	<u>\$ 604,933</u>



# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Financial Statements

December 31, 2023

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### 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, assumptions used in the estimate of the asset retirement obligation, the valuation of inventory of supplies and the estimated useful lives of tangible capital assets. Actual results may differ from these estimated amounts.

#### Financial instruments

The District's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable which are recorded at cost/amortized cost.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

#### 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 Financial Statements

December 31, 2023

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<b>Inventory of supplies</b>	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.								
<b>Tangible capital assets</b>	<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								
<b>Asset retirement obligation</b>	<p>An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset that the District will be required to settle. The District recognizes asset retirement obligations when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.</p> <p>Asset retirement obligations are initially measured at the best estimate of the amount required to retire a tangible capital asset at the financial statement date. The estimate of a liability includes costs directly attributable to asset retirement activities.</p> <p>Asset retirement obligations are recorded as liabilities with a corresponding increase to the carrying amount of the related tangible capital asset. Subsequently, the asset retirement costs are allocated to expenses over the useful life of the tangible capital asset. The obligation is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and for revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate.</p>								
<b>Revenue recognition</b>	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.								
<b>Expense recognition</b>	Operating and administrative expenses are recognized on an accrual basis in the period in which they are incurred.								
<b>Donated goods and services</b>	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.								

# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Financial Statements

December 31, 2023

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**Government transfers** 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.

**Budget data** The budget data presented in these financial statements was adopted by the Board of Trustees at the Annual General Meeting on April 18, 2023.

### 2. Change in Accounting Policies

Effective January 1, 2023, the District adopted new Public Sector Accounting Standard Section PS 3280 Asset Retirement Obligations (ARO) which recognizes legal obligations associated with the retirement of tangible capital assets. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively. Under the prospective application method, all ARO incurred before and after the transition date have been recognized/adjusted in accordance with the standard. For those tangible capital assets in productive use, there was a related increase in the carrying amount of the related tangible capital asset by the same amount; for those tangible capital assets no longer in productive use, an expense was recognized for the same amount as the liability.

As a result of the adoption of this new accounting policy, an increase in the wells tangible capital asset of \$9,707, an increase in the asset retirement obligation of \$10,206 and an asset retirement obligation accretion expense of \$499 were recognized in the financial statements as at December 31, 2023.

Effective January 1, 2023, the District adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated. The District does not have any financial assets or liabilities that are recorded at fair value. The adoption of this standard had no impact on the financial statement of the District.

# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Financial Statements

December 31, 2023

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### 3. 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.

	<b>2023</b>	<b>2022</b>
Operating accounts	\$ 490,807	\$ 413,131
Capital expenditure fund	15,504	15,411
Capital works, renewal reserve fund	<u>52,191</u>	<u>176,391</u>
	<u>\$ 558,502</u>	<u>\$ 604,933</u>

# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Financial Statements

December 31, 2023

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### 4. Tangible Capital Assets

<b>As at December 31, 2023</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land	\$ 10,000	\$ -	\$ 10,000
Computer equipment	4,796	4,073	723
Tools and equipment	10,893	9,854	1,039
Vehicles	13,606	6,805	6,801
Waterworks system	<u>895,757</u>	<u>566,557</u>	<u>329,200</u>
	<u>\$ 935,052</u>	<u>\$ 587,289</u>	<u>\$ 347,763</u>

<b>As at December 31, 2022</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Land	\$ 10,000	\$ -	\$ 10,000
Computer equipment	3,797	3,706	91
Tools and equipment	10,893	8,791	2,102
Vehicles	13,606	5,444	8,162
Waterworks system	<u>720,888</u>	<u>553,693</u>	<u>167,195</u>
	<u>\$ 759,184</u>	<u>\$ 571,634</u>	<u>\$ 187,550</u>

Additions for the year amounted to \$165,162 in waterworks system (2022: \$49,887), \$999 in computer equipment (2022: \$Nil) and \$Nil in tools and equipment (2022: \$1,055). Additions of \$9,707 were included in the waterworks system as a result of the adoption of the new asset retirement obligation standard (Notes 2 and 5). There were no disposals in the year. Amortization expense for the year amounted to \$15,655 (2022: \$10,327).

# BEAVER FALLS WATERWORKS DISTRICT

## Notes to Financial Statements

December 31, 2023

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### 5. Asset Retirement Obligation

The District has recognized an asset retirement obligation related to the decommissioning of its wells. The recognition of the asset retirement obligation involved an accompanying increase to the wells tangible capital asset. The increase in capital assets is amortized on a straight-line basis over the remaining expected useful life of the related assets.

A reconciliation of the aggregate carrying amount of the liability is as follows:

	2023	2022
Opening balance	\$ -	\$ -
Initial recognition of expected discounted cash flows	8,492	-
Increase due to new liability incurred in the current period	1,215	-
Increase due to accretion	<u>499</u>	<u>-</u>
Closing balance	<u>\$ 10,206</u>	<u>\$ -</u>

The liability is estimated using a present value technique that discounts the expected future expenditures. The discount rate used was based on the Bank of Canada's December 31, 2023 interest rate for mortgage loans extended to the corporate sector of 6.98%. Total undiscounted expenditures of \$7,655, \$6,308 and \$6,562 are expected to be incurred in the years 2024, 2045 and 2048 respectively.

### 6. Financial Instruments

#### Credit risk exposure

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The District's exposure to credit risk is primarily related to its accounts receivable. Under the Local Government Act every assessment, tax, toll or charge fixed under bylaw forms a lien and charge on the land on which it has been imposed and, accordingly, the District does not anticipate significant loss for non-performance.

#### Liquidity risk exposure

Liquidity risk is the risk that a District will encounter difficulty in meeting obligations associated with financial liabilities. The District's exposure to liquidity risk arises mainly in respect of its accounts payable. The District mitigates this risk by monitoring cash activities and expected outflows through budgeting.

All amounts included in accounts payable are due within one year.

#### Market risk exposure

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, price risk and foreign currency risk. The District's financial instruments are transacted in Canada and do not include publicly traded investments which results in little exposure to price risk or foreign currency risk. The Company's main financial assets and liabilities are non-interest bearing which results in little exposure to interest rate risk.

# 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 2023	Total 2022
Accumulated surplus, beginning of year	\$ 431,985	\$ 15,411	\$ 176,391	\$ 187,550	\$ 811,337	\$ 774,995
Annual surplus	138,770	-	-	(16,154)	122,616	36,342
Renewal reserve - transfer in	(20,000)	-	20,000	-	-	-
Renewal reserve - transfer out	144,952	-	(144,952)	-	-	-
Internally restricted interest - transfer	(845)	93	752	-	-	-
Additions to tangible capital assets - transfer	(166,161)	-	-	166,161	-	-
Accumulated surplus, end of year	\$ 528,701	\$ 15,504	\$ 52,191	\$ 337,557	\$ 933,953	\$ 811,337