

**SOINTULA WATERWORKS DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2016**

**SOINTULA WATERWORKS DISTRICT**  
**Index to Financial Statements**  
**Year Ended December 31, 2016**

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**SOINTULA WATERWORKS DISTRICT**  
Year Ended December 31, 2016

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**REPORT OF RESPONSIBILITY OF MANAGEMENT**

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The accompanying financial statements of Sointula Waterworks District (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation and in accordance with public sector accounting standards for local governments, recommended by the Public Sector Accounting Standards Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These statements are monitored and evaluated by management.

The Board meets with management and the external auditor to review the financial statements and discuss any significant reporting or internal control matters prior to their acceptance of the financial statements.

The financial statements have been audited by A.M. Cameron CPA, independent auditor appointed by the District. The accompanying Independent Auditor's Report outlines her responsibilities, the scope of her examination, and her opinion of the District's financial statements.



Administrator

March 25, 2017

***A.M. Cameron, CPA***  
Chartered Professional Accountant

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**INDEPENDENT AUDITOR'S REPORT**

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To the Board of Sointula Waterworks District

I have audited the accompanying financial statements of Sointula Waterworks District, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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 excluding the PS4200 series, 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.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Sointula Waterworks District as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series.

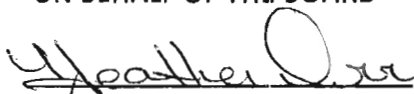
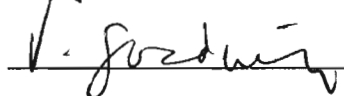
Sointula, BC  
March 25, 2017

 CPA  
CHARTERED PROFESSIONAL ACCOUNTANT

**SOINTULA WATERWORKS DISTRICT**  
**Statement of Financial Position**  
**As at December 31, 2016**

	2016	2015
<b>Financial assets</b>		
Cash and term deposits (Note 3)	\$ 217,316	\$ 213,493
Accounts receivable	12,324	13,026
	229,640	226,519
<b>Liabilities</b>		
Accounts payable and accrued liabilities	11,925	8,771
Development fees (Note 5)	33,218	29,518
	45,143	38,289
<b>Net financial assets</b>	<b>184,497</b>	<b>188,230</b>
<b>Non-financial assets</b>		
Tangible capital assets, net (Note 4)	345,331	356,961
Inventory of supplies	21,129	16,417
Prepaid expenses	1,707	1,485
	368,167	374,863
<b>Accumulated surplus</b>	<b>\$ 552,664</b>	<b>\$ 563,093</b>

ON BEHALF OF THE BOARD

 *Heather O'Connell* Trustee  
 *V. Jordan* Trustee

See notes to financial statements

**SOINTULA WATERWORKS DISTRICT**  
**Statement of Operations and Accumulated Surplus**  
**For the Year Ended December 31**

	Budget		
	2016	2016	2015
<b>Revenues</b>			
Fees	\$ 180	\$ -	\$ 60
Tolls	69,600	<b>71,372</b>	70,340
Taxes	37,000	<b>40,203</b>	36,316
Interest	2,365	<b>2,054</b>	2,343
Material and contract recoveries	5,540	<b>4,592</b>	1,061
	<u>114,685</u>	<u><b>118,221</b></u>	<u>110,120</u>
<b>Expenses</b>			
Advertising and promotion	200	<b>169</b>	153
Amortization	12,000	<b>11,365</b>	12,102
Bad debts (recovery)	-	<b>(500)</b>	1,000
Bank charges	30	<b>63</b>	266
Delivery, freight and postage	800	<b>547</b>	788
Fuel	600	<b>474</b>	760
Honorariums	2,400	<b>2,045</b>	2,180
Insurance	5,325	<b>4,900</b>	4,411
Management	26,700	<b>26,812</b>	22,832
Memberships	650	<b>619</b>	622
Office	2,325	<b>2,413</b>	1,913
Professional fees	7,800	<b>9,800</b>	5,500
Rental	2,400	<b>2,400</b>	2,400
Repairs and maintenance	2,871	<b>12,318</b>	5,540
Subcontracts	23,800	<b>29,947</b>	18,195
Telephone	900	<b>838</b>	844
Testing	800	<b>215</b>	775
Training	1,600	<b>353</b>	
Utilities	17,000	<b>14,386</b>	14,892
Change in inventory of supplies		<b>(4,712)</b>	683
	<u>108,201</u>	<u><b>114,452</b></u>	<u>95,856</u>
<b>Operating surplus (deficit) from operations</b>	6,484	<b>3,769</b>	14,264
Loss on disposal of assets		<b>(14,198)</b>	
<b>Operating surplus (deficit)</b>	6,484	<b>(10,429)</b>	<b>14,264</b>
<b>Accumulated surplus at beginning of year</b>		<b>563,093</b>	548,829
<b>Accumulated surplus at end of year</b>	<u>\$ 6,484</u>	<u>\$ <b>552,664</b></u>	<u>\$ 563,093</u>

**SOINTULA WATERWORKS DISTRICT**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31**

	Budget 2016	2016	2015
<b>Operating surplus (deficit)</b>	\$ 6,484	\$ (10,429)	\$ 14,264
Acquisition of tangible capital assets	(6,000)	(13,932)	(4,072)
Amortization of tangible capital assets	12,000	11,365	12,102
Loss on disposition of assets		14,198	
	6,000	11,631	8,030
Acquisition of inventory of supplies		(4,712)	-
Use of inventory of supplies		-	683
Acquisition of prepaid expenses		(1,707)	(1,485)
Use of prepaid expenses		1,485	1,441
	0	(4,934)	639
<b>Change in net financial assets</b>	12,484	(3,732)	22,933
<b>Net financial assets at beginning of year</b>	188,229	188,229	165,296
<b>Net financial assets at end of year</b>	\$ 200,713	\$ 184,497	\$ 188,229

**SOINTULA WATERWORKS DISTRICT**  
**Statement of Cash Flows**  
**For the Year Ended December 31**

	2016	2015
<b>Cash flows from operating activities</b>		
Cash received from tolls	\$ 71,813	\$ 69,377
Cash received from taxes	40,887	35,353
Cash received from interest	1,849	2,305
Cash received from rebills and fees	4,592	1,121
Cash paid for office management	(20,706)	(22,832)
Cash paid for maintenance services and materials	(44,654)	(26,237)
Cash paid for utilities	(14,386)	(15,016)
Cash paid for professional fees	(7,000)	(5,500)
Cash paid for insurance	(5,122)	(4,455)
Cash paid for office expenses	(7,473)	(6,650)
Cash paid for honorariums	(2,045)	(2,180)
<b>Net cash generated through operating activities</b>	<b>17,755</b>	<b>25,286</b>
<b>Cash flows from capital activities</b>		
Purchase of capital assets	(13,932)	(4,072)
<b>Net increase in cash and term deposits</b>	<b>3,823</b>	<b>21,214</b>
Cash and term deposits beginning of year	213,493	192,279
<b>Cash and term deposits, end of year</b>	<b>\$ 217,316</b>	<b>\$ 213,493</b>



**SOINTULA WATERWORKS DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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1. Purpose of the Organization

The Organization is a local government established December 14, 1965 in the Province of British Columbia for the purpose of operating the community water system. It is exempt from income taxes under the Income Tax Act.

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2. Summary of significant accounting policies

Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments using guidelines developed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	50 years	straight-line method
Equipment	2 years	straight-line method
Office equipment	5 years	straight-line method
Other machinery and equipment	50 years	straight-line method
Curbstops, hydrants, standpipes	40 years	straight-line method
Panels	20 years	straight-line method
Pipes	100 years	straight-line method
Pumps and screens	25 years	straight-line method
Water tower	60 years	straight-line method
Wells	60 years	straight-line method

The Organization regularly reviews its tangible capital assets to eliminate obsolete items.

Inventory of supplies

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost.

Revenue Recognition

Revenue from tolls, taxes, fees and other charges is accrued and recorded during the period that the related services are provided.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates include assumptions used in estimating the valuation of inventory of supplies and amortization rates.

Actual results could differ from these estimates.

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**SOINTULA WATERWORKS DISTRICT**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

3. Cash and Term Deposits

	2016	2015
Term 1	\$ -	\$ 28,845
Term 2	<b>11,023</b>	10,829
	<b>11,023</b>	39,868
Cash	<b>206,293</b>	173,625
	<b>\$ 217,316</b>	\$ 213,493

The term deposits consisted of two GICs earning interest at 2.25% per annum and .95% per annum respectively, matured May 4, 2016 and maturing February 26, 2017. \$11,023 of the term deposits held are restricted funds for development fees.

Of the remaining cash, funds are held in separate saving accounts, \$22,195 for development fees, and \$48,857 (2015 \$48,619) for capital upgrades.

4. Tangible Capital Assets

Schedule follows at page 9.

5. Development fees

	2015	Contributions	Expenditures	2016
Development fees	\$ 29,518	\$ 3,700	\$ -	\$ 33,218

Development fees are deposits held for future upgrade and expansion.

6. Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

**SOINTULA WATERWORKS DISTRICT**

Notes to Financial Statements

Year Ended December 31, 2016

4. Tangible Capital Assets

	Cost beginning of year	Additions	Disposals	Cost end of year	Accumulated amortization beginning of year	Amortization for the year	Accumulated amortization end of year	2016 Net book value	2015 Net book value
Buildings	\$ 42,942	\$	\$	\$ 42,942	\$ 14,585	\$ 585	\$ 15,170	\$ 27,772	\$ 28,357
Office equipment	2,375			2,375	1,843	118	1,961	414	531
Other machinery and equipment	23,682			23,682	5,205	703	5,908	17,774	18,477
Curbstops, hydrants, standpipes	76,330	3,500		79,830	36,079	1,952	38,031	41,799	40,251
Panels	22,429			22,429	13,107	1,021	14,128	8,301	9,322
Pipes	185,327			185,327	67,106	1,853	68,959	116,368	118,221
Pumps and screens	63,996	10,432	20,776	53,652	25,334	(5,000)	20,334	33,318	38,662
Water tower	54,746			54,746	24,540	1,091	25,631	29,115	30,206
Wells	130,910			130,910	57,976	2,464	60,440	70,470	72,934
	\$ 602,737	\$ 13,932	\$ 20,776	\$ 595,893	\$ 245,775	\$ 4,787	\$ 250,562	\$ 345,331	\$ 356,961