



**ARROWSMITH WATER SERVICE JOINT VENTURE
MANAGEMENT BOARD REGULAR MEETING
WEDNESDAY, May 3, 2017, 10:30 am**

***Parksville Community and Conference Centre
131 Jensen Avenue East***

A G E N D A

PAGES

CALL TO ORDER

APPROVAL OF THE AGENDA

ADOPTION OF MINUTES

2-3 Arrowsmith Water Services Management Board Meeting–November 1, 2016.

DELEGATIONS

CORRESPONDENCE

UNFINISHED BUSINESS

REPORTS

Arrowsmith Lake Reservoir Update (verbal)

4-11 Audited Financial Statements

ADDENDUM

BUSINESS ARISING FROM DELEGATIONS

NEW BUSINESS

IN CAMERA

ADJOURNMENT

Distribution: M. Lefebvre, J. Stanhope, B. Rogers, S. Powell, B. Luchtmeijer

For Information: M. Squire, B. Weir, R. Alexander, C. Midgley, W. Idema, L. Butterworth, J. Marsh,
G. St. Pierre, P. Carlyle



**MINUTES OF THE REGULAR MEETING OF THE
ARROWSMITH WATER SERVICE (AWS) MANAGEMENT BOARD
HELD ON TUESDAY, NOVEMBER 1, 2016 AT 9:30AM
CITY OF PARKSVILLE FORUM**

Present:	M. Lefebvre, Chair B. Luchtmeijer B. Rogers	City of Parksville Town of Qualicum Beach Regional District of Nanaimo
Also Present:	M. Squire L. Butterworth D. Comis B. Weir C. Midgley J. Stanhope R. Alexander W. Idema R. Graves	City of Parksville City of Parksville City of Parksville Town of Qualicum Beach Regional District of Nanaimo Regional District of Nanaimo Regional District of Nanaimo Regional District of Nanaimo Recording Secretary
Regrets:	S. Powell	City of Parksville

CALL TO ORDER

The Chair called the meeting to order at 9:30am.

DELEGATIONS

MINUTES

MOVED Director Luchtmeijer, SECONDED Director Rogers, that the minutes of the regular meeting of the Arrowsmith Water Service Management Board held September 1, 2016 be adopted.

CARRIED

BUSINESS ARISING FROM MINUTES

COMMUNICATIONS/CORRESPONDENCE

UNFINISHED BUSINESS

REPORTS

Arrowsmith Dam and Reservoir Update.

M. Squire advised that the Arrowsmith Lake reservoir levels are above normal for this time of year as a result of recent significant rainfall events. Also, informed Committee of the completion of the generator replacement.

MOVED Director Stanhope, SECONDED Director Luchtmeijer, that the Arrowsmith Dam and Reservoir Update be received.

AWS 2017 - 2021 Financial Plan.

MOVED Director Rogers, SECONDED Director Luchtmeijer, that the following recommendations be received.

THAT the report from the Arrowsmith Water Service Management Committee dated October 28, 2016 entitled AWS 2017 - 2021 Financial Plan be received;

AND THAT the Arrowsmith Water Service Management Board accept the 2017 – 2021 Financial Plan as outlined in Table 1 attached to the October 28, 2016 report,

AND THAT the Arrowsmith Water Service Management Board recommend the Joint Ventures adopt their portion of the 2017 – 2021 Financial Plan as outlined in Table 2 attached to the October 28, 2016 report.

CARRIED

ADDENDUM

BUSINESS ARISING FROM DELEGATIONS OR COMMUNICATIONS

NEW BUSINESS

OTHER

QUESTIONS

The Chair opened the floor to questions and comments, none received.

NEXT MEETING

To be announced.

ADJOURNMENT

MOVED Director Luchtmeijer, SECONDED Director Rogers, that the meeting be adjourned.

CARRIED

Marc Lefebvre, CHAIRPERSON

ARROWSMITH WATER SERVICE JOINT VENTURE

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

ARROWSMITH WATER SERVICE JOINT VENTURE

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Independent Auditors' Report

Statement of Financial Position

Statement of Operations and Joint Venturers' Accumulated Surplus

Notes to Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Management Board of Arrowsmith Water Service Joint Venture

We have audited the accompanying financial statements of Arrowsmith Water Service Joint Venture, which comprise the statement of financial position as at December 31, 2016, the statement of operations and joint venturers' accumulated surplus for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in accordance with the basis of accounting in Note 1 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting in Note 1 to the financial statements; this includes determining that the basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 our 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, we consider internal control relevant to the entity's preparation 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.

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, the financial statements as at and for the year ended December 31, 2016 are prepared, in all material respects, in accordance with the basis of accounting in Note 1 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to comply with the reporting provisions of the Joint Venture Agreement dated July 1, 2016 between Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach and the Management Board of Arrowsmith Water Service Joint Venture and should not be used by parties other than the Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach and the Management Board of Arrowsmith Water Service Joint Venture.

Chartered Professional Accountants

May 3, 2017
Victoria, Canada

DRAFT

ARROWSMITH WATER SERVICE JOINT VENTURE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

ASSETS

	<u>2016</u>	<u>2015</u>
TANGIBLE CAPITAL ASSETS (note 2)	\$ 6,457,416	\$ 6,438,946
JOINT VENTURERS' ACCUMULATED SURPLUS (note 3)		
City of Parksville	\$ 4,032,472	\$ 4,002,491
Town of Qualicum Beach	908,591	925,947
Regional District of Nanaimo	<u>1,516,353</u>	<u>1,510,508</u>
	<u>\$ 6,457,416</u>	<u>\$ 6,438,946</u>

Approved:

ARROWSMITH WATER SERVICE JOINT VENTURE

STATEMENT OF OPERATIONS AND JOINT VENTURERS' ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2016

	City of Parksville	Town of Qualicum Beach	Regional District of Nanaimo	2016 Total	2015 Total
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	\$ 4,002,491	\$ 925,947	\$ 1,510,508	\$ 6,438,946	\$ 6,438,946
Expenses					
Administration	32,522	6,973	11,401	50,896	19,093
Operations	8,412	-	2,129	10,541	11,742
Maintenance	48,430	10,383	16,977	75,790	19,372
	89,364	17,356	30,507	137,227	50,207
	3,913,127	908,591	1,480,001	6,301,719	6,388,739
Joint venturers' contributions	119,345	-	36,352	155,697	50,207
ACCUMULATED SURPLUS AT END OF YEAR	\$ 4,032,472	\$ 908,591	\$ 1,516,353	\$ 6,457,416	\$ 6,438,946

ARROWSMITH WATER SERVICE JOINT VENTURE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

Arrowsmith Water Service is a joint venture of the City of Parksville, the Town of Qualicum Beach and the Regional District of Nanaimo. The purpose of the joint venture is the design, construction, installation, operation, maintenance and replacement of bulk water supply facilities, which is to supply water within the boundaries of Parksville, Qualicum Beach and the existing local water service areas in the Regional District of Nanaimo.

The joint venturers entered into an agreement on July 10, 1996 by order of the Lieutenant Governor in Council. A new agreement was signed by the venturers on July 1, 2016.

Capital costs, administrative and maintenance expenses of the bulk water system are apportioned as follows:

City of Parksville	63.9%
Town of Qualicum Beach	13.7%
Regional District of Nanaimo	22.4%

Operational costs are shared between the City of Parksville and the Regional District of Nanaimo based on their share of water used from the Englishman River.

1. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Joint Venture Agreement between the Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach dated July 1, 2016.

Amounts due to or from Joint Venturers are presented as a component of accumulated surplus. Amounts payable by AWS are presented on a net basis with the receivable due from Joint Venturers. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is not recorded on tangible capital assets of the Joint Venture as the Joint Venturers each record amortization on their share of the tangible capital assets in their own consolidated financial statements.

These financial statements are prepared to comply with the reporting provisions of the Joint Venture Agreement between the Regional District of Nanaimo, City of Parksville and Town of Qualicum Beach dated July 1, 2016. As a result, the financial statements may not be suitable for another purpose.

ARROWSMITH WATER SERVICE JOINT VENTURE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

2. TANGIBLE CAPITAL ASSETS

	Cost	
	2016	2015
General		
Land	\$ 762,267	\$ 762,267
Buildings	40,705	40,705
Machinery and equipment	142,535	124,065
Infrastructure		
Dam	5,155,884	5,155,884
Land Improvements	356,025	356,025
	<u>\$6,457,416</u>	<u>\$6,438,946</u>

3. JOINT VENTURERS' ACCUMULATED SURPLUS

The joint venturers' accumulated surplus includes reserves and equity in tangible capital assets less funding receivable.

	Carry- forward Reserve	Reserve for Future Expen- ditures	Equity in Tangible Capital Assets	Funding (Receivable) Payable	2016	2015
City of Parksville	\$ 3,461	\$ 191,220	\$ 4,126,289	\$ (288,498)	\$ 4,032,472	\$ 4,002,491
Town of Qualicum Beach	3,460	40,997	884,666	(20,532)	908,591	925,947
Regional District of Nanaimo	3,461	67,032	1,446,461	(601)	1,516,353	1,510,508
	<u>\$ 10,382</u>	<u>\$ 299,249</u>	<u>\$ 6,457,416</u>	<u>\$ (309,631)</u>	<u>\$ 6,457,416</u>	<u>\$ 6,438,946</u>