



**ARROWSMITH WATER SERVICE JOINT VENTURE
MANAGEMENT BOARD REGULAR MEETING
AGENDA**

Friday, May 25, 2018

9:00 A.M.

RDN Benson Room

Pages

1. CALL TO ORDER

The Chief Administrative Officer will call the meeting to order.

Under Section 4.2 of the AWS Joint Venture Agreement, the Management Board must elect a Chair from among its members on the basis of one vote for each member.

2. ELECTION OF THE CHAIRPERSON

The Chairperson will assume the Chair.

3. APPROVAL OF THE AGENDA

That the agenda be approved as presented.

4. ADOPTION OF MINUTES

4.1 Arrowsmith Water Service Management Board Meeting - November 2, 2017

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That the minutes of the Arrowsmith Water Service Management Board meeting held November 2, 2017, be adopted.

5. DELEGATIONS

5.1 Arrowsmith Water Service Joint Venture Draft Audited Financial Statements Year Ended December 31, 2017

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That the AWS Draft Audited Financial Statements be received and approved.

6. CORRESPONDENCE

7. UNFINISHED BUSINESS

8. REPORTS

8.1 Operations Update Report

City of Parksville staff to do verbal presentation.

9. BUSINESS ARISING FROM DELEGATIONS

10. NEW BUSINESS

11. ADJOURNMENT

REGIONAL DISTRICT OF NANAIMO

MINUTES OF THE ARROWSMITH WATER SERVICE JOINT VENTURE MANAGEMENT BOARD MEETING

Thursday, November 2, 2017

9:30 A.M.

City of Parksville Forum

100 Jensen Avenue

In Attendance:	M. Lefebvre, Chair B. Rogers B. Luchtmeijer	Mayor, City of Parksville Director, Regional District of Nanaimo Councillor, Town of Qualicum Beach
Also in Attendance:	J. Stanhope S. Powell	Director, Regional District of Nanaimo Councillor, City of Parksville
	R. Alexander W. Idema G. St. Pierre M. Squire V. Figeria B. Weir R. Graves	Regional District of Nanaimo Regional District of Nanaimo Regional District of Nanaimo City of Parksville City of Parksville Town of Qualicum Beach Recording Secretary

CALL TO ORDER

The Chair called the meeting to order and respectfully acknowledged the Coast Salish Nations on whose traditional territory the meeting took place.

APPROVAL OF THE AGENDA

It was moved and seconded that the agenda be approved as presented.

CARRIED UNANIMOUSLY

ADOPTION OF MINUTES

Arrowsmith Water Service Management Board Meeting - May 3, 2017

It was moved and seconded that the minutes of the Arrowsmith Water Service Management Board meeting held May 3, 2017, be adopted.

CARRIED UNANIMOUSLY

REPORTS

Arrowsmith Dam Operational Update

M. Squire provided Committee with an update on the Arrowsmith Dam.

AWS 2018-2022 Financial Plan

It was moved and seconded that the report from the Arrowsmith Water Service Management Committee dated October 25, 2017 entitled AWS 2018 - 2022 Financial Plan be received.

CARRIED UNANIMOUSLY

It was moved and seconded that the Arrowsmith Water Service Management Board accept the 2018 – 2022 Financial Plan as outlined in Table 1 attached to the October 25, 2017 report.

CARRIED UNANIMOUSLY

It was moved and seconded that the Arrowsmith Water Service Management Board recommend the Joint Ventures adopt their portion of the 2018 – 2022 Financial Plan as outlined in Table 2 attached to the October 25, 2017 report.

CARRIED UNANIMOUSLY

ADJOURNMENT

It was moved and seconded that this meeting be adjourned.

CARRIED UNANIMOUSLY

TIME: 9:40 AM

CHAIR

DRAFT

ARROWSMITH WATER SERVICE JOINT VENTURE

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

ARROWSMITH WATER SERVICE JOINT VENTURE

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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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, 2017, 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, 2017 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 22, 2018
Victoria, Canada

DRAFT

ARROWSMITH WATER SERVICE JOINT VENTURE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

DRAFT

ASSETS

	<u>2017</u>	<u>2016</u> (Recast)
DUE (TO)/FROM JOINT VENTURERS (note 2)	\$ 339,630	\$ 309,630
TANGIBLE CAPITAL ASSETS (note 3)	<u>6,457,416</u>	<u>6,457,416</u>
	<u>\$ 6,797,046</u>	<u>\$ 6,767,046</u>
JOINT VENTURERS' ACCUMULATED SURPLUS (note 4)		
City of Parksville	\$ 4,340,139	\$ 4,320,969
Town of Qualicum Beach	933,233	929,123
Regional District of Nanaimo	<u>1,523,674</u>	<u>1,516,954</u>
	<u>\$ 6,797,046</u>	<u>\$ 6,767,046</u>

Approved:

DRAFT

ARROWSMITH WATER SERVICE JOINT VENTURE

STATEMENT OF OPERATIONS AND JOINT VENTURERS' ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2017

	City of Parksville	Town of Qualicum Beach	Regional District of Nanaimo	2017 Total	2016 Total (Recast)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	\$ 4,320,969	\$ 929,123	\$ 1,516,954	\$ 6,767,046	\$ 6,748,576
VENTURERS (note 2)					
Expenses					
Administration	34,715	7,443	12,169	54,327	50,896
Operations	7,000	-	1,772	8,772	10,541
Maintenance	26,626	5,708	9,334	41,668	75,790
	68,341	13,151	23,275	104,767	137,227
	4,252,628	915,972	1,493,679	6,662,279	6,611,349
Joint venturers' contributions	87,511	17,261	29,995	134,767	155,697
ACCUMULATED SURPLUS AT END OF YEAR	\$ 4,340,139	\$ 933,233	\$ 1,523,674	\$ 6,797,046	\$ 6,767,046

ARROWSMITH WATER SERVICE JOINT VENTURE

NOTES TO FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 2017

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, 2017

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2. DUE (TO)/FROM JOINT VENTURERS

	2017	2016
Due (To)/From Parksville	\$ 325,005	\$ 288,497
Due (To)/From QB	18,130	20,532
Due (To)/From RDN	(3,505)	601
	<u>\$ 339,630</u>	<u>\$ 309,630</u>

3. TANGIBLE CAPITAL ASSETS

	Cost	
	2017	2016
General		
Land	\$ 762,267	\$ 762,267
Buildings	40,705	40,705
Machinery and equipment	142,535	142,535
Infrastructure		
Dam	5,155,884	5,155,884
Land Improvements	356,025	356,025
	<u>\$ 6,457,416</u>	<u>\$ 6,457,416</u>

4. JOINT VENTURERS' ACCUMULATED SURPLUS

The joint venturers' accumulated surplus includes reserves and equity in tangible capital.

	Carry- forward Reserve	Reserve for Future Expenditures	Equity in Tangible Capital Assets	2017	2016
City of Parksville	\$ 3,460	\$ 210,390	\$ 4,126,289	\$ 4,340,139	\$ 4,320,969
Town of Qualicum Beach	3,460	45,107	884,666	933,233	929,123
Regional District of Nanaimo	3,461	73,752	1,446,461	1,523,674	1,516,954
	<u>\$ 10,381</u>	<u>\$ 329,249</u>	<u>\$ 6,457,416</u>	<u>\$ 6,797,046</u>	<u>\$ 6,767,046</u>

ARROWSMITH WATER SERVICE JOINT VENTURE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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5. COMPARATIVE INFORMATION

The 2016 accumulated surplus was recast to present the Due (to)/from Joint Venturers as a receivable/(payable) to AWS.