

**KEMP LAKE
WATERWORKS DISTRICT
FINANCIAL STATEMENTS**

December 31, 2019

KEMP LAKE WATERWORKS DISTRICT INDEX TO FINANCIAL STATEMENTS

Year ended December 31, 2019

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MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS), and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. 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 judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Chair of the Trustees reviews internal financial statements on a regular basis and the Board reviews external audited financial statements annually. The Board also discusses any significant financial reporting or internal control matters prior to its approval of the financial statements.

The external auditors, Hutcheson & Co. Chartered Professional Accountants LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial information of the Kemp Lake Waterworks District and meet with management when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Kemp Lake Waterworks District,

Kevan Brehart
Chair of the Trustees

Joanne Hemphill
Trustee

INDEPENDENT AUDITOR'S REPORT

To: The Members of Kemp Lake Waterworks District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kemp Lake Waterworks District, which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus (deficit), changes in net financial liabilities, and cash flow 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 the District as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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 the financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS) 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 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.

INDEPENDENT AUDITOR'S REPORT

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 District'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 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.

Victoria, British Columbia
September 17, 2020



Chartered Professional Accountants

KEMP LAKE WATERWORKS DISTRICT STATEMENT OF FINANCIAL POSITION

December 31

2019

2018
(note 8)

Financial assets

Cash and cash equivalents (note 3)	\$	633,898	\$	589,114
Accounts receivable (note 4)		202,977		180,037
		836,875		769,151

Financial liabilities

Bank indebtedness (note 5)		1,980,657		1,516,461
Accounts payable and accrued liabilities		62,020		271,266
Deferred revenue		4,000		-
Deferred designated revenue (note 6)		589,075		504,747
		2,635,752		2,292,474

Net financial liabilities		(1,798,877)		(1,523,323)
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Non-financial assets

Tangible capital assets (note 7)		1,514,429		1,356,296
Prepaid expenses		6,662		6,423

Non-financial assets		1,521,091		1,362,719
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Accumulated surplus (deficit)	\$	(277,786)	\$	(160,604)
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APPROVED BY THE TRUSTEES

_____ Trustee

_____ Trustee

See accompanying notes to financial statements

KEMP LAKE WATERWORKS DISTRICT

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)

Year ended December 31	Budget 2019 (Unaudited - Note 2(g))	Actual 2019	Actual 2018 (note 8)
Revenue			
Taxes	\$ 221,665	\$ 222,085	\$ 221,665
Tolls	311,500	119,821	129,989
Interest and penalty charges	6,000	4,057	6,340
Interest earned	-	66	41
Amortization of deferred designated revenue	-	7,751	7,751
	539,165	353,780	365,786
Expenses			
Administration (Schedule A)	228,965	52,582	51,953
Operating (Schedule B)	310,200	153,498	139,460
	539,165	206,080	191,413
Excess of revenues over expenses from operations	-	147,701	174,373
Extraordinary items			
Water source replacement project (note 10)	-	264,883	1,360,815
Deficiency of revenues over expenses for the year	-	(117,182)	(1,186,442)
Accumulated surplus (deficit), beginning of year		(160,604)	1,025,838
Accumulated surplus (deficit), end of year		\$ (277,786)	\$ (160,604)

See accompanying notes to financial statements

KEMP LAKE WATERWORKS DISTRICT

STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

Year ended December 31

2019

2018

(note 8)

Deficiency of revenues over expenses for the year	\$ (117,182)	\$ (1,186,442)
Acquisition of tangible capital assets	(202,788)	(315,731)
Amortization (depreciation) of tangible capital assets	44,655	44,872
	(158,133)	(270,859)
Acquisition of prepaid expense	(11,422)	(11,011)
Use of prepaid expense	11,183	10,215
	(239)	(796)
Increase in net financial liabilities	(275,554)	(1,458,097)
Net financial liabilities, beginning of year	(1,523,323)	(65,226)
Net financial liabilities, end of year	\$ (1,798,877)	\$ (1,523,323)

See accompanying notes to financial statements

KEMP LAKE WATERWORKS DISTRICT

CASH FLOW STATEMENT

Year ended December 31	2019	2018 (note 8)
Operating activities		
Deficiency of revenues over expenditures for the year	\$ (117,182)	\$ (1,186,442)
Deferred designated revenue received for future periods	92,080	35,318
Items not affecting cash		
Amortization expense	44,655	44,872
Amortization of deferred designated revenue	(7,751)	(7,751)
	11,802	(1,114,003)
Change in non-cash working capital items		
Accounts receivable	(22,940)	(84,032)
Prepaid expenses	(240)	(796)
Accounts payable and accrued liabilities	(209,246)	260,505
Deferred revenue	4,000	-
	(216,624)	(938,326)
Investing activity		
Purchase of tangible capital assets	(202,788)	(315,731)
Financing activities		
Proceeds of RBC multi-draw term loan	483,538	1,516,461
Payments RBC fixed term loan	(19,342)	-
	464,196	1,516,461
Increase in cash	44,784	262,404
Cash, beginning of year	589,114	326,710
Cash, end of year	\$ 633,898	\$ 589,114

See accompanying notes to financial statements

KEMP LAKE WATERWORKS DISTRICT NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

1. NATURE OF OPERATIONS

Kemp Lake Waterworks District (the District) was established on May 26, 1953 by Letters Patent under the Water Act of British Columbia. Currently, the purpose of the District is to provide water services to residents of the District. It also has the authority to assess and collect property taxes and water tolls for the District.

The District operates on a not-for-profit basis under the jurisdiction of the B.C. Ministry of Community Development.

The District is exempt from income taxes under the Income Tax Act.

2. ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

(b) Cash and cash equivalents

Cash and cash equivalents consist of liquid instruments, such as cash on hand, bank accounts, and guaranteed investment certificates, which have maturities of three months or less.

(c) Financial instruments

The District's financial instruments consist of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities. These financial instruments are measured at cost.

Transaction costs related to the acquisition of these financial instruments are expensed.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

2. ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is recorded on a straight-line basis over the estimated useful life of the asset commencing the year the asset is put into service. The estimated useful lives are as follows:

Buildings	30 - 40 years
Reservoirs	40 - 50 years
Machinery and equipment	5 - 20 years
Water distribution systems	20 - 50 years
Computer equipment and software	2 - 5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the District's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their book value.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Key areas where management has made estimates and assumptions include those related to accounts receivable and the useful life of tangible capital assets. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known. By their nature, these estimates are subject to measurement uncertainty.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

2. ACCOUNTING POLICIES, continued

(f) Revenue recognition

The District recognizes revenue for tolls, taxes, connection fees, renewal reserve fees and subdivision fees in accordance with its bylaws (as approved by the Ministry of Community Development) as follows:

- a. Tolls are recognized as water is used by the residents of the District. Water meters are read quarterly and the residents are billed for this usage.
- b. Taxes are assessed in the middle of each year based on the classification of each parcel within the District. The taxes are for the calendar year.
- c. Renewal reserve fees are assessed quarterly based on the classification of each parcel.
- d. Connection fees are recognized when the District has completed connecting the District's water line to a private parcel.
- e. Subdivision fees are recognized when the District approves each subdivision plan. Developers are required to pay subdivision fees before subdivision takes place.

Unrestricted grants and revenues are recorded as revenue when received or receivable, if the amounts can be estimated and collection is reasonably assured.

Restricted grants and revenues are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors. Contributions for the purpose of acquiring or developing a depreciable tangible capital asset are recorded as deferred designated revenue and are recognized in revenue at the rate that amortization for the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(g) Budget figures

Annual budget figures are determined by the District's Trustees based on the expected expenditures.

Budget figures have not been audited, and are presented for comparative and information purposes only.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	2019	2018
Restricted cash - Renewal reserve and CEC fund	\$ 335,447	\$ 351,935
Unrestricted cash - General operating fund	298,451	237,179
	\$ 633,898	\$ 589,114

The District has the following funds: General Operating, Miscellaneous Reserve, and Renewal Reserve and Capital Expenditure Charge (CEC).

The General Operating fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and unrestricted operating grants. The Miscellaneous Reserve Fund is a contingency fund for unplanned expenses or special projects not relating to the above funds. The Renewal Reserve and CEC Fund is restricted to fund repairs and improvements to the District's waterworks systems and equipment.

4. ACCOUNTS RECEIVABLE

	2019	2018
Taxes	\$ 39,254	\$ 33,979
Tolls	63,230	70,186
GST rebate	100,493	75,872
	\$ 202,977	\$ 180,037

The District does not record a provision for doubtful accounts for overdue taxes and tolls receivable as management believes all outstanding amounts will be recovered once a property is sold, either by the owner or through a forced tax sale.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

5. BANK INDEBTEDNESS

	2019	2018
Royal Bank of Canada multi-draw term loan	\$ -	\$ 1,516,461
Royal Bank of Canada, due on June 30, 2029, repayable at \$10,567.31 per month including interest at 4.01% per annum	1,980,657	-
	\$ 1,980,657	\$ 1,516,461

In the previous year, a multi-draw term loan was authorized by the Royal Bank of Canada to a maximum of \$2,000,000 and bears interest at the bank's prime lending rate, which was 3.95% per annum, and was secured by a general security agreement over the District's assets and an assignment of business loan insurance.

On June 30, 2019, the District converted the multi-draw term loan to a 10-year fixed rate term loan, amortized over 25 years. The loan is secured by a general security agreement over the District's assets and an assignment of business loan insurance.

6. DEFERRED DESIGNATED REVENUE

Renewal reserve and capital expenditure charges collected are restricted by the Ministry of Community Development to fund future waterworks systems and equipment upgrading, replacement and purchases. Interest earned on these amounts is also restricted for the same purpose.

	2019	2018
Deferred revenue for designated purposes, beginning of year	\$ 504,746	\$ 476,753
Less: amount recognized as revenue in the year	(7,751)	(7,751)
Add: amount received for future periods	92,080	35,745
	\$ 589,075	\$ 504,747

These funds have been set aside, as restricted cash (see note 3) and may only be disbursed by a resolution of the Board of Trustees of the District. The Ministry of Community Development (the Ministry) provides final verification that these funds are used as originally intended.

In fiscal 2015, the Ministry, through Bylaw #184, appropriated \$10,000 from the Capital Works Renewal Reserve Fund to be expended on upgrading main pumps and manifolds at the Chubb Road Pumphouse. No payments from this appropriation were made from 2015 through 2019.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

7. TANGIBLE CAPITAL ASSETS

December 31, 2019

	Land	Buildings	Computer Equipment and Software	Machinery and Equipment	Reservoirs	Water Distribution System	2019 Total
Cost							
Opening Balance	\$ 93,990	\$ 19,280	\$ 5,781	\$ 119,042	\$ 382,925	\$ 1,766,341	\$ 2,387,359
Additions	-	-	-	-	-	202,788	202,788
Disposals	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Closing balance	93,990	19,280	5,781	119,042	382,925	1,969,129	2,590,147
Accumulated amortization							
Opening Balance	-	10,412	5,781	81,390	152,856	780,624	1,031,063
Amortization	-	377	-	6,673	8,402	29,203	44,655
Disposals	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Closing Balance	-	10,789	5,781	88,063	161,258	809,827	1,075,718
Net book value	\$ 93,990	\$ 8,491	\$ -	\$ 30,979	\$ 221,667	\$ 1,159,302	\$ 1,514,429

Amortization and depreciation can be used synonymously throughout the financial statements.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

7. TANGIBLE CAPITAL ASSETS

December 31, 2018

	Land	Buildings	Computer Equipment and Software	Machinery and Equipment	Reservoirs	Water Distribution System	2018 Total (note 8)
Cost							
Opening Balance	\$ 93,990	\$ 19,280	\$ 5,781	\$ 113,809	\$ 382,925	\$ 1,455,843	\$ 2,071,628
Additions	-	-	-	5,233	-	310,498	315,731
Disposals	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Closing balance	93,990	19,280	5,781	119,042	382,925	1,766,341	2,387,359
Accumulated amortization							
Opening Balance	-	10,035	5,781	74,814	144,455	751,106	986,191
Amortization	-	377	-	6,576	8,401	29,518	44,872
Disposals	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Closing Balance	-	10,412	5,781	81,390	152,856	780,624	1,031,063
Net book value	\$ 93,990	\$ 8,868	\$ -	\$ 37,652	\$ 230,069	\$ 985,717	\$ 1,356,296

Amortization and depreciation can be used synonymously throughout the financial statements.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

8. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect 2018 holdback payable that had not been previously recorded.

Statement of Financial Position	2018 as previously stated	prior period adjustments	2018 as re- stated
Financial assets	\$ 769,151	\$ -	\$ 769,151
Financial liabilities			
Bank indebtedness	1,516,461	-	1,516,461
Accounts payable and accrued liabilities	114,016	157,250	271,266
Deferred designated revenue	504,747	-	504,747
Financial liabilities	2,135,224	157,250	2,292,474
Non-financial assets			
Tangible capital assets	1,330,665	25,631	1,356,296
Prepaid expenses	6,423	-	6,423
Non-financial assets	1,337,088	25,631	1,362,719
Accumulated surplus (deficit)	\$ (28,985)	\$ (130,619)	\$ (160,604)
Statement of Operations	2018 as previously stated	prior period adjustments	2018 as re- stated
Revenue	\$ 365,786	\$ -	\$ 365,786
Expenses	191,413	-	191,413
Excess of revenues over expenses from operations	174,373	-	174,373
Extraordinary items			
Water source replacement project	1,229,196	131,619	1,360,815
Deficiency of revenues over expenses for the year	(1,054,823)	(131,619)	(1,186,442)
Accumulated surplus, beginning of year	1,025,838	-	1,025,838
Accumulated surplus (deficit), end of year	\$ (28,985)	\$ (131,619)	\$ (160,604)

**KEMP LAKE WATERWORKS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2019

8. PRIOR PERIOD ADJUSTMENT, continued

Statement of Changes in Net Financial Liabilities	2018 as previously stated	prior period adjustment	2018 as re- stated
Deficiency of revenue over expenses for the year	\$ (1,054,823)	\$ (131,619)	\$ (1,186,442)
Acquisition of tangible capital assets	-	-	-
Amortization (depreciation) of tangible capital assets	(290,100)	(25,631)	(315,731)
	44,872	-	44,872
	(245,228)	(25,631)	(270,859)
Acquisition of prepaid expenses	(11,011)	-	(11,011)
Use of prepaid expenses	10,215	-	10,215
	(796)	-	(796)
Increase in net financial liabilities	(1,300,847)	(157,250)	(1,458,097)
Net financial liabilities, beginning of year	(65,226)	-	(65,226)
Net financial liabilities, end of year	\$ (1,366,073)	\$ (157,250)	\$ (1,523,323)

KEMP LAKE WATERWORKS DISTRICT NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

9. FINANCIAL RISK MANAGEMENT

(a) Interest rate risk

The District is not exposed to significant interest rate risk relating to its financial assets and liabilities.

(b) Liquidity risk

Liquidity risk is the risk that the District will encounter difficulty in meeting obligations associated with financial liabilities. It is measured by reviewing the District's future net cash flows for the possibility of a negative net cash flow. The District manages the liquidity risk resulting from its accounts payable obligations by maintaining significant cash resources and investing in liquid investments.

(c) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate fair value because of the short maturity term of these instruments.

KEMP LAKE WATERWORKS DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

10. KEMP LAKE WATER SOURCE REPLACEMENT PROJECT

During 2012, the Vancouver Island Health Authority (VIHA) asked the District to upgrade its water source to meet the 4-3-2-1 Water Plan. The District anticipated connecting to the Capital Regional District (CRD) water line and began feasibility studies in 2017. This project was named the Kemp Lake Water Source Replacement Project (Project).

The District is responsible for the full cost of design and construction of the Project, as well as any improvements required to its existing water distribution system. After completion, the CRD would assume responsibility and ownership of a 1,850 metre section of the water main line from the intersection of West Coast Road and Erinan Boulevard up to the District's boundary.

The District would assume responsibility and ownership of the remaining 360 metre section of the water main line, connecting from the CRD's terminus at the District's boundary up to the District's existing water systems.

During 2019, construction continued on the Project and costs were paid through the Royal Bank of Canada multi-draw term loan. A total of \$467,672 of Project construction costs were incurred during the year. Project costs were recorded on the basis outlined, as follows:

- \$202,788 was capitalized to Tangible Capital Assets as part of the Water Distribution System, and
- \$264,884 was expensed as Kemp Lake Water Source Replacement Project on the Statement of Operations and Accumulated Surplus (Deficit).

The District aims to have the Project completed and fully operational by the end of June 2020. If any cost overruns are incurred, funds will be drawn from the District's Renewal Reserve and CEC fund to cover the excess.

11. SUBSEQUENT EVENTS

The global economic impact arising from the Covid-19 pandemic may expose the District to economic and operational risks in the 2020 fiscal period. The impact on the District's operations is not readily determinable at this time.

KEMP LAKE WATERWORKS DISTRICT NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

12. RELATED PARTY TRANSACTIONS

During the year, the District made payments to various related parties in the normal course of operations. Related parties to the District are identified through inquiries with management, and are: the Trustees (K. Brehart, J. Hemphill and R. Birch), the District's administrator (D. Anderson), and the main contractor for the water source replacement project (R.E. Anderson Contracting Ltd., a company controlled by the spouse of the District's administrator).

Payments made to the Trustees and related parties are disclosed in Schedule 2 - Schedule of remuneration to employees, Schedule 3 - Schedule of expenses paid on behalf of employees, and Schedule 4 - Schedule of payments for goods and services, amounts exceeding \$10,000.

KEMP LAKE WATERWORKS DISTRICT SCHEDULES OF ADMINISTRATIVE AND OPERATING EXPENDITURES

Year ended December 31

	2019	2018
Schedule A		
Administration expenditures		
Bank charges	\$ 158	\$ 115
Fees and licences	1,224	1,252
Miscellaneous	2,875	2,436
Office expenses and supplies	2,883	3,025
Postage	1,350	1,273
Professional fees	10,000	10,000
Rent	3,000	1,800
Secretary/accounting	18,000	17,857
Training	-	2,056
Trustees honoraria	<u>13,092</u>	<u>12,089</u>
	<u>\$ 52,582</u>	<u>\$ 51,953</u>

Schedule B

Operating expenditures		
Amortization	\$ 44,655	\$ 44,872
Contract labour – sublet/maintenance	40,256	44,604
Insurance	11,183	10,215
Lab testing	591	335
Supplies and labour	44,774	27,331
Telephone and utilities	11,358	11,447
Workers' compensation	<u>681</u>	<u>656</u>
	<u>\$ 153,498</u>	<u>\$ 139,460</u>

KEMP LAKE WATERWORKS DISTRICT

SCHEDULES TO THE FINANCIAL INFORMATION ACT

Unaudited
December 31, 2019

The following schedules have been prepared by the management of the Kemp Lake Waterworks District in compliance with the requirements of the Financial Information Act, Regulation, and Directive.

These schedules have been reviewed and approved by the Board of Trustees.

1. SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

None.

2. SCHEDULE OF REMUNERATION TO EMPLOYEES

	<u>2019</u>	<u>2018</u>
Assessor/Collector - D. Anderson	\$ 21,000	\$ 19,657
Trustee Honoraria - \$3,240 each to J. Hemphill and R. Birch (\$3,000 each in 2018); \$5,400 to K. Brehart (\$5,000 in 2018) and CPP deductions of \$1,212 (\$1,089 in 2018)	<u>13,092</u>	<u>12,089</u>
	<u>\$ 34,092</u>	<u>\$ 31,746</u>

3. SCHEDULE OF EXPENSES PAID ON BEHALF OF EMPLOYEES

Expenses include costs for business travel and professional development.

	<u>2019</u>	<u>2018</u>
K. Brehart	\$ 840	\$ 2,214
J. Hemphill	720	739
R. Birch	600	630
D. Anderson	<u>120</u>	<u>115</u>
	<u>\$ 2,280</u>	<u>\$ 3,698</u>

KEMP LAKE WATERWORKS DISTRICT

SCHEDULES TO THE FINANCIAL INFORMATION ACT

Unaudited

December 31, 2019

4. SCHEDULE OF PAYMENTS FOR GOODS AND SERVICES

	<u>2019</u>	<u>2018</u>
a) Amounts exceeding \$10,000, in aggregate, to any one supplier:		
R.E. Anderson Contracting Ltd.	\$ 387,598	\$ 1,511,651
WSP Canada Inc.	25,650	90,090
Capital Regional District	23,840	-
Van Isle Water Services Ltd.	16,042	17,074
Emery Electric	14,526	-
AON Reed Stenhouse Inc.	-	11,011
b) Remuneration to employees (Schedule 2)	34,092	31,746
c) Expenses paid on behalf of employees (Schedule 3)	2,280	3,698

Approved: _____