

INTERLAKE REGIONAL WATER BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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MANAGEMENT'S RESPONSIBILITY

To the Ratepayers of
Interlake Regional Water Board
Cochin, Saskatchewan

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 and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgement is required.

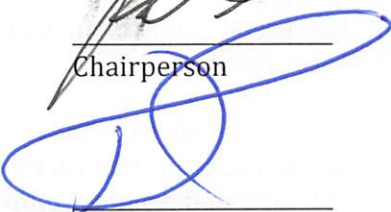
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The board of directors is composed of elected officials who are not employees of Interlake Regional Water Board. The board is responsible for overseeing management in the performance of its financial reporting responsibilities. The board fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The board is also responsible for recommending the appointment of Interlake Regional Water Board's external auditors.

Vantage, an independent firm of Chartered Professional Accountants, is appointed by the board of directors as external auditors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to and meet periodically and separately with, both the board of directors and administration to discuss their audit findings.



Chairperson



Administrator

July 5, 2022

INDEPENDENT AUDITORS' REPORT

To the Directors
Interlake Regional Water Board
Cochin, Saskatchewan

Opinion

We have audited the accompanying financial statements of the Interlake Regional Water Board, which comprise the statement of financial position as at December 31, 2021, the statements of operations, change in net financial assets 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 Interlake Regional Water Board as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Interlake Regional Water Board in accordance with the ethical requirements that are relevant to our audit of 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.

Other Matters

The financial statements of Interlake Regional Water Board for the year ended December 31, 2020 were audited by other auditors who expressed an unmodified opinion on those statements in their report dated August 17, 2021.

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 accounting standards for not-for-profit organizations 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 Interlake Regional Water Board'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

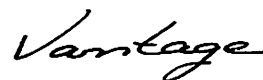
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 judgement 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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.



Chartered Professional Accountants


North Battleford, Saskatchewan
July 5, 2022

INTERLAKE REGIONAL WATER BOARD

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 79,365	\$ 68,040
Accounts receivable (Note 4)	88,597	78,615
GST receivable	<u>42,803</u>	<u>29,313</u>
Total financial assets	<u>210,765</u>	<u>175,968</u>
LIABILITIES		
Accounts payable	8,154	29,008
Deferred revenue		1,597
Utility deposits	<u>200</u>	<u>200</u>
Total liabilities	<u>8,354</u>	<u>30,805</u>
NET FINANCIAL ASSETS	<u>202,411</u>	<u>145,163</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	1,778,324	1,885,449
Prepaid expenses	<u>6,069</u>	<u>8,233</u>
Total non-financial assets	<u>1,784,393</u>	<u>1,893,682</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$1,986,804</u>	<u>\$2,038,845</u>

APPROVED ON BEHALF OF THE BOARD



Chairperson



Administrator

See accompanying notes

INTERLAKE REGIONAL WATER BOARD

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Water service fee	\$ 243,257	\$ 238,271
Infrastructure levy	49,710	99,235
Water usage levy	113,320	85,909
Water connections	30,200	
Bulk water	16,438	18,054
Interest	3,150	5,626
Expense recovery	<u>5,098</u>	<u>340</u>
	<u>461,173</u>	<u>447,435</u>
EXPENSES		
Amortization	107,125	107,125
Contract work	19,056	14,373
Insurance	14,183	9,872
Interest and bank charges	2,371	2,317
Office supplies	17,282	10,154
Plant operations	178,656	170,048
Professional fees	13,617	7,483
Rent	3,000	3,000
Repairs and Maintenance	51,671	25,106
Supplies	33,545	22,771
Utilities	26,708	24,465
Wages and benefits	<u>46,000</u>	<u>46,200</u>
	<u>513,214</u>	<u>442,914</u>
SURPLUS (DEFICIT) OF REVENUE OVER EXPENSES	(52,041)	4,521
ACCUMULATED SURPLUS at beginning of year	<u>2,038,845</u>	<u>2,034,324</u>
ACCUMULATED SURPLUS at end of year	<u>\$1,986,804</u>	<u>\$2,038,845</u>

See accompanying notes

INTERLAKE REGIONAL WATER BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Excess (deficit) of revenue over expenses	\$ <u>(52,041)</u>	\$ <u>4,521</u>
(Acquisition) of tangible capital assets		(110,061)
Amortization of tangible capital assets	107,125	107,125
Decrease (increase) in prepaid expenses	<u>2,164</u>	<u>(3,260)</u>
Surplus (deficit) of expenses of other non- financial over expenditures	<u>109,289</u>	<u>(6,196)</u>
 INCREASE (DECREASE) IN NET FINANCIAL ASSETS	 57,248	 (1,675)
 NET FINANCIAL ASSETS at beginning of year	 <u>145,163</u>	 <u>146,838</u>
 NET FINANCIAL ASSETS at end of year	 <u>\$ 202,411</u>	 <u>\$ 145,163</u>

See accompanying notes

INTERLAKE REGIONAL WATER BOARD

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH PROVIDED (USED) BY THE FOLLOWING ACTIVITIES		
Operating		
Surplus (deficit) of revenue over expenses	\$ (52,041)	\$ 4,521
Amortization	<u>107,125</u>	<u>107,125</u>
	55,084	111,646
Change in assets/liabilities		
Increase in accounts receivable	(23,472)	(19,759)
Increase (decrease) in accounts and accrued liabilities payable	(20,854)	7,904
Deferred revenue	(1,597)	1,597
Decrease (increase) in prepaid expenses	<u>2,164</u>	<u>(3,260)</u>
Cash provided by operating activities	<u>11,325</u>	<u>98,128</u>
Capital		
Acquisition of tangible capital assets		<u>(110,061)</u>
Cash used by capital activities		<u>(110,061)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,325	(11,933)
CASH AND TEMPORARY INVESTMENTS at beginning of year	<u>68,040</u>	<u>79,973</u>
CASH AND TEMPORARY INVESTMENTS at end of year	<u>\$ 79,365</u>	<u>\$ 68,040</u>

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and loans with financial institutions. Cash and cash equivalents are comprised of the following statement of financial position amounts:

Cash and temporary investments	<u>\$ 79,365</u>	<u>\$ 68,040</u>
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See accompanying notes

INTERLAKE REGIONAL WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. NATURE OF THE ORGANIZATION

Interlake Regional Water Board was incorporated as a Public Utility Board under The Municipalities Act in the Province of Saskatchewan on June 12, 2008. The organization is operated by its two member municipalities, the Rural Municipality of Meota No. 468 and the Resort Village of Cochin. The organization's objective is to build, maintain and operate a water distribution system for its member municipalities' residents.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the organization are prepared by management in accordance with Canadian Public Sector Accounting Board standards. Significant aspects of the accounting policies are as follows:

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(b) Revenue

Water and sewer revenue is based on quarterly flat rate charge plus a charge based on consumption. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues and collection is reasonably assured.

Expense recoveries are recognized when the services have been provided, the amount is invoiced and collection is reasonably assured.

Interest income is recognized using the effective interest method when it becomes earned over the duration of the capital payment plan.

Connection fees are recognized when the services are completed and collection is reasonably assured.

(c) Government Transfers

Government transfers are recognized as either expenditures or revenues in the period that the events giving rise to the transfer occurred, as long as:

- i) the transfer is authorized;
- ii) eligibility criteria have been met; and
- iii) a reasonable estimate of the amount can be made.

INTERLAKE REGIONAL WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Government Transfers (continued)

Unearned government transfer amounts received but not earned will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount receivable.

(d) Deferred Revenue

Fees and charges: Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.

(e) Net Financial Assets

Net financial assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.

(f) Non-Financial Assets

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

(g) Inventories

Inventories of materials and supplies expected to be used by the organization are valued at the lower of cost or replacement cost. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

(h) Tangible Capital Assets

All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The costs for tangible capital assets less any residual value are amortized over the asset's useful life using the straight line method of amortization. The organization's tangible capital asset useful lives are estimated as follows:

INTERLAKE REGIONAL WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Tangible Capital Assets (continued)

<i>General assets</i>	<u>Useful life</u>
Land	Indefinite
Land improvements	15 Yrs
Buildings	50 Yrs
Vehicles and equipment	
Vehicles	10 Yrs
Machinery and equipment	10 Yrs
Water treatment plant equipment	25 Yrs
 <i>Infrastructure assets</i>	
Water lines	50 Yrs
Wells	25 Yrs

Capitalization of interest: The organization does not capitalize interest incurred while a tangible capital asset is under construction.

(i) Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The measurement of materials and supplies are based on estimates of volume and quality. Amortization is based on the estimated useful lives of tangible capital assets.

Amortization is based on the estimated useful lives of tangible capital assets.

The 'Opening Asset Costs' of tangible capital assets have been estimated where actual costs were not available. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

INTERLAKE REGIONAL WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. CASH AND TEMPORARY INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash	\$ <u>79,365</u>	\$ <u>68,040</u>

Cash and temporary investments include balances with banks, credit unions, term deposits, marketable securities and short term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

4. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Infrastructure levy	\$ 12,660	\$ 18,617
Resort Village of Cochin	347	
Water	<u>75,590</u>	<u>59,998</u>
	<u>\$ 88,597</u>	<u>\$ 78,615</u>

5. TANGIBLE CAPITAL ASSETS

	<u>2021</u>		<u>2020</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>
	<u>Net</u>	<u>Net</u>	<u>Net</u>
Land	\$ 72,662		\$ 72,662
Computer equipment	11,246	\$ 11,246	NIL
Equipment	5,610	5,610	NIL
Evaporator	110,061	8,805	101,256
Fencing	5,980	5,186	794
Water lines	762,758	198,316	564,442
Water treatment plant	2,010,364	1,038,213	972,151
Well	<u>152,309</u>	<u>85,290</u>	<u>67,019</u>
	<u>\$3,130,990</u>	<u>\$1,352,666</u>	<u>\$1,778,324</u>
			<u>\$1,885,449</u>

6. COMMITMENT

Interlake Regional Water Board previously signed a five year contract with Sask Water to control and monitor the Interlake water treatment plant, expiring December 31, 2017. The contract has a provision to continue unless terminated by either party. Minimum payments total \$113,124 per annum. As a significant supplier the utility obtains all of its water for distribution from Sask Water.

INTERLAKE REGIONAL WATER BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

7. COMPARATIVE FIGURES

Certain comparative figures may have been reclassified to conform with the current period's financial statement presentation.

8. AVAILABLE CREDIT

Interlake Regional Water Board has an authorized line of credit in the amount of \$100,000, Nil of which was drawn at year end.

9. SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern." This coronavirus continues to spread throughout the world and has adversely impacted global commercial activity and has contributed to significant declines and volatility in financial markets. The extent of COVID-19's effect on the board's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict. The rapid development and fluidity of this situation make it impossible to ascertain the ultimate adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the board, its performance, and its financial results.

INTERLAKE REGIONAL WATER BOARD

SCHEDULE OF ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1

	<u>2020</u>	<u>Changes</u>	<u>2021</u>
UNAPPROPRIATED SURPLUS	\$ <u>153,396</u>	\$ <u>55,084</u>	\$ <u>208,480</u>
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Note 5)	<u>1,885,449</u>	<u>(107,125)</u>	<u>1,778,324</u>
Net investment in tangible capital assets	<u>1,885,449</u>	<u>(107,125)</u>	<u>1,778,324</u>
TOTAL ACCUMULATED SURPLUS (DEFICIT)	<u>\$2,038,845</u>	<u>\$ (52,041)</u>	<u>\$1,986,804</u>