

Interlake Regional Water Board

FINANCIAL STATEMENTS

Year Ended December 31, 2023

Interlake Regional Water Board

Cochin, Saskatchewan

December 31, 2023

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Management's Responsibility

The organization's management is responsible for the preparation and presentation of the accompanying financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management is required.

In discharging its responsibilities for the integrity and fair presentation of the financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The board is composed of appointed officials who are not employees of the organization. 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 management and discussing relevant matters with external auditors. The board is also responsible for recommending the appointment of the organization's external auditors.

Baker Tilly SK LLP, an independent firm of chartered professional accountants, is appointed by the board 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 and management to discuss their audit findings.



Chairperson



Administrator



Independent Auditors' Report

To the Board of Directors
Interlake Regional Water Board

Opinion

We have audited the financial statements of Interlake Regional Water Board, (the organization), which comprise the Statement of Financial Position as at December 31, 2023 and 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 organization as at December 31, 2023, and results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

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 organization 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, 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 organization'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.

The Board of Directors is 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 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 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.

Baker Tilly SK LLP

Baker Tilly SK LLP

Saskatoon, SK
June 19, 2024

Interlake Regional Water Board
 Cochin, Saskatchewan
 Statement of Financial Position as at December 31, 2023

Statement 1

	2023	2022
Assets		
Financial Assets		
Cash and cash equivalents	133,980	89,509
Accounts receivable - note 3	110,293	108,760
Total Financial Assets	244,273	198,269
Liabilities		
Accounts payable and accrued liabilities - note 4	9,899	8,507
Deferred revenue - note 5	4,797	4,514
Total Liabilities	14,696	13,021
Net Financial Assets	229,577	185,248
Non-Financial Assets		
Tangible capital assets - note 6	1,570,914	1,671,761
Prepaid expenses	8,215	7,517
Total Non-Financial Assets	1,579,129	1,679,278
Accumulated Surplus Excluding Remeasurement Gains	\$ 1,808,706	\$ 1,864,526

Approved on behalf of the board:



 Chairperson



 Administrator

The notes to financial statements are an integral part of these financial statements.

Interlake Regional Water BoardStatement of Operations
For the year ended December 31, 2023

Statement 2

	2023 Budget	2023 Actual	2022 Actual
Revenues			
Water service fee	207,890	245,150	263,479
Water usage fees	89,080	114,841	91,231
Infrastructure levy	39,030	47,886	47,384
Water connections			5,325
Bulk water	12,330	16,646	12,030
Interest	6,420	14,807	8,126
Total Revenue	<u>354,750</u>	<u>439,330</u>	<u>427,575</u>
Expenses			
Amortization		107,195	106,564
Administration contract	48,630	54,691	63,663
Foreman contract	18,810	23,107	18,124
Insurance	14,380	13,586	12,139
Interest and bank charges	2,530	3,050	3,156
Office supplies	25,080	13,027	19,212
Plant operations	187,480	182,697	214,872
Professional fees	10,120	10,905	9,787
Repairs and maintenance	10,270	7,545	7,738
Supplies	71,330	46,394	65,969
Utilities	27,870	32,953	28,629
Total Expenses	<u>416,500</u>	<u>495,150</u>	<u>549,853</u>
Surplus (Deficit) of Revenue over Expenses	(61,750)	(55,820)	(122,278)
Accumulated Surplus Excluding Remeasurement Gains, Beginning of Year	<u>1,864,526</u>	<u>1,864,526</u>	<u>1,986,804</u>
Accumulated Surplus Excluding Remeasurement Gains, End of Year	<u>\$ 1,802,776</u>	<u>\$ 1,808,706</u>	<u>\$ 1,864,526</u>

*The notes to financial statements are an integral
part of these financial statements.*

Interlake Regional Water Board
Statement of Change in Net Financial Assets
For the year ended December 31, 2023

Statement 3

	2023 Budget	2023 Actual	2022 Actual
Surplus (Deficit)	<u>(61,750)</u>	<u>(55,820)</u>	<u>(122,278)</u>
(Acquisition) of tangible capital assets		(6,349)	
Amortization of tangible capital assets		107,195	106,564
Decrease (increase) in prepaid expenses	<u> </u>	<u>(697)</u>	<u>(1,448)</u>
Surplus of Capital Expenses over Expenditures	0	100,149	105,116
Increase (Decrease) in Net Financial Assets	(61,750)	44,329	(17,162)
Net Financial Assets, beginning of year	<u>185,248</u>	<u>185,248</u>	<u>202,410</u>
Net Financial Assets, End of Year	<u>\$ 123,498</u>	<u>\$ 229,577</u>	<u>\$ 185,248</u>

The notes to financial statements are an integral part of these financial statements.

Interlake Regional Water BoardStatement of Cash Flow
For the year ended December 31, 2023

Statement 4

	2023	2022
Cash Provided by (used for) the Following Activities		
Operating:		
Surplus (Deficit)	(55,820)	(122,278)
Amortization	107,195	106,564
	<u>51,375</u>	<u>(15,714)</u>
Change in Assets/Liabilities		
Accounts receivable	(1,532)	26,206
Accounts payable and accrued liabilities	1,390	353
Deferred revenue	284	747
Prepaid expenses	(697)	(1,448)
Cash Provided by Operating Transactions	<u>50,820</u>	<u>10,144</u>
Capital:		
Acquisition of capital assets	<u>(6,349)</u>	<u>0</u>
Change in Cash and Cash Equivalents During the Year	44,471	10,144
Cash and cash equivalents, beginning of year	<u>89,509</u>	<u>79,365</u>
Cash and Cash Equivalents, End of Year	<u>\$ 133,980</u>	<u>\$ 89,509</u>

The notes to financial statements are an integral part of these financial statements.

Interlake Regional Water Board

Notes to Financial Statements
For the year ended December 31, 2023

1. Nature of Operations

The organization was incorporated on June 12, 2008 as a Public Utility Board under the Municipalities Act in the Province of Saskatchewan. 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 the member municipalities' residents.

2. Significant Accounting Policies

The financial statements of the organization are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies adopted by the municipality are as follows:

(a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting requires revenues to be recognized as they become available and measurable, and 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) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occur, providing:

- (i) the transfers are authorized;
- (ii) any eligibility criteria have been met; and
- (iii) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received will be recorded as deferred revenue until eligibility criteria or stipulations are met.

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

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

(c) 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.

(d) 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.

Interlake Regional Water Board

Notes to Financial Statements

For the year ended December 31, 2023

2. Significant Accounting Policies - continued

(e) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the organization and 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.

(f) 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 cost of these 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:

General Assets

Land	Indefinite
Land improvements - cost	15 years
Buildings - cost	25 years
Machinery and equipment	10-25 years
Infrastructure Assets	
Wells	25 years
Water lines	50 years

(g) Government contributions

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

(h) Capitalization of interest

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

(i) Revenue

Water and sewer revenue is based on a quarterly flat rate charge plus a charge based upon consumption.

Utility revenue is recognized in the period in which the service has been provided.

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

Interest revenue is recognized in the period to which it relates.

All other revenue is recorded when received, or receivable, collection is likely, and the amount can be reasonably determined.

Interlake Regional Water Board

Notes to Financial Statements
For the year ended December 31, 2023

2. Significant Accounting Policies - continued

(j) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 collectability 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.

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.

The liability associated with asset retirement obligations are measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date, the discount rate and inflation.

Measurement financial instruments at fair value and recognition and measurement of impairment of financial instruments requires the use of significant management estimates.

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.

(k) Budget information

Budget information is presented on a basis consistent with that used for actual results. The budget was approved by the organization on January 24, 2023.

(l) New standards and amendments to standards

Effective for fiscal years beginning on or after April 1, 2023:

PS 3160, Public Private Partnerships, a new standard establishing guidance on how to account for and report on partnerships between public and private sector entities. Specifically, those in which the entity in the public sector procures infrastructure in conjunction with a private sector entity. In these scenarios, the private sector entity must have obligations to design, build, acquire or improve existing infrastructure. Furthermore, they must also finance the transaction past the point in which the asset is initially ready for use along with operating and/or maintaining such on an ongoing basis. The standard applies to fiscal years beginning on or after April 1, 2023.

PS 3400, Revenue, a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer. The standard is mandatory for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. The standard may be adopted retroactively or prospectively.

Interlake Regional Water Board

Notes to Financial Statements
For the year ended December 31, 2023

2. Significant Accounting Policies - continued

(l) New standards and amendments to standards - continued

PSG-8, Purchased Intangibles, provides guidance on accounting for and reporting on purchased intangibles. It provides clarity on the recognition criteria, along with instances of assets that would not meet the definition of such. The standard may be adopted retroactively or prospectively.

The extent of the impact on adoption of these future standards is not known at this time.

(m) New accounting policies adopted during the year

PS 3450, Financial Instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost of fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

These measurements are to be applied prospectively with any difference between the fair value and the prior carrying value being recognized as an adjustment to accumulated remeasurement gains and losses at the beginning of the fiscal year. This standard was adopted in conjunction with PS 1201 – Financial Statement Presentation, PS 2601 – Foreign Currency Translation and PS 3041 – Portfolio Investments.

PS 3280, Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites actives and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

	2023	2022
3. Accounts Receivable		
Resort Village of Cochin	347	347
Utility	81,161	80,593
GST receivable	16,637	15,816
Local improvement levies	<u>12,148</u>	<u>12,004</u>
Net Accounts Receivable	<u>\$ 110,293</u>	<u>\$ 108,760</u>

4. Accounts Payable and Accrued Liabilities

Accounts payable are comprised of the following item:

Other accrued liabilities	<u>\$ 9,899</u>	<u>\$ 8,507</u>
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Interlake Regional Water Board

Notes to Financial Statements
For the year ended December 31, 2023

	2023	2022
5. Deferred Revenue		
Water/utility	<u>\$ 4,797</u>	<u>\$ 4,514</u>

6. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2023	Net Book Value 2022
Land	72,662		72,662	72,662
Wells	152,309	97,475	54,834	60,927
Water lines	762,758	228,827	533,931	549,187
Buildings	2,010,364	1,199,042	811,322	891,736
Machinery and equipment	122,020	23,855	98,165	96,854
Computer equipment	11,246	11,246		
Fences	<u>5,980</u>	<u>5,980</u>		<u>395</u>
	<u>\$ 3,137,339</u>	<u>\$ 1,566,425</u>	<u>\$ 1,570,914</u>	<u>\$ 1,671,761</u>

7. Related Parties

The financial statements include transactions with related parties. The organization is related to the Rural Municipality of Meota No. 468, and the Resort Village of Cochin as they are the founding members of the organization and are responsible for appointing board members.

Transactions with these related parties are in the normal course of operations and are settled on normal trade terms.

8. Commitments

Interlake Regional Water Board previously signed a five-year contract with Sask Water to control and monitor the Interlake water treatment plant, which expired in 2017. This contract was terminated subsequent to year end effective March 31, 2024. Interlake has also subsequently entered into a new contract with RSQ Water Plant Services as the operating contractor beginning February 2024 with monthly payments of \$11,500 plus GST.