

**Interlake Regional Water Board**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2022**

# Interlake Regional Water Board

Cochin, Saskatchewan

December 31, 2022

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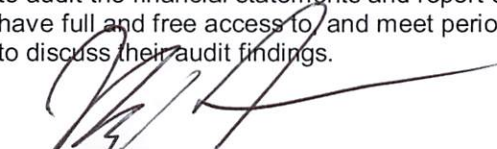
## Management's Responsibility

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.



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Chairperson



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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, 2022 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, 2022, 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.

### *Other Matter*

The financial statements of Interlake Regional Water Board for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on July 5, 2022.

### *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**

Saskatoon, SK  
June 27, 2023

# Interlake Regional Water Board

Cochin, Saskatchewan

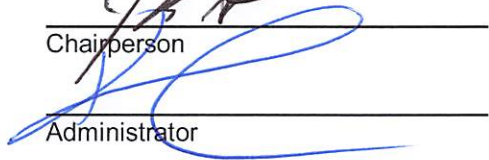
Statement 1

Statement of Financial Position as at December 31, 2022

	2022	2021 (Note 10)
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and temporary investments - note 3	89,509	79,365
Accounts receivable - note 4	108,760	134,967
<b>Total Financial Assets</b>	<u>198,269</u>	<u>214,332</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities - note 5	8,507	8,155
Deferred revenue - note 6	4,514	3,767
<b>Total Liabilities</b>	<u>13,021</u>	<u>11,922</u>
<b>Net Financial Assets</b>	<u>185,248</u>	<u>202,410</u>
<b>Non-Financial Assets</b>		
Tangible capital assets - note 7	1,671,761	1,778,325
Prepaid expenses	7,517	6,069
<b>Total Non-Financial Assets</b>	<u>1,679,278</u>	<u>1,784,394</u>
<b>Accumulated Surplus</b>	<u>\$ 1,864,526</u>	<u>\$ 1,986,804</u>

Approved on behalf of the board:

  
\_\_\_\_\_  
Chairperson

  
\_\_\_\_\_  
Administrator

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

**Interlake Regional Water Board**Statement of Operations  
For the year ended December 31, 2022

Statement 2

	<b>2022 Budget (Note 2(k))</b>	<b>2022 Actual</b>	<b>2021 Actual (Note 10)</b>
<b>Revenues</b>			
Water service fee	263,290	263,479	243,257
Water usage fees	124,890	91,231	113,320
Infrastructure levy	54,680	47,384	49,710
Water connections	21,070	5,325	30,200
Bulk water	18,320	12,030	16,438
Interest	3,440	8,126	3,150
Expense recovery	5,610		5,098
<b>Total Revenue</b>	<u>491,300</u>	<u>427,575</u>	<u>461,173</u>
<b>Expenses</b>			
Amortization		106,564	107,125
Administration contract	58,000	63,663	46,000
Foreman contract	24,000	18,124	19,056
Insurance	14,000	12,139	14,183
Interest and bank charges	3,500	3,156	2,371
Office supplies	20,700	19,212	17,282
Plant operations	185,000	214,872	178,656
Professional fees	10,000	9,787	13,617
Rent			3,000
Repairs and maintenance	68,710	7,738	51,671
Supplies	37,540	65,969	33,545
Utilities	27,650	28,629	26,708
<b>Total Expenses</b>	<u>449,100</u>	<u>549,853</u>	<u>513,214</u>
<b>Surplus (Deficit) of Revenue over Expenses</b>	42,200	( 122,278)	( 52,041)
<b>Accumulated Surplus, Beginning of Year</b>	<u>1,986,804</u>	<u>1,986,804</u>	<u>2,038,845</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 2,029,004</u>	<u>\$ 1,864,526</u>	<u>\$ 1,986,804</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, 2022

Statement 3

	<b>2022 Budget (Note 2(k))</b>	<b>2022 Actual</b>	<b>2021 Actual (Note 10)</b>
<b>Surplus (Deficit)</b>	<u>42,200</u>	<u>( 122,278)</u>	<u>( 52,041)</u>
Amortization of tangible capital assets		106,564	107,125
Decrease (increase) in prepaid expenses	<u>                    </u>	<u>( 1,448)</u>	<u>2,164</u>
<b>Surplus of Capital Expenses over Expenditures</b>	0	105,116	109,289
<b>Increase (Decrease) in Net Financial Assets</b>	42,200	( 17,162)	57,248
Net Financial Assets, beginning of year	<u>202,410</u>	<u>202,410</u>	<u>145,162</u>
<b>Net Financial Assets, End of Year</b>	<u>\$ 244,610</u>	<u>\$ 185,248</u>	<u>\$ 202,410</u>

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



**Interlake Regional Water Board**Statement of Cash Flow  
For the year ended December 31, 2022

Statement 4

	2022	2021 (Note 10)
<b>Cash Provided by (used for) the Following Activities</b>		
<b>Operating:</b>		
<b>Surplus (Deficit)</b>	( 122,278)	( 52,041)
Amortization	<u>106,564</u>	<u>107,125</u>
	( 15,714)	55,084
<b>Change in Assets/Liabilities</b>		
Accounts receivable	26,206	( 28,636)
Accounts payable and accrued liabilities	353	( 20,854)
Deferred revenue	747	3,567
Prepaid expenses	<u>( 1,448)</u>	<u>2,164</u>
<b>Cash Provided by Operating Transactions</b>	<u>10,144</u>	<u>11,325</u>
<b>Change in Cash and Temporary Investments During the Year</b>	10,144	11,325
Cash and temporary investments, beginning of year	<u>79,365</u>	<u>68,040</u>
<b>Cash and Temporary Investments, End of Year</b>	<u>\$ 89,509</u>	<u>\$ 79,365</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, 2022

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### **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.

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

#### **(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, 2022

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### 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, 2022

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### 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.

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 February 17, 2022.

#### (l) New standards and amendments to standards

Effective for fiscal years beginning on or after April 1, 2022:

PS 1201 Financial statement presentation, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. Requires a new statement of remeasurement gains and losses separate from the statement of operations arising from the remeasurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. Effective in the period PS 3450 and PS 2601 are adopted.

PS 2601 Foreign currency translation, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency. Requires that monetary assets and liabilities denominated in a foreign currency and non-monetary items included in the fair value category, denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the statement of remeasurement gains and losses.

PS 3041 Portfolio investments, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of, portfolio investments. Upon adoption of PS 3450 and PS 3041, PS 3030, Temporary Investments, will no longer apply. Effective in the period PS 3450, PS 2601 and PS 1201 are adopted.

## Interlake Regional Water Board

Notes to Financial Statements  
For the year ended December 31, 2022

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### 2. Significant Accounting Policies - continued

#### (I) New standards and amendments to standards - continued

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 instrument that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of remeasurement 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 derecognition of financial liabilities.

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 active 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.

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

	2022	2021
<b>3. Cash</b>		
Cash	<u>\$ 89,509</u>	<u>\$ 79,365</u>
<b>4. Accounts Receivable</b>		
Resort Village of Cochin	347	347
Utility	80,593	79,157
GST receivable	15,816	42,803
Local improvement levies	<u>12,004</u>	<u>12,660</u>
<b>Net Accounts Receivable</b>	<u><b>\$ 108,760</b></u>	<u><b>\$ 134,967</b></u>
<b>5. Accounts Payable and Accrued Liabilities</b>		
Accounts payable are comprised of the following item:		
Other accrued liabilities	<u>\$ 8,507</u>	<u>\$ 8,155</u>

## Interlake Regional Water Board

Notes to Financial Statements  
For the year ended December 31, 2022

	2022	2021		
<b>6. Deferred Revenue</b>				
Water/utility	<u>\$ 4,514</u>	<u>\$ 3,767</u>		
<b>7. Tangible Capital Assets</b>				
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2022</b>	<b>Net Book Value 2021</b>
Land	72,662		72,662	72,662
Wells	152,309	91,382	60,927	67,020
Water lines	762,758	213,571	549,187	564,442
Buildings	2,010,364	1,118,628	891,736	972,151
Machinery and equipment	115,671	18,817	96,854	101,256
Computer equipment	11,246	11,246		
Fences	<u>5,980</u>	<u>5,585</u>	<u>395</u>	<u>794</u>
	<u>\$ 3,130,990</u>	<u>\$ 1,459,229</u>	<u>\$ 1,671,761</u>	<u>\$ 1,778,325</u>

### 8. 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.

### 9. 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. Under the terms of the contract, the agreement will continue in force until terminated by either party. The monthly fee increased 2.5% in May of 2021, minimum annual payments under this agreement total \$169,297.

### 10. Comparative Figures

Certain balances for comparative purposes have been reclassified to conform with the current year's presentation.

The financial statements for 2021, which are presented for comparative purposes, were audited by accountants other than Baker Tilly SK LLP on July 16, 2021.