

**INTERLAKE REGIONAL WATER BOARD**  
**Financial Statements**  
**Year Ended December 31, 2020**

**INTERLAKE REGIONAL WATER BOARD**  
**Index to Financial Statements**  
**Year Ended December 31, 2020**

---

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITORS' REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12
Schedule of Segment Disclosure by Function ( <i>Schedule 1</i> )	13
Schedule of Accumulated Surplus ( <i>Schedule 2</i> )	14

---

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

---

The financial statements of Interlake Regional Water Board have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Interlake Regional Water Board's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

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 fulfills these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with the external auditors. The Board is also responsible for recommending the appointment of Interlake Regional Water Board's external auditors.

The financial statements have been audited on behalf of the members by Grant Thornton LLP, in accordance with Canadian public sector accounting standards.



---

David Stillar, Chairperson

  


---

Amber Loepky, Administrator

Cochin, SK

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Interlake Regional Water Board

### *Opinion*

We have audited the financial statements of Interlake Regional Water Board (the Utility), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows 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 Utility as at December 31, 2020, and the results of its operations and its cash flows 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Utility 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 those 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.

Independent Auditor's Report to the Members of Interlake Regional Water Board *(continued)*

In preparing the financial statements, management is responsible for assessing the Utility's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Utility or to cease operations, or has no realistic alternative but to do so.

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

*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 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 Utility'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 Utility'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 Utility 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.

Saskatoon, Canada  
August 17, 2021

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

**INTERLAKE REGIONAL WATER BOARD**  
**Statement of Financial Position**  
**December 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 68,040	\$ 79,973
Accounts receivable (Note 4)	78,615	75,668
Goods and services tax recoverable	29,313	12,501
	175,968	168,142
<b>LIABILITIES</b>		
Accounts payable	29,008	21,104
Deposits	200	200
Deferred revenue (Note 5)	1,597	-
	30,805	21,304
<b>NET FINANCIAL ASSETS</b>	<b>145,163</b>	146,838
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	8,233	4,973
Tangible capital assets (Note 7)	1,885,449	1,882,513
	1,893,682	1,887,486
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,038,845</b>	\$ 2,034,324

Approved by the Board of Directors

\_\_\_\_\_ Chairperson

\_\_\_\_\_ Director

**INTERLAKE REGIONAL WATER BOARD**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2020**

	Budget 2020	Total 2020	Total 2019
<b>REVENUES</b>			
Water service fees	\$ 240,000	\$ 238,271	\$ 270,079
Infrastructure levy	100,000	99,235	100,035
Water usage levy	85,000	85,909	79,435
Water connections	30,000	-	30,000
Water meters capital payment	-	-	17,451
Bulk water	14,000	18,054	16,545
Interest	4,400	5,626	4,944
Miscellaneous income	-	-	500
Expense recoveries	1,100	340	100
	<u>474,500</u>	<u>447,435</u>	<u>519,089</u>
<b>EXPENSES</b>			
Administration (Schedule 1)	70,600	57,085	52,519
Operating (Schedule 1)	506,623	385,829	422,592
	<u>577,223</u>	<u>442,914</u>	<u>475,111</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(102,723)	4,521	43,978
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>2,034,324</u>	<u>2,034,324</u>	<u>1,990,346</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ 1,931,601</u>	<u>\$ 2,038,845</u>	<u>\$ 2,034,324</u>

**INTERLAKE REGIONAL WATER BOARD**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2020**

	Budget 2020	2020	2019
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (102,723)	\$ 4,521	\$ 43,978
Amortization of tangible capital assets	102,723	107,125	102,723
Purchase of tangible capital assets	-	(110,061)	-
Decrease (increase) in prepaid expenses	-	(3,260)	1
	102,723	(6,196)	102,724
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	-	(1,675)	146,702
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	146,838	146,838	136
<b>NET FINANCIAL ASSETS - END OF YEAR (Note 3)</b>	\$ 146,838	\$ 145,163	\$ 146,838

See notes to financial statements

**INTERLAKE REGIONAL WATER BOARD**

**Statement of Cash Flows**

**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 4,521	\$ 43,978
Item not affecting cash:		
Amortization of tangible capital assets	<u>107,125</u>	102,723
	<u>111,646</u>	146,701
Changes in non-cash working capital:		
Accounts receivable	(2,947)	11,400
Accounts payable	7,904	12,209
Deferred revenue	1,597	(30,000)
Prepaid expenses	(3,260)	-
Goods and services tax payable	(16,812)	1,426
Deposits	-	(17,451)
	<u>(13,518)</u>	(22,416)
Cash flow from operating activities	<u>98,128</u>	124,285
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(110,061)</u>	-
Cash flow used by investing activity	<u>(110,061)</u>	-
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	-	(105,000)
Cash flow from (used by) financing activity	<u>-</u>	(105,000)
<b>(DECREASE) INCREASE IN CASH FLOW</b>	<b>(11,933)</b>	19,285
Cash - beginning of year	<u>79,973</u>	60,688
<b>CASH - END OF YEAR (Note 3)</b>	<b><u>\$ 68,040</u></b>	<b><u>\$ 79,973</u></b>

See notes to financial statements

# INTERLAKE REGIONAL WATER BOARD

## Notes to Financial Statements

Year Ended December 31, 2020

---

### 1. PURPOSE OF THE UTILITY

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

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the utility are prepared by management in accordance with the Canadian public sector accounting standards established by the Public Sector Accounting Board of the Accounting Standards Oversight Council. Significant aspects of the accounting policies are as follows:

**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.

#### Revenue recognition

Revenues are accounted for in the period in which the transactions or events occur that give rise to the revenues.

The Utility derives a portion of its revenues from the sale of water to its subscribers. The revenue from the sale of this water is billed based on consumption and is recognized in the period in which the water is provided.

The Utility derives a portion of its revenues from installing water connections to new subscribers. The revenue from the new connections is recognized in the period in which the connection was completed.

Subscriber loan interest revenue is accrued monthly per the terms of the contract.

#### 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Example of significant estimates include:

- The estimated useful lives of assets; and
- The recoverability of tangible assets.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with financial institutions.

*(continues)*

---

**INTERLAKE REGIONAL WATER BOARD**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Land	Indefinite
Land improvements	15 years
Equipment	10 years
Vehicles	10 years
Water lines	50 years
Wells	25 years
Water treatment plant	25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

When conditions indicate that a tangible capital asset no longer contributes to the Utility's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital assets are accounted for as expenses in the statement of operations and such write-downs are not reversed.

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.

Non-financial assets:

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

Expense recognition

The Utility uses the accrual method of accounting for expenses whereby the cost of goods and services acquired in the period, or a liability is incurred, are recorded regardless of whether payment has been made or invoices received.

*(continues)*

---

**INTERLAKE REGIONAL WATER BOARD**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contaminated sites

Contaminated sites are result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recognized when the following criteria are met:

- i) An environmental standard exists;
- ii) contamination exceeds the environmental standard;
- iii) the Utility is directly responsible, or accepts responsibility; and
- iv) a reasonable estimate of the amount can be made.

As of December 31, 2020, there are no known contaminated sites identified.

Appropriated reserves

Reserves are established at the discretion of the board of directors to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 2.

Basis of segmented disclosure

The Utility follows the Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. The Utility's services have been segmented by grouping activities that have similar service objectives (by function).

The segments (functions) are as follows:

Administration: provides administrative support for operations

Operating: accounts for the operations relating to the delivery of water services.

All revenues are directly related to operating.

---

3. CASH

	<u>2020</u>	<u>2019</u>
BMO - savings account	\$ 22,608	\$ 82,182
Petty cash	200	200
BMO - operating account	45,232	(2,409)
	<u>\$ 68,040</u>	<u>\$ 79,973</u>

---

**INTERLAKE REGIONAL WATER BOARD**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

4. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Water Account Receivable	\$ 59,998	\$ 56,480
Infrastructure Levy Receivable	<u>18,617</u>	<u>19,188</u>
Total accounts receivable	78,615	75,668
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 78,615</u>	<u>\$ 75,668</u>

5. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
<u>Land Sale</u>	\$ -	\$ -
Balance, beginning of year	-	30,000
Sales during the year	<u>-</u>	<u>(30,000)</u>
Balance, end of year	<u>-</u>	<u>-</u>
 <u>Prepaid Water</u>		
Balance, beginning of year	-	-
Prepaid water, during the year	<u>1,597</u>	<u>-</u>
Balance, end of year	<u>1,597</u>	<u>-</u>
	<u>\$ 1,597</u>	<u>\$ -</u>

6. COMMITMENTS

The organization had previously signed a five year contract with Sask Water to control and monitor the Interlake water treatment plant. This term ended December 31, 2017. The contract has a provision to continue unless terminated by either party. Minimum payments total \$113,124 per annum.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2020 Net book value</b>	2019 Net book value
Land	\$ 72,662	\$ -	\$ 72,662	\$ 72,662
Land improvements	158,289	83,985	74,304	80,796
Equipment	115,671	9,451	106,220	1,122
Computer equipment	11,246	11,246	-	-
Water lines	762,758	183,061	579,697	594,952
Water treatment plant	<u>2,010,364</u>	<u>957,798</u>	<u>1,052,566</u>	<u>1,132,981</u>
	<u>\$ 3,130,990</u>	<u>\$ 1,245,541</u>	<u>\$ 1,885,449</u>	<u>\$ 1,882,513</u>

**INTERLAKE REGIONAL WATER BOARD**

**Notes to Financial Statements**

**Year Ended December 31, 2020**

---

8. SIGNIFICANT SUPPLIER

The Utility obtains all of its water for distribution from the Sask Water. The Utility has a contract with and is in compliance with the terms of that contract.

---

9. BUDGET INFORMATION

Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on February 24, 2020.

The reconciliation of the approved budget for the current year to the budget figures reported in these financial statements is as follows:

	<u>2020</u>
Approved budget	\$ -
Amortization expense	<u>(102,723)</u>
	<u>\$ (102,723)</u>

---

10. IMPACT OF COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Utility has determined that these events are non-adjusting subsequent events. The Utility has remained fully operational and has had no disruptions to revenue nor operational expenses during this time.

---

**INTERLAKE REGIONAL WATER BOARD**  
**Schedule of Segment Disclosure by Function**  
**(Schedule 1)**  
**Year Ended December 31, 2020**

	<u>2020</u>			2019		
	Administration	Operating	Total	Administration	Operating	Total
<b>Revenues</b>						
Water service fees	\$ -	\$ 238,271	\$ 238,271	\$ -	\$ 270,079	\$ 270,079
Infrastructure levy	-	99,235	99,235	-	100,035	100,035
Water usage levy	-	85,909	85,909	-	79,435	79,435
Water connections	-	-	-	-	30,000	30,000
Water meters capital payment	-	-	-	-	17,451	17,451
Bulk water	-	18,054	18,054	-	16,545	16,545
Interest from other sources	-	5,626	5,626	-	4,944	4,944
Miscellaneous income	-	-	-	-	500	500
Expense recoveries	-	340	340	-	100	100
<b>Revenues total</b>	-	447,435	447,435	-	519,089	519,089
<b>Expenses</b>						
Plant operations	-	170,048	170,048	-	178,400	178,400
Amortization	-	107,125	107,125	-	102,723	102,723
Wages and benefits	46,200	-	46,200	42,750	-	42,750
Repairs and maintenance	-	25,106	25,106	-	39,813	39,813
Utilities	-	24,465	24,465	-	34,500	34,500
Supplies	-	21,856	21,856	-	19,851	19,851
Contract work	-	14,373	14,373	-	20,846	20,846
Office supplies	5,568	5,448	11,016	5,264	1,181	6,445
Insurance	-	9,925	9,925	-	9,936	9,936
Professional fees	-	6,228	6,228	-	5,819	5,819
Rent	3,000	-	3,000	2,320	40	2,360
Interest on long term debt	-	-	-	-	5,183	5,183
Interest and bank charges	2,317	-	2,317	2,185	1,621	3,806
Professional/contractual services	-	1,255	1,255	-	2,679	2,679
<b>Expenses total</b>	57,085	385,829	442,914	52,519	422,592	475,111
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (57,085)	\$ 61,606	\$ 4,521	\$ (52,519)	\$ 96,497	\$ 43,978

See notes to financial statements

**INTERLAKE REGIONAL WATER BOARD**

**Schedule of Accumulated Surplus  
(Schedule 2)**

**Year Ended December 31, 2020**

	2019	Changes	2020
<b>Unappropriated Surplus total</b>	<b>\$ 151,811</b>	<b>\$ 1,585</b>	<b>\$ 153,396</b>
<b>Appropriated Reserves</b>			
<b>Appropriated Reserves total</b>	-	-	-
<b>Net Investment in Tangible Capital Assets</b>			
Tangible Capital Assets	1,882,513	<b>2,936</b>	1,885,449
Less: Related Debt	-	-	-
<b>Net Investment in Tangible Capital Assets total</b>	<b>1,882,513</b>	<b>2,936</b>	<b>1,885,449</b>
<b>Total Accumulated Surplus</b>	<b>\$ 2,034,324</b>	<b>\$ 4,521</b>	<b>\$ 2,038,845</b>