



# Cowichan Bay Waterworks District

2022 Audit Findings  
Report to the Board of Trustees  
December 31, 2022

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# Overview

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We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the consolidated financial statements of Cowichan Bay Waterworks District (the "District") as at December 31, 2022 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Trustees.

As auditors, we report to the Board on the results of our examination of the consolidated financial statements of the District as at and for the year ended December 31, 2022. The purpose of this Report is to assist you, as members of the Board of Trustees, in your review of the results of our audit.

This Report is intended solely for the information and use of the Board of Trustees and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

## Engagement Status

We have substantially completed our audit of the consolidated financial statements of the District which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Discussion of subsequent events with the Board of Trustees
- The Board of Trustees review and approval of the consolidated financial statements

No significant limitations were placed on the scope or timing of our audit.

## Independent Auditor's Report






We expect to have the above procedures completed and to release our Independent Auditor's Report on April 17, 2023.





Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Board of the District. A draft copy of our proposed Independent Auditor's Report has been included in the draft financial statements. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

# Audit Reporting Matters

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the consolidated financial statements considered separately.

## Significant Audit, Accounting and Reporting Matters

Area		Comments
	<b>Changes from Audit Service Plan</b>	There were no deviations from the Audit Service Plan previously provided to you.
	<b>Final Materiality</b>	Final materiality used for our audit was \$25,000 for December 31, 2022, and \$23,000 for December 31, 2021.
	<b>Identified or Suspected Fraud</b>	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.
	<b>Identified or Suspected Non-Compliance with Laws and Regulations</b>	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the consolidated financial statements.
	<b>Matters Arising in Connection with Related Parties</b>	No significant matters arose during the course of our audit in connection with related parties of the District.

Area		Comments
	<b>Auditor's Views of Significant Accounting Practices, Accounting Policies and Accounting Estimates</b>	<p>The application of Canadian public sector accounting standards allows and requires the District to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.</p> <p>As auditors, we are uniquely positioned to provide open and objective feedback regarding your District's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.</p> <p>The accounting policies used by the District are appropriate and have been consistently applied.</p>
	<b>Financial Statement Disclosures</b>	<p>The disclosures made in the notes to the consolidated financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the consolidated financial statements.</p>
	<b>Significant Deficiencies in Internal Control</b>	<p>While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention.</p>
	<b>Matters Arising From Discussions with Management</b>	<p>There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.</p>

## Other Areas

Area	Comments
<b>Auditor Independence</b>	We confirm to the Board of Trustees that we are independent of the District. Our letter to the Board of Trustees discussing our independence is attached to this report.
<b>Management Representations</b>	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.
<b>Summary of Significant Differences</b>	No significant differences were proposed to management with respect to the December 31, 2022 consolidated financial statements.
<b>Renewal Reserve</b>	Historically the District has allocated 80% of the annual surplus (which includes the parcel tax) to the renewal reserve. We noted there was no amount allocated to the renewal reserve in 2022 (except interest). Generally the purpose of the parcel tax is to fund future tangible capital assets.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

*MNP LLP*

MNP LLP

Chartered Professional Accountants

April 17, 2023

Board of Trustees  
Cowichan Bay Waterworks District  
1760 Pavenham  
Duncan, BC V0R 1N1

Dear Sirs/Mesdames:

We have been engaged to audit the consolidated financial statements of Cowichan Bay Waterworks District (the "District") as at December 31, 2022 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the District and its related entities or persons in financial reporting oversight roles at the District and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the District and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2022 to April 17, 2023.

We hereby confirm that MNP is independent with respect to the District within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of April 17, 2023.

This report is intended solely for the use of Board of Trustees, management and others within the District and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,



MNP LLP

**Chartered Professional Accountants**

**Cowichan Bay Waterworks District**  
**Consolidated Financial Statements**  
*December 31, 2022*

# Cowichan Bay Waterworks District

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*For the year ended December 31, 2022*

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## Management's Responsibility

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To the Board of Trustees of Cowichan Bay Waterworks District:

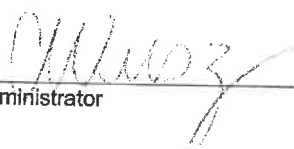
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated 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 consolidated financial statements.

The Board of Trustees is composed entirely of Trustees who are neither management nor employees of the District. 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 management and discussing relevant matters with management and external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to both the Board and management to discuss their audit findings.

April 17, 2023

  
\_\_\_\_\_  
Administrator

To the Board of Trustees of Cowichan Bay Waterworks District:

### Opinion

We have audited the consolidated financial statements of Cowichan Bay Waterworks District (the "District"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, including related schedules, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2022, and the results of its consolidated operations and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Nanaimo, British Columbia

*MNP LLP*

April 17, 2023

Chartered Professional Accountants

# Cowichan Bay Waterworks District

## Consolidated Statement of Financial Position

As at December 31, 2022

	2022	2021
<b>Financial Assets</b>		
Cash and cash equivalents	268,952	464,358
Accounts receivable (Note 3)	180,754	113,310
Portfolio investments (Note 4)	2,128,369	1,692,763
	<b>2,578,075</b>	<b>2,270,431</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	58,102	87,587
Deferred revenue	119,579	35,995
	<b>177,681</b>	<b>123,582</b>
<b>Net Financial Assets</b>	<b>2,400,394</b>	<b>2,146,849</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	21,195	17,393
Inventory	25,011	17,331
Tangible capital assets (Note 5) (Schedule 1)	3,711,278	3,795,446
	<b>3,757,484</b>	<b>3,830,170</b>
<b>Accumulated Surplus (Note 6)</b>	<b>6,157,878</b>	<b>5,977,019</b>

Approved on behalf of the Board of Trustees

  
Trustee

  
Trustee

The accompanying notes are an integral part of these consolidated financial statements

**Cowichan Bay Waterworks District**  
**Consolidated Statement of Operations and Accumulated Surplus**

*For the year ended December 31, 2022*

	<b>2022 Budget (Note 9)</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>			
Sale of service	441,835	466,768	415,596
Parcel taxes	181,281	188,850	142,053
Capital expenditure charge	-	79,470	4,000
Contributed tangible capital assets	-	-	6,268
Connection and service fees	5,000	41,037	8,265
Investment income	-	39,326	13,048
Other income	17,815	10,591	9,262
Rent	9,600	8,100	7,200
	<b>655,531</b>	<b>834,142</b>	<b>605,692</b>
<b>Expenses</b>			
Operating (Schedule 3)	190,800	345,993	312,522
Administration (Schedule 3)	283,450	307,290	209,882
	<b>474,250</b>	<b>653,283</b>	<b>522,404</b>
<b>Annual surplus</b>	<b>181,281</b>	<b>180,859</b>	<b>83,289</b>
<b>Accumulated surplus - beginning of year</b>	<b>5,977,019</b>	<b>5,977,019</b>	<b>5,893,730</b>
<b>Accumulated surplus - end of year</b>	<b>6,158,300</b>	<b>6,157,878</b>	<b>5,977,019</b>

*The accompanying notes are an integral part of these consolidated financial statements*

# Cowichan Bay Waterworks District

## Consolidated Statement of Change in Net Financial Assets

*For the year ended December 31, 2022*

	<b>2022 Budget (Note 9)</b>	<b>2022</b>	<b>2021</b>
<b>Annual surplus</b>	<b>181,281</b>	<b>180,859</b>	<b>83,289</b>
Acquisition of tangible capital assets	<b>(1,293,000)</b>	<b>(11,630)</b>	<b>(17,260)</b>
Disposal of tangible capital assets	-	-	664
Amortization	-	<b>95,797</b>	106,629
Change in inventory	-	<b>(7,680)</b>	4,269
Change in prepaid expenses	-	<b>(3,804)</b>	<b>(9,036)</b>
<b>Change in net financial assets</b>	<b>(1,111,719)</b>	<b>253,544</b>	<b>168,555</b>
<b>Net financial assets, beginning of year</b>	<b>2,146,849</b>	<b>2,146,849</b>	<b>1,978,294</b>
<b>Net financial assets, end of year</b>	<b>1,035,130</b>	<b>2,400,393</b>	<b>2,146,849</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**Cowichan Bay Waterworks District**  
**Consolidated Statement of Cash Flows**

*For the year ended December 31, 2022*

	2022	2021
<hr/>		
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	180,859	83,289
Amortization	95,797	106,629
Disposal of tangible capital assets	-	664
Contributed tangible capital assets	-	(6,268)
	276,656	184,314
Changes in working capital		
Accounts receivable	(67,444)	24,939
Prepaid expenses	(3,802)	(9,036)
Inventory	(7,680)	4,269
Accounts payable and accrued liabilities	(29,487)	42,639
Deferred revenue	83,585	11,593
	251,828	258,718
<b>Capital activities</b>		
Acquisition of tangible capital assets	(11,630)	(10,992)
<b>Investing activities</b>		
Investments in portfolio investments	(435,606)	(26,852)
<b>Increase (decrease) in cash resources</b>	(195,407)	220,874
<b>Cash resources, beginning of year</b>	464,359	243,485
<b>Cash resources, end of year</b>	268,952	464,359

*The accompanying notes are an integral part of these consolidated financial statements*

**Cowichan Bay Waterworks District**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2022*

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**1. Incorporation and commencement of operations**

The Cowichan Bay Waterworks District (the "District") was incorporated on August 12, 1946 under the Water Act of the Province of British Columbia and operates under the Local Government Act of British Columbia. The principal activities of the District are to provide water service to the residents of Cowichan Bay and to maintain and repair all wells and water lines associated with that service. Under Section 149(1)(c) of the Income Tax Act, the District is exempt from taxation.

**2. Significant accounting policies**

The consolidated financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board of CPA Canada. In accordance with these recommendations, the District has implemented the consolidation of all funds. The consolidated financial statements reflect the removal of internal transactions and balances.

***Revenue recognition***

Sale of service revenue for water services are recognized on a quarterly basis once service has been provided. Parcel taxes are recognized upon issuance of tax notices for the fiscal year. Connection and service fees, interest and other income is recognized as revenue as earned on an accrual basis and collection is assured. Rent is recognized monthly in accordance with the lease agreements. Capital expenditure charge (CEC) fees are recorded as revenue when amounts are determinable, and collectability is assured. Assets contributed by developers are recognized as revenue when ownership transfers to the District.

***Cash and cash equivalents***

Cash and cash equivalents include cash, money market investments and short-term deposits with maturities of one to three months.

***Portfolio investments***

The District has investments in term deposits that have a period to maturity of greater than three months at the time of acquisition. These investments are not quoted in an active market and are reported at amortized cost, and the associated transaction costs are added to the carrying value of these investments upon initial recognition.

***Inventory***

Inventory of supplies are recorded at the lower of cost and replacement cost. Cost is determined using the specific identification method.

***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2022.

At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2022 the District has not recorded any liability for contaminated sites as no sites exist.



**Cowichan Bay Waterworks District**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2022*

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**2. Significant accounting policies** *(continued from previous page)*

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the District is responsible for.

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

**Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<b>Rate</b>
Main facilities	5 to 60 years
Furniture and fixtures	10 years
Distribution network	50 to 80 years
Technology	5 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. Assets under construction are not amortized until put into use.

**Fund accounting**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Trustees.

Four funds are maintained: Operating Fund, Equity in Tangible Capital Assets, Renewal Reserve Fund and Capital Expense Charge Fund ("CEC").

The Operating Fund is used to account for all revenues and expenses related to general and ancillary operations of the District.

Equity in Tangible Capital Assets is used to account for all tangible capital assets of the District and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt commitments.

**Cowichan Bay Waterworks District**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2022*

**2. Significant accounting policies** *(continued from previous page)*

**Fund accounting** *(Continued from previous page)*

The Renewal Reserve Fund consists of funds established by the Board of the District, by bylaw 240, to be used for expenditures related to the upgrading or addition of Waterworks tangible capital assets. These funds, and interest earned thereon, must only be invested and disbursed by bylaw passed by the Board of the District.

The Capital Expense Charge Fund consists of funds established by the Board of the District, by bylaw 226, to be used for expenditures related to the upgrading, replacement or renewal of existing tangible capital assets. The funds can only be expended with the Board's approval.

**Recent accounting pronouncements**

PS 3280 *Asset Retirement Obligations*, issued August 2018, establishes standards for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets and is effective for the District as of January 1, 2023. A liability will be recognized when, as at the financial reporting date:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefits will be given up; and
- d) A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

Management is in the process of assessing the impact of adopting this standard on the District's financial results.

**3. Accounts receivable**

	<b>2022</b>	2021
Trade receivables	<b>140,182</b>	100,254
Goods and Services Tax receivable	<b>10,431</b>	6,969
Interest receivable	<b>30,141</b>	6,087
	<b>180,754</b>	113,310

**Cowichan Bay Waterworks District**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2022*

**4. Portfolio investments**

	2022	2021
12-month term deposit with 2.75% interest rate due June 2023	1,111,410	-
12-month term deposit with 2.75% interest rate due June 2023	670,959	-
12-month term deposit with 2.70% interest rate due July 2023	346,000	-
18-month term deposit with 0.95% interest rate, due July 2022	-	487,027
12-month term deposit with 0.70% interest rate, due April 2022	-	524,635
12-month term deposit with 0.70% interest rate, due April 2022	-	512,753
12-month term deposit with 0.05% interest rate, due November 2022	-	86,033
12-month term deposit with 0.85% interest rate, due September 2022	-	16,187
12-month term deposit with 0.85% interest rate, due September 2022	-	62,128
12-month term deposit with 0.75% interest rate, due September 2022	-	4,000
	<b>2,128,369</b>	<b>1,692,763</b>

**5. Tangible capital assets**

See Schedule 1 for more information.

During 2022 the District acquired \$NIL of contributed tangible capital assets (2021 - \$6,268).

**6. Accumulated surplus**

The District segregates its accumulated surplus into the following categories:

	2022	2021
<b>Fund balances</b>		
Operating Fund		
Equity in Tangible Capital Assets	681,641	501,652
Restricted Renewal Reserve Fund – Schedule 2	3,711,278	3,795,446
Restricted Capital Expense Charge Fund – Schedule 2	1,037,721	1,018,895
	727,238	661,025
<b>Total fund balances</b>	<b>6,157,878</b>	<b>5,977,018</b>

**Cowichan Bay Waterworks District**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2022*

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**7. Financial instruments**

The District, as part of its operations, carries a number of financial instruments. The District's financial instruments consist of cash and cash equivalents, accounts receivable, portfolio investments and accounts payable and accrued liabilities. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

**8. Environmental liabilities**

The District makes every reasonable effort to comply with all environmental regulations that apply to its operations. These regulations may require future expenditures to meet applicable standards. Amounts required to meet these obligations will be charged to operations or set aside as future reserves when they can be reasonably estimated.

**9. Budget figures**

Budget figures represent the budget adopted by the Board on December 9, 2021. The following schedule reconciles the consolidated surplus as presented in the budget approved by the Board to the consolidated surplus for the year as shown on the Consolidated Statement of Operations and Accumulated Surplus

Budget, as approved by the Board	\$(999,543)
Transfer from prior year surplus	(112,176)
<u>Purchase of tangible capital assets</u>	<u>1,293,000</u>
<u>Per Consolidated Statement of Operations and Accumulated Surplus</u>	<u>\$181,281</u>

**Cowichan Bay Waterworks District**  
**Schedule of Tangible Capital Assets**

*For the year ended December 31, 2022*

**Schedule 1**

	Construction in progress	Land	Main facilities	Furniture and fixtures	Distribution network	Technology	2022	2021
<b>Cost</b>								
Balance, beginning of year	-	81,156	1,667,300	5,856	3,773,842	52,934	5,581,088	5,575,505
Add:								
Additions during the year	-	-	11,630	-	-	-	11,630	17,260
Less:								
Disposals during the year	-	-	-	-	-	-	-	(11,677)
Balance, end of year	-	81,156	1,678,930	5,856	3,773,842	52,934	5,592,717	5,581,088
<b>Accumulated amortization</b>								
Balance, beginning of year	-	-	758,305	5,856	973,283	48,198	1,785,642	1,690,026
Add:								
Amortization	-	-	42,714	-	50,445	2,639	95,797	106,629
Less:								
Accumulated amortization on disposals	-	-	-	-	-	-	-	(11,013)
Balance, end of year	-	-	801,019	5,856	1,023,728	50,836	1,881,439	1,785,642
<b>Net book value of tangible capital assets</b>	-	81,156	877,911	-	2,750,113	2,098	3,711,278	3,795,446

**Cowichan Bay Waterworks District**  
**Schedule of Reserve Funds**

*For the year ended December 31, 2022*

**Schedule 2**

	Restricted CEC Reserve	Restricted Renewal Reserve	Totals	
			2022	2021
<b>Balance, beginning of year</b>	661,025	1,018,895	<b>1,679,920</b>	1,662,873
Transfer in	54,000	-	<b>54,000</b>	-
Capital levy charges	-	-	-	4,000
Interest income	12,213	18,826	<b>31,039</b>	13,047
Transfer out	-	-	-	-
<b>Balance, end of year</b>	<b>727,238</b>	<b>1,037,721</b>	<b>1,764,959</b>	1,679,920

**Cowichan Bay Waterworks District**  
**Schedule of Operating and Administration Expenses**  
*For the year ended December 31, 2022*

**Schedule 3**

	2022 <i>Budget</i> <i>(Note 9)</i>	2022	2021
<b>Operating expenses</b>			
Amortization	-	95,797	106,629
Chlorination costs	4,400	5,091	2,847
Contractor costs	92,500	134,592	99,107
Engineering services	15,000	18,845	33,113
Laboratory and testing services	2,075	1,100	-
Materials, rentals and subcontracts (recovery)	30,000	45,353	17,288
Power charges	20,000	24,308	23,238
Repair and installation labour	-	-	4,793
Repairs and maintenance	23,000	15,117	21,981
Telephone monitoring and communication	3,825	5,790	3,299
Vehicle allowance	-	-	227
<b>Total operating expenses</b>	<b>190,800</b>	<b>345,993</b>	<b>312,522</b>
<b>Administration expenses</b>			
Audit and legal fees	22,700	31,341	25,885
Computer services	15,000	14,793	14,035
Insurance	30,000	31,491	18,701
Memberships, conventions and seminars	7,100	10,152	5,477
Miscellaneous	12,550	578	1,040
Postage and office supplies	7,300	18,456	15,148
Repairs and maintenance	1,000	1,960	833
Salaries, contracts and payroll costs	173,000	183,107	116,720
Trustees' remuneration	14,200	13,200	9,389
Utilities and telephone	600	892	1,169
Vehicle allowance	-	1,320	1,485
<b>Total administration expenses</b>	<b>283,450</b>	<b>307,290</b>	<b>209,882</b>