

Financial Statements of

**RAYLEIGH WATERWORKS  
DISTRICT**

Year ended December 31, 2022

# RAYLEIGH WATERWORKS DISTRICT

## Financial Statements

Year ended December 31, 2022

### Financial Statements

Management's Responsibility for the Financial Statements	1
Independent Auditor's Report	2
Statement of Financial Position	5
Statement of Operations	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The accompanying financial statements of the Rayleigh Waterworks District (the "District") are the responsibility of the District's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The District's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Trustees meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the District. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the District's financial statements.

---

*Heidi Hansen, Administrator*



**KPMG LLP**

560 Victoria Street  
Kamloops BC V2C 2B2  
Canada  
Tel 250 372 5581  
Fax 250 828 2928

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of Rayleigh Waterworks District

### ***Opinion***

We have audited the financial statements of Rayleigh Waterworks District (the District), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2022, and its results of operations, its changes in net financial assets 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 auditor's report.

We are independent of the District 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 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 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 the 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.



- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants

Kamloops, Canada

March 11, 2025

# RAYLEIGH WATERWORKS DISTRICT

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets:</b>		
Cash and cash equivalents (note 3)	\$ 461,231	\$ 623,654
Temporary investments (note 3)	585,160	581,629
Accounts receivable (note 4)	395,889	166,468
<u>Loan receivable (note 5)</u>	<u>217,661</u>	<u>252,499</u>
	1,659,941	1,624,250
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	182,911	139,051
Deferred revenue (note 10)	38,218	46,641
<u>Debt (note 6)</u>	<u>240,418</u>	<u>264,453</u>
	461,547	450,145
Net financial assets	1,198,394	1,174,105
<b>Non-financial assets:</b>		
Tangible capital assets (note 7)	2,825,759	3,017,209
<u>Prepaid expenses</u>	<u>35,194</u>	<u>35,194</u>
	2,860,953	3,052,403
<b>Accumulated surplus (note 8)</b>	<b>\$ 4,059,347</b>	<b>\$ 4,226,508</b>

Contingent liabilities (note 9)

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

# RAYLEIGH WATERWORKS DISTRICT

## Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 12)	2022	2021
Revenue:			
Taxation	\$ 137,180	\$ 99,038	\$ 113,320
Water user rates and connection fees	668,038	702,241	632,328
Sewer user rates and connection fees	73,592	76,593	78,205
Interest income	-	13,352	18,124
Penalties and interest on taxes	24,184	-	502
Sundry	9,060	23,291	10,600
Gain on sale of capital assets	-	-	10,000
Total revenue	912,054	914,515	863,079
Expenses:			
Water utility	583,136	888,504	828,643
Sewer utility	94,602	193,172	149,096
Total expenses	677,738	1,081,676	977,739
Annual (deficiency) surplus	234,316	(167,161)	(114,660)
Accumulated surplus, beginning of year	4,226,508	4,226,508	4,341,168
Accumulated surplus, end of year	\$ 4,460,824	\$ 4,059,347	\$ 4,226,508

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

# RAYLEIGH WATERWORKS DISTRICT

## Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 12)	2022	2021
Annual surplus (deficiency)	\$ 234,316	\$ (167,161)	\$ (114,660)
Acquisition of tangible capital assets	(41,000)	(34,070)	(44,299)
Amortization of tangible capital assets	-	225,520	229,458
Gain on sale of tangible capital assets	-	-	(10,000)
Proceeds on sale of tangible capital assets	-	-	10,000
	193,316	24,289	70,499
Acquisition of prepaid expenses	-	(35,194)	(35,194)
Use of prepaid expenses	-	35,194	34,518
	-	-	(676)
Change in net financial assets	193,316	24,289	69,823
Net financial assets, beginning of year	1,174,105	1,174,105	1,104,282
Net financial assets, end of year	\$ 1,367,421	\$ 1,198,394	\$ 1,174,105

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

# RAYLEIGH WATERWORKS DISTRICT

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficiency	\$ (167,161)	\$ (114,660)
Items not involving cash:		
Amortization of tangible capital assets	225,520	229,458
Gain on disposal of tangible capital assets	-	10,000
Change in non-cash operating assets and liabilities:		
Accounts receivable	(229,421)	(39,199)
Accounts payable and accrued liabilities	43,861	74,373
Deferred revenue	(8,424)	22,784
Prepaid expenses	-	(676)
Net change in cash from operating activities	(135,625)	162,080
Capital activities:		
Acquisition of tangible capital assets	(34,070)	(44,299)
Proceeds on sale of tangible capital assets	-	10,000
Net change in cash from capital activities	(34,070)	(34,299)
Investing activities:		
Investments in short-term investments, net	(3,531)	25,916
Repayment of loan receivable	34,838	25,868
Net change in cash from investing activities	31,307	51,784
Financing activities:		
Repayments of debt	(24,035)	(25,196)
Increase (decrease) in cash and cash equivalents	(162,423)	154,369
Cash and cash equivalents, beginning of year	623,654	469,285
Cash and cash equivalents, end of year	\$ 461,231	\$ 623,654
Supplemental cash flow information:		
Cash paid for interest	\$ 11,115	\$ 11,404
Cash received from interest	10,359	11,976

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

# RAYLEIGH WATERWORKS DISTRICT

## Notes to Financial Statements

Year ended December 31, 2022

---

The Rayleigh Waterworks District (the "District") was incorporated on July 6, 1965 under the former Municipal Act, a statute of the Province of British Columbia. The District provides water and sewer services to the residents of Rayleigh, a community within Kamloops, British Columbia.

### 1. Significant accounting policies:

The financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for governments as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies of the District are as follows:

(a) Basis of accounting:

The financial statements have been prepared by management in accordance with the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada for local government. Accordingly, all revenues and expenses are recorded on the accrual basis.

(b) Fund accounting:

The District records accounting transactions using the fund accounting method generally used in local government organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Certain amounts, as approved by the Trustees, are set aside in accumulated surplus for future operations and capital purposes. Transfers to and from funds are an adjustment to the respective fund when approved.

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

---

## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

Taxation revenues are recognized as revenue in the year in which they are assessable. Interest and penalties assessed on taxes are recognized as revenue in the year the related service is provided and when collection is reasonably assured.

Water and sewer user rates, connection fees, interest and penalties are recognized as revenue in the year the service is provided.

Sundry revenue and development cost charges are recognized as earned.

Government transfers received or receivable are recognized in the financial statements as revenue in the year that the event giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Investment income is reported as other income in the period earned. Interest earned on specific cash reserves is allocated to the individual functions and reserve accounts throughout the year based on their pro-rated balances.

Revenue from contractual services are recognized when services are provided.

### (d) Cash and temporary investments:

Cash and temporary investments includes term deposits with maturity dates greater than 90 days after acquisition. Investments are recorded at cost.

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

---

## 1. Significant accounting policies (continued):

### (e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes 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 over their estimated useful lives as follows:

Asset		Rate
Water and sewer system	Straight-line	20-80
Office equipment	Straight-line	5-10
Vehicles and machinery	Straight-line	5-20
Tools	Straight-line	5

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

### (ii) Contributions of tangible capital assets

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

### (iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

### (iv) Interest capitalization

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

---

## 1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in accordance with PSAB 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 financial statements, and the reported amounts of revenues and expenses during the period. Management reviews these estimates on a periodic basis and, where necessary, makes adjustments prospectively. Actual results could differ from these estimates.

(g) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

(h) Contaminated sites:

Contaminated sites are defined as the result of being introduced in air, soil, water or sediment of chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- a) an environmental standard exists
- b) contamination exceeds the environmental standard
- c) the organization is directly responsible or accepts responsibility for liability
- d) future economic benefits will be given up, and
- e) a reasonable estimate of the liability can be made

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

---

## 2. Future accounting standards:

### (a) PS 3280, Asset Retirement Obligations:

PS 3280, Asset Retirement Obligations, establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. Specifically, it defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022. At the date of these financial statements, the full impact of this new standard is not yet known.

### (b) PS 3450 *Financial Instruments*:

PS 3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; 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 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. This standard is applicable for fiscal years beginning on or after April 1, 2022. At the date of these financial statements, the full impact of this new standard is not yet known..

## 3. Cash and temporary investments:

Cash and temporary investments reported on the statement of financial position have a cost that approximates market value. Cash equivalents consist of investments primarily in Guaranteed Investment Certificates with annual rates of return of approximately 0.8% (2021 - 0.1% and 0.5%).

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

### 3. Cash and temporary investments (continued):

Restrictions around the use of cash and cash equivalents are as follows:

	2022	2021
Unrestricted	\$ 584,317	\$ 746,027
Internally restricted:		
Water reserve	412,434	409,616
Sewer reserve	42,143	42,143
Future capital projects	7,497	7,497
<b>Total</b>	<b>\$ 1,046,391</b>	<b>\$ 1,205,283</b>
Consisting of:		
Cash and cash equivalents	\$ 461,231	\$ 623,654
Temporary investments	585,160	581,629
<b>Total</b>	<b>\$ 1,046,391</b>	<b>\$ 1,205,283</b>

### 4. Accounts receivable:

Accounts receivable reported on the statement of financial position consists of:

	2022	2021
Sales tax rebates receivable	\$ 31,003	\$ 16,099
Utility billings	364,886	150,369
	\$ 395,889	\$ 166,468

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

---

## 5. Loan receivable:

In 2020, the residents of the District voted to authorize the septic upgrade project, the financial plan for which included a special levy to be paid by each septic resident on a house-by-house basis. Residents were given the option to make a single payment in 2020 or pay the levy in equal instalments over a ten year period ending in 2029, plus interest at a rate of 4.1% per annum.

## 6. Debt:

---

	2022	2021
Royal Bank of Canada, term loan, repayable in monthly instalments of \$3,050 including interest at 4.1% per annum, due October 2025	\$ 240,418	\$ 264,453
	\$ 240,418	\$ 264,453

---

Scheduled principal repayments in the next three years are approximately as follows:

---

2023	\$ 29,537
2024	28,485
2025	182,396
	\$ 240,418

---

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 7. Tangible capital assets:

2022	Land	Water and sewer system	Office equipment	Vehicles and machinery	Tools	Total
<b>Cost:</b>						
Balance, beginning of year	\$ 27,046	\$ 6,373,530	\$ 49,073	\$ 38,080	\$ 62,771	\$ 6,550,500
Additions	-	31,446	2,624	-	-	34,070
Balance, end of year	27,046	6,404,976	51,697	38,080	62,771	6,584,570
<b>Accumulated amortization:</b>						
Balance, beginning of year	-	3,424,695	21,457	27,279	59,860	3,533,291
Amortization expense	-	213,217	8,176	2,472	1,655	225,520
Balance, end of year	-	3,637,912	29,633	29,751	61,515	3,758,811
Net book value, end of year	\$ 27,046	\$ 2,767,064	\$ 22,064	\$ 8,329	\$ 1,256	\$ 2,825,759

2021	Land	Water and sewer system	Office equipment	Vehicles and machinery	Tools	Total
<b>Cost:</b>						
Balance, beginning of year	\$ 27,046	\$ 6,351,218	\$ 39,168	\$ 36,602	\$ 62,132	\$ 6,516,166
Additions	-	22,312	9,905	11,443	639	44,299
Disposals	-	-	-	(9,965)	-	(9,965)
Balance, end of year	27,046	6,373,530	49,073	38,080	62,771	6,550,500
<b>Accumulated amortization:</b>						
Balance, beginning of year	-	3,211,033	13,805	30,364	58,596	3,313,798
Disposals	-	-	-	(9,965)	-	(9,965)
Amortization expense	-	213,662	7,652	6,880	1,264	229,458
Balance, end of year	-	3,424,695	21,457	27,279	59,860	3,533,291
Net book value, end of year	\$ 27,046	\$ 2,948,835	\$ 27,616	\$ 10,801	\$ 2,911	\$ 3,017,209

### a) Write-down of tangible assets

Write-downs of tangible capital assets as a result of impairment totaled \$nil (2021 - \$nil).

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 8. Accumulated surplus:

The District segregates its accumulated surplus into the following categories:

	2022	2021
<b>Accumulated Surplus:</b>		
Invested in tangible capital assets	\$ 2,585,341	\$ 2,752,756
Unrestricted surplus	1,011,932	1,014,496
	<u>3,597,273</u>	<u>3,767,252</u>
<b>Reserves set aside by Board of Trustees:</b>		
Water reserve	412,434	409,616
Sewer reserve	42,143	42,143
Future capital projects	7,497	7,497
Total reserve funds	<u>462,074</u>	<u>459,256</u>
Total accumulated surplus	<u>\$ 4,059,347</u>	<u>\$ 4,226,508</u>

## 9. Contingent liabilities:

The District leases, for \$nil consideration, seven lots (the "land") from the City of Kamloops for use as septic fields within Rayleigh. Upon the termination of use of the land by either party, the District is required to remediate the land to a condition in accordance with Ministry of Environment Standards. The termination date of use of the land and the estimate of cost to the District of remediation is unknown at this time.

## 10. Deferred revenue:

Deferred revenue is comprised of funds from the following sources:

Source:	2021	Contributions received	Revenues recognized	Deferred balance 2022
Taxes and permits paid in advance	\$ 46,641	\$ 38,218	\$ (46,641)	\$ 38,218
	<u>\$ 46,641</u>	<u>\$ 38,218</u>	<u>\$ (46,641)</u>	<u>\$ 38,218</u>

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 11. Segmented information:

Segmented information has been identified based upon lines of service provided by the District. District services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### (i) Public Works – Water

The District is responsible for the delivery of municipal public works services related to the planning, development and maintenance of water systems and the water treatment plant.

### (ii) Public Works – Sewer

The District is responsible for the delivery of municipal public works services related to the planning, development and maintenance of sewer systems.

Certain allocation methodologies are employed in the preparation of segmented financial information. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers are allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

2022	Water	Sewer	Total
<b>Revenues:</b>			
Taxation	\$ 99,038	\$ -	\$ 99,038
User charges	702,241	76,593	778,834
Investment income	2,488	10,864	13,352
Sundry	22,861	430	23,291
Total revenues	826,628	87,887	914,515
<b>Expenses:</b>			
Salaries, wages and employee benefits	382,154	69,779	451,933
Operating	313,946	79,162	393,108
Interest	-	11,115	11,115
Amortization	192,404	33,116	225,520
Total expenses	888,504	193,172	1,081,676
Annual deficiency	\$ (61,876)	\$ (105,285)	\$ (167,161)

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 11. Segmented information (continued):

2021	Water	Sewer	Total
<b>Revenues:</b>			
Taxation	\$ 113,320	\$ -	\$ 113,320
User charges	632,328	78,205	710,533
Investment income	378	17,746	18,124
Penalties and interest	487	15	502
Sundry	10,585	15	10,600
Gain on sale of capital assets	10,000	-	10,000
Total revenues	767,098	95,981	863,079
<b>Expenses:</b>			
Salaries, wages and employee benefits	323,124	53,228	376,352
Operating	310,401	50,125	360,526
Interest	-	11,403	11,403
Amortization	195,118	34,340	229,458
Total expenses	828,643	149,096	977,739
Annual surplus	\$ (61,545)	\$ (53,115)	\$ (114,660)

# RAYLEIGH WATERWORKS DISTRICT

Notes to Financial Statements (continued)

Year ended December 31, 2022

---

## 12. Budget data:

The budget data presented in these financial statements represent the 2022 operating and capital budgets approved by the Board of Trustees on January 8, 2020. There has been no change in the proposed budget from January 8, 2020 with the forecasted budget confirmed to remain the same.

In accordance with PSAB, budget figures are presented on the same basis of accounting as the actual and comparative figures. Cash inflows and outflows contemplated in the budget include capital expenditures. These items are not recognized as revenues or expenses in the statement of operations as they do not meet the definition of such under PSAB.

Legislation does not require the funding of non-cash items such as amortization expense, thus there is no legislative requirement to include these items in the financial plan. As such, amortization expense was not contemplated on development of the approved 2022 budget. However, amortization expense is recognized in the statement of operations in actual figures under PSAB.

The chart below reconciles the budget figures reported in these financial statements to the approved budget.

	Budget amount
Budgeted annual surplus, per Statement of Operations	\$ 234,316
Less:	
Capital expenditures	(41,000)
Annual surplus, per Financial Plan	\$ 193,316

## 13. Comparative figures:

Certain 2021 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.