

**LUND WATERWORKS DISTRICT  
ANNUAL GENERAL MEETING**

Tuesday, May 26, 2026 - 7:00 pm  
Northside Community Recreation Centre  
9656 Larson Road, Lund, BC

**AGENDA**

1. Call to Order
2. Introductions
3. Adoption of 2025 AGM Minutes
4. Business arising from Minutes
5. Reports
  - a) Operator Annual Report
  - b) Receiver Report
6. 2025 Financial Statements Review Engagement Report
7. Appointment of Accounting Firm to prepare 2026 Review Engagement Report
8. 2026 Annual Budget
9. Bylaws
  - a) Bylaw 61 – “LWD Taxation Bylaw No. 61, 2026” - *Parcel Tax*
10. Water System Upgrade and Conversion – Jack Davidson, Environmental and Drinking Water Officer, Vancouver Coastal Health
11. Other Business
  - a) Announcements
  - b) Questions from the floor
12. Adjournment

**LUND WATERWORKS DISTRICT  
ANNUAL GENERAL MEETING  
MINUTES April 26, 2025**

The Annual General Meeting of the Lund Waterworks District was held at the Northside Community Recreation Centre 9656 Larson Road, Lund, BC on Saturday, April 26, 2025.

**PRESENT**

Receiver: Frances Ladret

Staff: Courtney Robertson, Water Operator

Kelly Rankin, Administrator

Also Present: Jack Davidson, Drinking Water Officer

Lund Water Advisory Committee Members: Ben Bouchard, Tom Kiddey,  
Ed Levy, Doug McLean

Nine members of the public: Wayne Watson, James Bradley, Mike Burge,  
Kim Gray, Ted Winegarden, Wendy Larson, Dean Elsworth, Ron Bignell,  
Jan Lovewell

for a total of 17 attendees.

**ITEMS OF BUSINESS:**

**1. Call to order:**

The Annual General Meeting of the Lund Waterworks District (LWD) was called to order at 11:46AM, on Saturday, April 26, 2025.

**2. Introductions:**

The receiver acknowledged that our meeting was being held on the traditional territory of the Tla'amin Nation in an area known as Klah ah men.

Frances then introduced Courtney Robertson, our Water Operator, and Kelly Rankin, as LWD's Administrator. Frances acknowledged the contributions of Shelley Cherry to LWD as the former Administrator & Bookkeeper. She noted Shelley's role is now split with Laurie McNeill as bookkeeper and Kelly Rankin as administrator, relieving the Receiver of some administrative work.

Frances also acknowledged the contributions of Mike Burge and Doug MacLean in providing assistance to our Water Operator and the assistance of many volunteers.

She introduced the Lund Water Advisory Committee members: Ben Bouchard, Doug MacLean, Tom Kiddey, and Ed Levy who were present, and acknowledged absent members Laurie Chambers and Jason Lennox- exofficio. Also, the Tla'amin Nation was invited to have a representative on the committee and had participated as their time allowed. She noted that this was an unofficial ad hoc committee established by Tom Day, former receiver.

Frances gave a brief explanation of the Receiver position and how she acts as the Board of

Trustees when dealing with resolutions and bylaws.

3. **Adoption of the 2024 Annual General Meeting (AGM) Minutes:**

A copy of the minutes from the 2024 AGM was circulated in the agenda package. Frances asked for any questions or concerns arising from the minutes. No comments were put forward. Frances moved to adopt the minutes.

**FRANCES LADRET DECLARED THE 2024 AGM MINUTES ADOPTED.**

4. **Business arising from Minutes:**

Frances asked if there was any business arising from the 2024 AGM minutes. No comments were made. No further business was brought forward.

5. **Correspondence:**

a) Correspondence dated July 17, 2024 from B. Acharya, Dam Safety Officer, Ministry of Water, Land and Resource Stewardship regarding Dam Safety Audit of Thulin Lake Dam. Frances noted that a copy of the letter which was included in this meeting agenda package had been circulated to all owners on the LWD email list after being received. She reported MSR Solutions Inc. has subsequently completed two reports on both dams, which have been submitted to the DSO. The water operator advised the water levels are being monitored in the lakes and Thulin Lake is being actively lowered to decrease water volume to mitigate the effects in the event of dam failure.

6. **Reports:**

a) **Operator Annual Report** – Courtney read the Operator’s report included in the agenda package. The water operator was asked if flushing the lines improved the water quality when there were positive samples and she advised that it had according to new samples taken afterwards. The Drinking Water Officer spoke to the Water Quality Advisory. Everyone applauded her efforts. No further comments or questions were made.

b) **Receiver Report** – Frances reported on the past year, noting that the Upgrade Project update would be provided at the end of the agenda. A copy of her full report will be included in the AGM agenda package to be posted on the qRD website.

Question (W. Larson): Are owners of properties within the Improvement District boundaries, which cannot be serviced by the system presently paying parcel taxes?

Response: No

Question (W. Larson): Does the project include work on the dams?

Response: Yes, the water system upgrade would be done first and the work on the dams would be done after conversion.

Question (W. Larson): Do we have plans and estimates of costs for dams?

Response: Current estimate is \$2 million plus engineering, including contingency. The cost is kept down as Lund Lake is to be decommissioned.

Frances noted that LWD lacks an effective method of keeping residents informed. She

noted many improvement districts have websites, something LWD may consider, time and funds permitting. Ben proposed that Kelly could take that on. No further questions or comments were made.

**7. 2024 Financial Statements Review:**

Frances provided an Overview report of the 2024 Financial Statements Review, prepared by Duke & Company. She noted that at December 31, 2024 the Capital Works Renewal Reserve Fund (established in 2023 by the former receiver) had a balance of \$138,000.

Question (W. Larson): Is the approved \$11M grant earning interest?

Response: Grant funds have not been advanced to the qRD. They are part of federal/provincial coffers. Interest will not be added to the approved grant amount.

Frances commented she received a negative response to her inquiry whether the province would incorporate an escalation allowance in the grant to account for cost increases resulting from a delayed project start.

No further questions were brought forward.

**FRANCES LADRET DECLARED THE 2024 FINANCIAL STATEMENTS ADOPTED.**

**8. 2025 Annual Budget:**

Frances reviewed the 2025 Annual Budget and Schedule 1 – 2025 Repairs & Maintenance and Capital, with Revenues and Expenses totalling \$246,096.

She noted the \$25,000 grant represents 50% of a grant awarded to qRD to offset conversion costs, which the RD offered to pass on to LWD for this same purpose.

She reported that \$6,400 was accessed from Renewal Reserve Fund in 2024 to finance two pump replacements. A bylaw was necessary to release the funds. Also, the two MSR reports on the dams reduced the Dam Safety Review Fund from \$31,349 to approximately \$9,000.

**9. Bylaws:**

a) **Bylaw 58 – Taxation Bylaw, 2025**

Frances introduced and gave first reading to Taxation Bylaw No. 58, 2025 regarding parcel taxes. She noted the basic tax has increased \$50 to \$400 for Groups 1 and 2, with proportionate increases applied to other groups set out in the bylaw.

This Bylaw will be adopted after the Court of Revision has confirmed the assessment roll.

**10. Other Business:**

a) **2025 Court of Revision**

The administrator reviewed information included in the agenda package on the Court of Revision. He noted the 2025 Assessment Notices are being prepared for mailing in early May and the Court of Revision has been scheduled for May 28, 2025 at 5pm at the NCRC. He advised that property owners may file a written complaint with the Court of Revision by emailing the assessor at [LWDAssessor@gmail.com](mailto:LWDAssessor@gmail.com). They may also present a verbal complaint in person at the Court of Revision meeting. He noted complaints may be only about the description, ownership, or that the property was placed in the wrong

assessment category. Owners may not complain about the amount of the parcel tax.  
Question (T. Kiddey) Can property owners within the district area opt out even if their property was inadequately served by the water?

Response: Property owners within the district boundaries cannot opt out.

Frances referred attendees to the map on display from the 2024 Court of Revision indicating which assessment category properties have been placed in.

**b) Announcements –**

The following announcements and reminders were made:

- Ensure your visitors and guests are aware of the Water Quality Advisory.
- The Dam Emergency Plan for 2025 has been updated and forwarded to Dam Safety Officer for approval.
- Two Dam Emergency Plan exercises have been scheduled: Local Emergency Authorities meeting on May 26, 2025, and people and business owners who may be evacuated in the event of a potential dam failure on Saturday May 31, 2025, at 2:30pm. Notices will be sent to relevant invitees.
- Nanaimo Regional District has a “Rainwater Harvesting – Best Practices Guidebook” available on their website (rdn.bc.ca). This may interest those concerned about water conservation.

**c) Questions from the floor –**

Would water flow along the highway during a dam failure?

Response: Kelly advised the flood water would spread out behind Lund Marine and would follow Thulin Creek. Courtney advised the campground area and Harbour Edge Holdings property would be impacted.

Is an insurance reduction available from caching water and securing propane tanks?

Ben Bouchard advised he had seen insurance reduced when propane tanks are secured and has previously installed water caching tanks for clients.

Response: No definitive answer available.

**11. Water System Upgrade and Conversion – Project Update**

The meeting moved on to a presentation on the water system upgrade and conversion to a qathet Regional District service.

Frances commented on

Why is the project needed? Water quality is substandard. People deserve clean drinking water and the regulations require a community water system to provide it.

Why conversion to the qRD? Improvement districts cannot access grants and LWD cannot afford to pay 100% of the required upgrade costs.

Why is the project delayed? Many parties involved, all with busy schedules and important priorities.

Seven display charts were presented. The chart information and associated comments and questions follow.

**Chart 1 Project Outcomes:**

What the project would achieve with respect to water quality, storage, distribution system upgrades, dam improvements and fire protection.

Questions:

- Why are we decommissioning the Lund Lake dam?  
Not required for supply. Will reduce ongoing maintenance and capital costs.  
Pond will remain for aesthetic purposes.

**Charts 2 and 3 Scope of Work to Achieve Outcomes:**

Includes two options for improved storage:

- one maintains three reservoir sites with larger and upgraded tanks but does not meet post-disaster (e.g., earthquake) standards as the BC Building Code requires; therefore likely not feasible.
- Option 2 has single large tank at existing primary reservoir site. Meets code requirements at considerably higher cost.

Option for Extending waterline along Finn Bay Rd to Alannah Rd:

- would create looped system, ideal from system design standpoint; reduced maintenance to some extent; more efficient response to line breakages; would allow for more development on Finn Bay Road;
- added cost of \$1.5 million plus engineering & contingency.
- Inclusion undecided.

Questions

- Could underwater line be removed if extension constructed?  
No, intent would be to create a looped system.

Highway 101 extension: needed to eliminate unauthorized lines crossing private property.

**Chart 4 Preliminary Cost Estimates – April 26, 2025:**

Summarizes total estimated costs, including costs that do not qualify for grant funding, for scenarios 1, 2, & 3 of \$13.5M, \$16M and \$18M respectively.

**Chart 5 Preliminary Project Financing:**

Sets out funding sources, including local amount to be borrowed, and annual debt payment for each scenario. Frances noted qRD/LWD are continuing to pursue additional funding for the dams from the Disaster Resilience and Innovation Fund program. Funding appears promising but decision may not be made for some time.

**Chart 6 Taxation Options:**

Sets out taxation approaches available to the qRD for recovering annual debt payments. qRD to decide.

Examples were presented of approximate annual tax rates based on preliminary annual debt payment costs with cost recovery by flat parcel tax, tax based on parcel size, and property value tax for Scenarios 1 and 2. Estimated rates for Scenario 3 were not available.

The petition to convert LWD to a qRD service and approve borrowing for the upgrade was briefly discussed. Attendees were advised that in order to pass, the petition requires signatures representing at least 50% of the parcel owners and 50% of the assessed value of land and improvement in the proposed service area.

### **Chart 7 Next Steps:**

Demonstrates the amount of work still to be done to complete conversion.

Noted that Tla'amin Nation is on board with the project and has generally agreed to pay on the same basis as other property owners. Frances discussed the DRIF program grant and its requirements for a preliminary engineering design estimated to cost \$80,000. If LWD were to agree to fully fund that work, the initial stage (potential) approval could be advanced by six months and actual work by up to a year.

### **General Discussion**

On completion of reviewing the information in the charts, a general discussion ensued with the following questions and points made:

- Community member 1: we need good water; some infrastructure definitely needs replacing; system upgrade will improve the saleability of properties.
- Community member 2: we can't afford to spend \$8k per year on water; if this goes through, people will have to sell their property; upgrades are unaffordable when the water tolls are added.
- General agreement that costs are high.
- No definitive position re flat parcel tax versus property value tax.
- Will water be good to use, with less chlorine and treated with UV?  
Water operator confirmed that the water would have lower chlorine and Trihalomethanes (THMs).
- Will treated water be used at the fire hydrants?  
Yes. Cost to run two separate lines was investigated but not financially advantageous.
- LWD water tanks are getting rusty and that the storage tanks at fire hall and the hydrants would be needed in an emergency.
- How many hydrants are there? 17 hydrants in LWD.
- Does the fire department use the Lund Marine hydrant? Understanding that not all hydrants are being used.  
Not all used. Hydrants are distributed per insurance distance requirements.
- What are the requirements to treat water?  
DWO advised that filtration **and** UV treatments are the basic requirements. Water storage issues and the LWD dams are outside of VCH concerns.
- **Drinking Water Officer** was asked what happens if we do not improve the waterworks system and what penalties may apply?  
Under the Water Protection Act, the Water Quality Advisory (WQA) would remain in place indefinitely. Potable water is required to be supplied. Water quality is required to be monitored. There are potential fines and penalties for contravening the regulations, however it would not be in the provincial interest to fine LWD for not having funds to treat the water. He noted Gilles Bay ID is under a WQA due to just chlorinating water. Lund is in a unique position because it has access to a grant, subject to conversion.

- The receiver spoke about the qRD being reluctant to accept the liability associated with taking on a deteriorated system for which the Province had some oversight responsibility. Before assuming ownership, they have been arguing for the Province to provide sufficient funding to complete the system upgrades to meet standards.
- Could grant be used for drilling wells for LWD?  
Frances advised there have been discussions with Tla'amin Nation regarding potentially accessing groundwater on their DL 1612 holding, however Tla'amin has indicated they are not intending to bring that water onstream for several years.
- Groundwater as a supply was discussed at some length. It was suggested wells could be drilled on other properties. Frances noted that while groundwater may at some point be an optional supply, well exploration and development is a rigorous and costly process when dealing with a community water system. Our information to date is that funds are not available for this work. Also, even with a groundwater source, some treatment may be required and other project costs for storage, distribution system upgrades and dam improvements would still apply.
- It was noted that some area wells have good flow but actual, sustainable quantity is unknown.

12. **Adjournment:**

The meeting was adjourned at 1:35PM.

## Annual General Meeting 2026 Operations Report

### Consumption

In 2025, we pumped 64,305 m<sup>3</sup>, which was close to 2024's consumption of 64,400 m<sup>3</sup>. Our highest consumption month was July at 8,915 m<sup>3</sup> or 287 m<sup>3</sup> per day. Our lowest consumption month was January at 3,465 m<sup>3</sup> or 112 m<sup>3</sup> per day.

We've experienced four major breaks in the distribution system in 2025, including the failure of the 4" T-branch on the underwater main to Sevilla Island on March 17th. Fortunately, we've had a patch pre-welded and ready to install using epoxy-coated couplers. There was a service interruption during the repair. We were able to replace the T and flush the main, getting it back into service within two days of the pipe failure. Other causes of leaks in the distribution system were due to poor-quality connectors, such as PVC compression fittings, badly weathered service connections on the foreshore from the underwater main and poorly protected service lines.

### Dams

Our Dams received extra attention this year to mitigate potential hazards. We've received instructions from our consulting Engineer and Dam Safety Officer to keep the water level drawn down as much as possible. This means that we will be leaving the stop logs out during the summer months, where we would usually reinstall them to retain water levels to prepare for dry months. A 6" siphon was also installed at Lund Lake Dam to bring the upper lake level down further. Since we are holding less water in the lakes, we may see water restrictions earlier than usual this summer.

Other precautions at the Dams have been the introduction of a Beaver Management Plan in partnership and under the guidance of Tla'amin Nation, and within Provincial guidelines and regulations.

In May and June 2025, our Administrator, Kelly Rankin, organized Dam Emergency Plan preparedness meetings, including two separate presentation sessions for Emergency Responders and those in the inundation area. These sessions were focused on communication strategies, messaging, and contact information for emergency responders and residents.

### Sampling

Overall, in 2025 we submitted 92 samples from seven different sites in the distribution system. All but two came back showing less than one for coliforms and E. coli. The two positive results we did receive had low a count of coliform and no E. coli. These sites were flushed upon receipt of results and resampled showing no subsequent coliform count. These two positive results prove that our disinfection, or chlorine dosing rate, is at a necessary level.

Please be reminded that we do operate under an ongoing Water Quality Advisory due to high levels of Trihalomethanes or THM's in our water. THM's are a byproduct of mixing organics and chlorine. This Water Quality Advisory will remain in place until there is adequate treatment that removes organics and allows for 2 forms of disinfection, such as UV and chlorine, as per Vancouver Coastal Health regulations for a surface source.

Submitted by: Courtney Robertson, Operator  
May 21, 2026

**Lund Waterworks District 2025 Financial Statements Review**  
**Presented at the 2025 AGM May 26, 2026**  
**OVERVIEW**

The 2025 Financial Statements Review Engagement Report (Duke & Company) is a review of the financial statements prepared by the improvement district; it is not a full audit. Reviews are an acceptable and reliable method of evaluating the financial records of small organizations. They are also considerably cheaper than an audit.

Lund Waterworks District (LWD) management is responsible for preparing accurate year-end financial statements and supporting documentation for the accountant's review. Mr. Duke, who conducted the review, affirms that he considers these statements to be an accurate representation of the LWD's financial position. In summary, he noted that as in 2023 and 2024, the statements indicate a modest improvement in the LWD's financial position, although overall the District has limited resources to rely up.

Following are comments on the significant aspects of the review.

**Statement of Financial Position** (aka Balance Sheet) summarizing LWD's overall financial position as of Dec 31 2025 shows a slight improvement over 2024 and 2023, primarily due to parcel tax revenue, some of which has been invested in a term deposit valued at \$76,365. Some of this revenue is also retained in a bank savings account. Together, these assets are part of the Capital Works Renewal Reserve Fund shown under Note 5 – FUNDS BALANCES AND ACCUMULATED SURPLUS.

**Statement of Operations and Accumulated Surplus** includes current year revenue and expenses related to the day to day activities of providing the water service during the year - repairs and maintenance, water testing, utilities, insurance, wages/fees, etc.

**Revenue:** Overall revenue increased due primarily to a one-time grant of \$25,000 received from the qRD as part of a Capacity Grant awarded by the Ministry of Housing and Municipal Affairs and shared with the LWD to offset costs associated with the Receiver. Deferred revenue from the Outreach grant provided additional revenue on a temporary basis.

In contrast, User Fee revenue, on which LWD consistently relies to cover operating costs, declined, indicating the need to increase fees to ensure sufficient revenues going forward.

**Expenses:** Operating expenses overall were lower than budgeted, due primarily to delayed work on conversion related costs. However, administration costs increased substantially over 2024 due to new contractor costs. The trend towards higher operating costs is expected to continue as we maintain an old system and plan for conversion.

New revenue (Capacity grant) and lower than budgeted expenses provided for a moderately higher surplus than in 2024.

The deficit shown for the 2025 budget is misleading. Some engineering expenses were financed from the Dam Safety Review Fund and the corresponding revenue is not included in the Revenue section. The Fund expenditure is recorded in Note 5. statement.

## Note 5 Fund Balances and Accumulated Surplus

**Operating Fund Balance** at year end is comparable to 2024.

**Dam Safety Review Fund** balance has decreased due to a disbursement to fund Dam Cost Report, DRIF EOI re Dam Removal & Assessment Report. Monies are no longer being contributed to this fund. Instead we are building the Capital Works Renewal Reserve fund which has more flexibility.

**Capital Works Renewal Reserve Fund**: As previously noted, the current balance of \$78,012 is augmented by \$76,365 investment in a term deposit/GIC. To date, all funds going into the reserve have come from parcel taxes and associated penalties. The intention is to use these funds sparingly, allowing the fund to build and offset the local share of costs for the system upgrade. The Renewal Fund is also a source of funds for major repairs that may be required prior to conversion, which becomes an increasingly likely occurrence given project implementation delays.

The balance that has accumulated in this fund demonstrates the value of regularly setting funds aside for inevitable infrastructure replacement or major repairs.

Note: 100% of parcel tax revenues are not necessarily transferred to the Capital Works Renewal Reserve Fund. Portions may be used to finance major maintenance or minor capital items directly or to offset general operating expenses.

### CONCLUSION

LWD managed to meet its 2025 costs with no increase to user fees and a modest tax increase. This was possible thanks to government grants to assist with conversion related costs and the use of some prior years' surplus funds. Prior years' surpluses are not a reliable source to cover current costs as they will quickly disappear.

Declining revenues and anticipated higher costs are a poor formula for sustainable system operations. Given the aged and aging infrastructure ratepayers will likely be facing higher costs to maintain the current system.

Submitted by: Frances Ladret, Receiver

**DUKE & COMPANY \***

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**CHARTERED PROFESSIONAL ACCOUNTANT**

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**LUND WATERWORKS DISTRICT  
FINANCIAL STATEMENTS  
REVIEW ENGAGEMENT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

**To Lund Waterworks District:**

I have reviewed the accompanying financial statements of Lund Waterworks District, which comprise the statement of financial position as at December 31, 2025, the statement of changes in net assets, the statement of operations and accumulated surplus, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

**Practitioner's Responsibility**

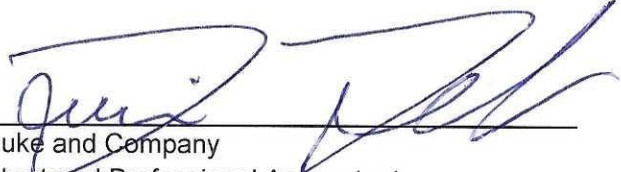
My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures and evaluates the evidence obtained. The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted standards. Accordingly, I do not express an audit opinion on these financial statements.

**Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Lund Waterworks District as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Powell River, BC  
May 12, 2026

  
Duke and Company  
Chartered Professional Accountant

**LUND WATERWORKS DISTRICT  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2025  
(UNAUDITED)**

**ASSETS**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 77,585	\$ 79,826
Guaranteed investment certificate	76,365	60,000
Accounts receivable	9,488	4,022
GST receivable	6,185	2,745
	169,623	146,593
<b>LIABILITIES</b>		
Accounts payable	3,042	3,553
Deferred Grant - outreach	11,929	17,925
	14,971	21,478
<b>NET FINANCIAL ASSETS</b>	154,652	125,115
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	374,504	381,088
Prepaid expenses	5,445	5,271
	379,949	386,359
<b>ACCUMULATED SURPLUS (note 5)</b>	<b>\$ 534,601</b>	<b>\$ 511,474</b>

The accompanying notes are an integral part of these financial statements

**LUND WATERWORKS DISTRICT  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(UNAUDITED)**

	<u>2025</u> <u>Budget</u>	<u>2025</u>	<u>2024</u>
<b>REVENUE</b>			
User fees	115,400	\$ 115,415	\$ 119,023
Discounts taken	(3,500)	(2,300)	(3,350)
Over usage fees	7,500	10,391	14,277
Connection fees	250	1,400	500
Parcel tax	53,600	54,000	47,600
Interest	2,910	2,137	2,195
Parcel tax interest and penalties	500	1,403	708
MMA grants - outreach program	-	5,996	2,075
MMA grants - capacity for conversion	-	25,000	-
	<u>176,660</u>	<u>213,442</u>	<u>183,028</u>
<b>EXPENSES</b>			
Administration	59,250	56,757	40,836
Insurance	9,154	9,161	8,719
License and membership	500	375	425
Office and miscellaneous	6,950	6,595	6,343
Professional fees	4,000	3,985	3,665
Repairs and maintenance	20,350	15,343	19,216
Subcontracts	4,500	4,962	4,094
Supplies	14,420	12,834	13,558
Surveying and engineering	19,340	22,577	13,859
System conversion	17,925	361	-
Travel	2,420	1,408	2,069
Utilities	5,975	5,582	5,925
Water operator	42,101	39,991	39,619
	<u>206,885</u>	<u>179,931</u>	<u>158,328</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE AMORTIZATION</b>	(30,225)	33,511	24,700
Amortization	-	10,384	10,842
<b>ANNUAL SURPLUS (DEFICIT)</b>	(30,225)	23,127	13,858
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	511,474	511,474	497,616
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 451,024</u>	<u>\$ 534,601</u>	<u>\$ 511,474</u>

The accompanying notes are an integral part of these financial statements

**LUND WATERWORKS DISTRICT  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(UNAUDITED)**

	<u>2025</u>	<u>2024</u>
<b>ANNUAL SURPLUS</b>	\$ 23,127	\$ 13,858
Purchase of capital assets - waterline and connections	(3,800)	-
Amortization of capital assets	10,384	10,842
Acquisition of prepaid expenses	(5,445)	(5,271)
Use of prepaid expenses	5,271	5,906
	29,537	25,335
<b>CHANGE IN NET FINANCIAL ASSETS</b>	29,537	25,335
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	125,115	99,780
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 154,652	\$ 125,115

The accompanying notes are an integral part of these financial statements

**LUND WATERWORKS DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(UNAUDITED)**

	<u>2025</u>	<u>2024</u>
<b>OPERATING ACTIVITIES:</b>		
Annual surplus	\$ 23,127	\$ 13,858
Items not affecting cash:		
Amortization	10,384	10,842
Net change in non-cash working capital balances related to operations	<u>(15,587)</u>	<u>25,475</u>
	<u>17,924</u>	<u>50,175</u>
 <b>INVESTING ACTIVITIES:</b>		
Purchase of tangible capital assets - waterline and connections	<u>(3,800)</u>	<u>-</u>
 <b>INCREASE IN CASH DURING THE YEAR</b>	 14,124	 50,175
 <b>CASH, BEGINNING OF YEAR</b>	 <u>139,826</u>	 <u>89,651</u>
 <b>CASH, END OF YEAR</b>	 <u><u>\$ 153,950</u></u>	 <u><u>\$ 139,826</u></u>

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

**LUND WATERWORKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(UNAUDITED)**

**1. PURPOSE OF THE DISTRICT**

The Lund Waterworks District is an improvement district incorporated under the Local Government Act of British Columbia. The District provides water to properties within the District's boundaries. The District is governed by its own bylaws.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

It is the policy of the District to follow Canadian public sector accounting standards and to apply such standards consistently. As part of this policy, the resources and operations of the district are segregated into various funds for accounting and financial reporting purposes.

The financial statements are prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

**Reporting entity**

The financial statements reflect the assets, liabilities, accumulated surplus, revenues and expenses of the District. These are comprised of the following funds that are accountable for the administration of the financial affairs and resources of the District. (see note 5)

The funds are segregated for the purpose of carrying on specific activities or attaining certain objectives.

The Operating Fund reports revenue and expenses related to the District's operating activities.

The Tangible Capital Asset Fund reports the ownership and cost related to the District's capital assets.

The Dams Safety Review Fund reports funds that will be needed to pay expenses related to dam works

The Capital Works Renewal Reserve Fund reports funds that will be needed to pay for required capital expenditures. It is funded by way of parcel taxes

The Capacity For Conversion Fund reports funds that will be needed to pay expenses related to capacity for conversion expenditures.

**LUND WATERWORKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(UNAUDITED)**

**2. SIGNIFICANT ACCOUNTING POLICIES continued**

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses during the reporting period. The estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in earnings in the periods in which they become known.

**Financial Instruments**

Financial instruments consist of cash and bank, term deposits, receivables, accounts payable, and long-term debt. It is management's opinion that the District is not exposed to significant interest, currency, exchange, or credit risk arising from these financial instruments.

**Tangible Capital Assets**

Capital assets are recorded at cost. It is the policy of the district to provide for the amortization of the capital assets over their estimated useful lives using the following rates and methods. One-half the usual rate is used in the year of acquisition.

Chlorinating System	4%
Computer Equipment	50%
Dams	1.50%
Distribution Pumps	4%
Fire Hydrants	2.50%
Miscellaneous Waterworks Equipment	20%
Office Equipment	20%
Pipelines	1.25%
Treatment Plant	4%
Water Tanks and Towers	3%

**LUND WATERWORKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(UNAUDITED)**

**3. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025 Net Book Value</u>	<u>2024 Net Book Value</u>
Chlorinating System	\$ 30,995	\$ 14,815	\$ 16,180	\$ 16,854
Computer Equipment	750	750	-	-
Dams	28,645	11,633	17,012	17,272
Distribution Pumps	120,939	47,789	73,150	72,240
Fire Hydrants	64,581	22,640	41,941	43,016
Miscellaneous Waterworks Equipment	35,053	31,206	3,847	4,809
Office Equipment	451	450	1	2
Pipelines	147,037	39,310	107,727	109,090
Treatment Plant	36,819	25,270	11,549	12,030
Water Tanks and Towers	115,251	36,580	78,671	81,335
Wells	1,000	114	886	900
Land	23,540	-	23,540	23,540
	<u>\$ 605,061</u>	<u>\$ 230,557</u>	<u>\$ 374,504</u>	<u>\$ 381,088</u>

**4. APPOINTMENT OF RECEIVER**

In 2022 under section 734 of the Local Government Act (Act), the Lieutenant Governor, acting on the advice of the Provincial Cabinet appointed a receiver to manage the affairs of Lund Waterworks District (LWD).

In 2023 the appointment of the Receiver Tom Day was rescinded. On October 23, 2023 Cabinet passed an Order-in-Council to formally appoint Frances Ladret as Receiver.

LWD's authority is established by Part 17 of the Act and its Letters Patent. The receiver acts as, and holds all the powers of LWD's Board of Trustees, including authority over any appointed officers and exclusive control of its property, assets and revenues. In short, the receiver is solely responsible for the effective and accountable governance of LWD for the duration of the appointment.

**LUND WATERWORKS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(UNAUDITED)**

**5. FUNDS BALANCES AND ACCUMULATED SURPLUS**

	<u><b>2025</b></u>	<u><b>2024</b></u>
<b>OPERATING FUND</b>		
<b>Balance, beginning of year</b>	\$ 32,756	\$ 32,697
Annual surplus before amortization and interest	12,991	22,505
Transfer from the Dams Safety Reserve Fund	13,044	12,796
Transfer from the Capital Works Renewal Reserve Fund	-	6,398
Transfer to the Capital Works Renewal Reserve Fund	(31,122)	(41,640)
<b>Balance, end of year</b>	<u>27,669</u>	<u>32,756</u>
<b>TANGIBLE CAPITAL ASSET FUND</b>		
<b>Balance, beginning of year</b>	381,088	391,930
Additions - waterline and connections	3,800	-
Amortization	(10,384)	(10,842)
<b>Balance, end of year</b>	<u>374,504</u>	<u>381,088</u>
<b>DAMS SAFETY REVIEW FUND</b>		
<b>Balance, beginning of year</b>	19,618	31,349
Interest earned	180	1,065
Transfer to the Operating Fund	(13,044)	(12,796)
<b>Balance, end of year</b>	<u>6,754</u>	<u>19,618</u>
<b>CAPITAL WORKS RENEWAL RESERVE FUND</b>		
<b>Balance, beginning of year</b>	78,012	41,640
Interest earned	1,957	1,130
Transfer of parcel tax revenue from operations	31,122	41,640
Transfer from the Operating Fund	-	(6,398)
<b>Balance, end of year</b>	<u>111,091</u>	<u>78,012</u>
<b>CAPACITY FOR CONVERSION FUND</b>		
<b>Balance, beginning of year</b>	-	-
Revenue	25,000	-
Expenditure	(10,417)	-
<b>Balance, end of year</b>	<u>14,583</u>	<u>-</u>
<b>TOTAL ACCUMULATED SURPLUS</b>	<u><u>\$ 534,601</u></u>	<u><u>\$ 511,474</u></u>

**LUND WATERWORKS DISTRICT  
2026 ANNUAL BUDGET**

**BUDGET OVERVIEW**

**General Budget Assumptions:**

Budget allocations reflect anticipated costs based on information from vendors, where known.

3% inflation factor incorporated into budget items where more specific costs are not available – e.g., utilities, office supplies, etc.

Funds included to cover potential increases due to high fuel costs, where applicable. E.g. freight.

2% interest projected on investments

2.1% increase to Operator and Administrator Contract fees (shown as salaries) based on the average of the 2025 CPI increase for BC and Vancouver. Administrator rate also adjusted to account for increased level of responsibilities

Bookkeeper position absorbed into Administrator position.

Receiver costs offset by provincial/qRD grants previously awarded for Public Outreach and Capacity re Conversion.

**2026 Revenues**

**Parcel Taxes and Users Fees**

- Increases to both required to offset decreased revenue from grants (Gov't Transfers) and increased operating expenses and to build Capital Works Renewal Reserve Fund
- Account for **77%** of 2026 total revenue compared to **70%** in 2025
- Grants will be fully expended in 2026. Unless other grants are forthcoming, LWD will have to bear 100% of future costs related to the receiver and conversion process.

**Parcel Tax Revenue Disbursement for 2026**

Total Revenue from Parcel Taxes, associated interest & penalties	\$70,950	
Contribution to Capital Works Renewal Reserve Fund	-\$36,559	51%
Amount for Used Tank Report – consumes all of PT increase	-\$13,200	18%
Amount allocated to Operating Budget	\$21,881	31%

**2026 Expenses**

24% increase to Operating Costs (Administration & Operations)

*Changes of note:*

**Insurance** – \$9,160 to \$14,640

\$3,750 for appraisal required by insurer. Monthly premiums on renewal (Sep) anticipated to increase by 50% based on higher replacement value.

**System Conversion** – \$15,500

for hard costs related to public engagement and compliance with qRD Comprehensive Utility Acquisition policy required before conversion can be completed. Associated personnel time partially covered by Capacity and Outreach grants,

**Repairs & Maintenance** \$16,440 to \$25,290

Includes funds for some items/tasks to be carried out only if required due to breakdowns. As much of this work as possible will be deferred to be covered by grants. See details on **Schedule 1 – Repairs & Maintenance and Capital**. Contingency needed to cover unanticipated costs.

**Supplies: Chlorine** – \$9,052 to \$13,800

cost per order increased by 14% in March.

**Capital Expenditures**

Kept to a minimum in the hope capital works can be done as part of the upgrade with the ICIP grant covering 73.33%

2026 includes essential chlorine pump replacement

**Summary**

The 2026 budget again relies on some prior year surplus funds to offset current year expenses as a way to modify annual tax and fee revenues needed to cover expenses. This is a risky approach. In years when prior year surplus funds may not be available, fees and taxes increases would be needed to cover increasing costs plus the loss of the prior year surplus revenue stream. It also undermines the objective of using parcel tax revenues primarily to build a capital renewal/replacement reserve.

Due to ever increasing costs for system O&M and preparing for conversion, and a reluctance to increase taxes more than modestly, some parcel tax revenues have been used to offset regular Operating and Maintenance expenses. Consequently, the fund has not accumulated as quickly as anticipated.

Plans going forward are to minimize expenditures from the Capital Works Renewal Reserve Fund so

- fund can build to cover costly breakdowns that may occur before upgrading, avoiding borrowing; and
- any fund balance can be used to reduce borrowing costs and associated debt payments when a new system is constructed.

Annual cost increases are inevitable when the system is upgraded and converted to a qRD service, and perhaps even more if the upgrade does not go ahead and Lund ratepayers are faced with bearing 100% of the significant costs to repair or replace the failing infrastructure and improve the water quality.

Whatever the scenario, ratepayers can expect regular increases to your water costs.

Submitted to LWD AGM May 26, 2026

By Frances Ladret, Receiver

**LUND WATERWORKS DISTRICT  
2026 ANNUAL BUDGET**

	2024 Actual	2025 Budget	2025 Actual	2026 Budget	Variance*		Comments
					\$	%	
<b>REVENUE</b>							
Taxation							
Parcel Tax	47,600	53,600	54,000	67,000	13,000		Base rate incr. \$100 to \$400
	47,600	53,600	54,000	67,000	13,000	24%	
Fees & Charges							
Basic User Fees	118,497	115,400	115,415	134,350	18,935	16%	Base rate = \$1,150. \$150 over 2024
Discounts Taken	(3,350)	(3,500)	(2,300)	(2,800)	(500)		
Over Usage / Bulk Water Fees	14,803	7,500	10,391	11,430	1,039		
Connection Fees	500	250	1,400	0	(1,400)		
Penalties & Interest Charges	708	500	1,403	1,200	(203)		re Parcel Taxes
Total Fees & Charges	131,158	120,150	126,309	144,180	17,871	14%	
Interest							
Bank and Reserve Funds	2,195	2,910	2,137	2,825	688		Dam Safety / Capital Renewal Funds
Government Transfers	2,075	25,000	25,000	0	(25,000)		See Deferred Rev. in Other Revenue
<b>Total Current Year Revenue</b>	<b>183,028</b>	<b>201,660</b>	<b>207,446</b>	<b>214,005</b>	<b>6,559</b>	<b>3%</b>	
Other Revenue							
Transfer from Dam Safety Rev. Fund	12,796	10,363	13,044	6,754	(6,290)		Fund to be depleted in 2026
Transfer from Renewal Reserve Fund	6,398	1,800	0	0	-		
Transfer from Deferred Revenue	-	17,925	5,996	26,512	20,516		From grants: Outreach \$11,929; Capacity \$14,583
Prior Year Surplus	16,743	14,348	14,348	11,716	(2,632)		
<b>TOTAL REVENUE</b>	<b>218,965</b>	<b>246,096</b>	<b>240,833</b>	<b>258,987</b>	<b>18,154</b>	<b>8%</b>	
<b>EXPENDITURE</b>							
Administration							
Salaries and Wages	41,336	59,600	57,207	55,550	(1,657)		Administrator (Bkkpr), Receiver
Office and Utilities	5,791	6,972	5,818	7,756	1,937		
Audit and Legal	3,665	4,000	3,985	4,105	120		
Insurance	8,719	9,154	9,161	14,640	5,479		
Engineering	13,859	19,340	22,576	26,900	4,324		Tanks Study/Dam Works/Gen Advisory
System Conversion - General	0	17,925	361	15,500	15,139		Partially funded by Capacity grant
Other	4,520	4,570	5,307	2,690	(2,617)		Accounting consult/licence/mileage
	77,889	121,561	104,415	127,141	22,725	22%	
Operations							
Salaries and Wages	42,687	42,552	40,441	42,777	2,336		Operator regular fee plus extra hours
Repairs and Maintenance	14,463	20,850	16,440	25,290	8,850		See Sched 1: R&M and Capital
Hydrant Repairs and Maint	0	1,500	0	750	750		
Supplies	11,609	10,820	11,395	17,030	5,635		Chlorine & sampling
Utilities	5,630	5,853	5,382	5,565	183		Hydro, alarm monitoring
Other		3,750	1,856	2,000	3,709		mileage/training/
	74,388	85,325	75,515	93,412	17,897	24%	
<b>Total Administration &amp; Operations</b>	<b>152,277</b>	<b>206,886</b>	<b>179,930</b>	<b>220,553</b>	<b>40,622</b>	<b>23%</b>	
Capital Expenditures							
Capital Acquisitions	6,398.23	5,800	3,800	1,800	(2,000)		Chlorine pump
Transfer to Reserves							
Dam Safety Renewal Reserve	1,065	308	180	75	(105)		Minor interest. Fund to be depleted
Capital Works Renewal Reserve	41,640	33,102	33,079	36,559	3,480	11%	Current yr tax, interest, penalties
<b>TOTAL EXPENDITURE</b>	<b>201,380</b>	<b>246,096</b>	<b>216,989</b>	<b>258,987</b>	<b>41,997</b>	<b>19%</b>	
<b>SURPLUS (DEFICIT) FOR YEAR</b>	<b>17,586</b>	<b>0</b>	<b>23,844</b>	<b>0</b>	<b>(23,844)</b>		

\* Variance: 2026 Budget compared to 2025 Actual

**LUND WATERWORKS DISTRICT  
2026 BUDGET**

**Schedule 1 - REPAIRS & MAINTENANCE and CAPITAL - 2026 Expenses**

excluding Operator & subcontractor costs

Repairs & Maintenance - Operating		2026 Budget	2025 Actual	2025 Budget
GL	<b>General R&amp;M</b>			
	Dams - Lund L. Siphon		0	750
	Storage shed upgrade. Shelving, organizational aids. Inventory.	3,000	0	3,000
	Intake inspection and cleaning - by others.	defer	0	4,000
	Pump Repairs	1,000	0	1,000
	Other Equipment Repairs	1,000	224	500
	Operator Assistance (sub-contractor)	1,000	0	-
	Sites Maintenance (sub-contractor)	1,300	1,085	1,500
		<b>7,300</b>	<b>1,309</b>	<b>10,750.00</b>
	Unbudgetted items			
	Lund Marine Line Break Repair		3,568	
	Harbour Edge Holdings Line Repairs - 2 estimate		9,045	
	Contingency for unanticipated repairs	10,000		
		<b>10,000</b>	<b>12,613</b>	
	<b>Total General Repairs &amp; Maintenance</b>	<b>17,300</b>	<b>13,922</b>	<b>10,750</b>
	<b>Other Maintenance Accounts</b>			
GL	Freight <i>5 chlorine orders at \$288.33. Misc. freight \$300</i>	1,740	824	2,000
	Diving     Finn Bay submarine distribution inspection / repairs:	4,000	0	4,000
	Parts & Supplies Inventory - miscellaneous	1,000	615	1,600
	Pest Control     Enviro Care bi-annual	750	1,079	2,500
	<b>Total Other Maintenance Accounts</b>	<b>7,490</b>	<b>2,518</b>	<b>10,100</b>
	<b>Hydrant Repairs and Maintenance</b>			
	Fire Hydrants - minor repairs	750	0	1,500
	* FH #12 replacement (at sewer plant) deferred to grant project		0	
	<b>Total Hydrant Repairs &amp; Maintenance</b>	<b>750</b>	<b>0</b>	<b>1,500</b>
	<b>Total Repairs &amp; Maintenance</b>	<b>25,540</b>	<b>16,440</b>	<b>22,350</b>
	<b>Capital Acquisitions / Renewal Expense</b>			
	Finn Bay Sub-marine Line-Sevilla Is. Connection Replacement - <i>from current yr rev.</i>		3,800	4,000
	Chlorine transfer pump at pump station - <i>fund from current rev.</i>	1,800	0	1,800
	<b>Total Capital / Renewal</b>	<b>1,800</b>	<b>3,800</b>	<b>5,800</b>
	<b>TOTAL REPAIRS &amp; MAINTENANCE and CAPITAL</b>	<b>27,340</b>	<b>20,240</b>	<b>28,150</b>

**Lund Waterworks District**  
**TAXATION BYLAW NO. 61, 2026**

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A bylaw for imposing taxes upon lands in the Lund Waterworks District and to provide for imposing a percentage addition to encourage prompt payment thereof.

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The Receiver of the Lund Waterworks District ENACTS AS FOLLOWS:

1. For the year 2025 there is hereby levied the following taxes:
  - a. A tax of \$500.00 on all parcels of land classified into Group 1.
  - b. A tax of \$500.00 on all parcels of land classified into Group 2.
  - c. A tax of \$1,000.00 on all parcels of land classified into Group 3.
  - d. A tax of \$1,500.00 on all parcels of land classified into Group 4.
  - e. A tax of \$2,000.00 on all parcels of land classified into Group 5.
  - f. A tax of \$2,500.00 on all parcels of land classified into Group 6.
  - g. A tax of \$1,000.00 on all parcels of land classified into Group 7.
  - h. A tax of \$2,000.00 on all parcels of land classified into Group 8.
  - i. A tax of \$0.00 on all parcels of land classified into Group 9.
  
2. The taxes shall be due and payable on or before the 30th day of September 2026 and will have a percentage addition of 10% added to all taxes remaining unpaid after the due date.
  
3. In addition, taxes remaining unpaid on the 1st day of March next following the date upon which the taxes are levied will bear interest at the rate prescribed by the Lieutenant Governor in Council under the Taxation (Rural Area) Act, as set out under Section 717 of the Local Government Act.
  
4. This bylaw may be cited as the "Lund Waterworks District Taxation Bylaw No. 61, 2026."

INTRODUCED and given first reading by the Receiver on the \_\_\_\_ day of \_\_\_\_\_, 2026.

RECONSIDERED and finally passed by the Receiver on the \_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
Receiver: Frances Ladret

I certify that this is a true copy of Bylaw No. 61, 2026.

\_\_\_\_\_  
Administrator: Kelly Rankin