

**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](http://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

**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

  
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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>2025</u>	<u>2024</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>	27,669	32,756
<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>	374,504	381,088
<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>	6,754	19,618
<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>	111,091	78,012
<b>CAPACITY FOR CONVERSION FUND</b>		
<b>Balance, beginning of year</b>	-	-
Revenue	25,000	-
Expenditure	(10,417)	-
<b>Balance, end of year</b>	14,583	-
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>\$ 534,601</b>	<b>\$ 511,474</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