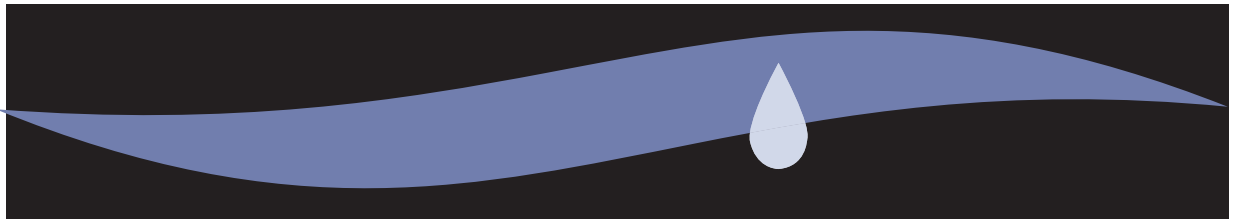


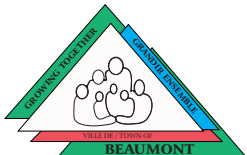
# Annual Report

2015

# CRSWSC



Capital Region Southwest  
Water Services Commission





CITY LINE  
PRESSURE TRANSMITTER  
PIT-0100



INFLUENT LINE  
PRESSURE GAUGE  
PI-0100





# ● Table of Contents

## **BOARD**

Chairman's Message .....	2
Membership & Governance Structure .....	2
Organization & Administration .....	3
Strategic Partnerships .....	4
Water Rates .....	7

## **OPERATIONS**

Introduction .....	7
Management & Operations Report .....	8
Operational Philosophy .....	10
History of CRSWSC .....	12
Financial Report .....	14

# BOARD

## ● Chairman's Message



**John Schonewille** | board chair

On behalf of the Capital Region Southwest Water Services Commission (CRSWSC), the Operations and Management staff as well as the Board Members, I am pleased to deliver the 2015 Chairman's message.

The commission's master plan document was approved in 2015 by the Board, which will provide a long term growth and strategy plan for the commission.

The commission's extension of our water distribution system to the Hamlet of Armena, in Camrose County, has seen a full year of operation without interruption. Albeit the majority of the construction was completed and became operational in 2014, two items remained outstanding. By request of Camrose County the commission modified the truck fill to promote a safer filling experience. The final item outstanding is the completion of the SCADA communication system, which will be accomplished in 2016.

The Commission is excited to see the Town of Millet waterline extension design at the 95% completion stage, and will be

looking forward to an early construction in 2016. Additionally, the design for the new Discovery Park Pump House and Reservoir is nearing completion as well.

As the chairman of the board of directors, I'm excited to announce the appointment of Mr. Shawn Olson as Commission Manager, looking forward to the guidance and experience that he will bring to the CRSWSC. I also wish to thank our Operations Manager, Mr. Rick Sereda in fulfilling the role during the vacancy period.

The core business of serving our regional members and ensuring that the supply and delivery of safe potable water remains our primary goal. The CRSWSC continues to invest in modern infrastructure and technology to make us more productive, effective and efficient.

The CRSWSC is excited and optimistic as we move forward with our new transmission main extension and the benefit that it will bring to our neighbors.

Lastly, I wish to thank all our dedicated board members and administration for their cooperative approach in fulfilling our mission and delivering our vision to the region.

## ● Membership & Governance Structure

Alberta Regulation, AR 292/84 created this commission and was amended in 2009 by Order in Council 279/2009 to include new members, and that services be supplied 'as required,' and that fees charged are based on full recovery of capital and operating costs, and that all members be charged a uniform rate. Section 15.1 of the Municipal Government Act (SA 194, Chapter 26.1) is legislation which governs Region Services Commissions. In 2015, bylaw 2015-01 was revised to add two Directors at Large from the Town of Millet as the Commission awaits Municipal Affairs final approval and revision of the Alberta Regulation to add Millet as a Member to the Commission.

The Capital Region Southwest Water Services Commission membership was expanded in 2009 to include the new members' municipalities and provide water transmission services to its members listed below:

- » Beaumont
- » Camrose County
- » City of Leduc
- » Calmar
- » Hay Lakes
- » Leduc County



# ● Organization & Administration

The Capital Region Southwest Water Services Commission requires respective municipal councils to appoint two members to the board. They may also appoint one or more council members as an alternate. The board annually elects a chairman and vice-chairman from among its membership. In 2015, John Schonewille was chairman and Bruce LeCren was vice-chairman.



**Back row (L to R):** Coun. Bill McNamara (Beaumont), Coun. Bob Young (Leduc), Coun. Rick Smith (Leduc County), Coun. Greg Gillespie (Camrose County), Coun. Tony Wadsworth (Town of Millet)  
**Front row (L to R):** Coun. Clay Stumph (alt) (Leduc County), Coun. Anne Donovan (Calmar), Coun. Bruce LeCren (Beaumont), Coun. Doug Lyseng (Camrose County), Deputy Mayor Shannon Yearwood (Hay Lakes)

## 2015 Board Members

- » **Town of Beaumont:**
  - Coun. Bruce LeCren (vice-chair)
  - Coun. Bill McNamara
- » **Town of Calmar:**
  - Coun. Anne Donovan
  - Coun. Wally Yachimetz
- » **Town of Millet:**
  - Coun. Pat Garrett (director-at-large)
  - Coun. Tony Wadsworth (director-at-large)
- » **Camrose County:**
  - Coun. Doug Lyseng
  - Coun. Greg Gillespie
- » **Village of Hay Lakes:**
  - Mayor Todd Skaret
  - Deputy Mayor Shannon Yearwood
- » **City of Leduc:**
  - Coun. Beverly Beckett
  - Coun. Bob Young
- » **Leduc County:**
  - Coun. Rick Smith
  - Coun. John Schonewille (chair)



**Back row (L to R):** Coun. Bill McNamara (Beaumont), Mayor Tony Wadsworth (Millet), Coun. John Schonewille (Leduc County), Coun. Bruce LeCren (alt) (Beaumont), Coun. Doug Lyseng (Camrose County)

**Front row (L to R):** Coun. Faye Leicht (Hay Lakes), Coun. Pat Garrett (Millet), Coun. Beverly Beckett (Leduc), Deputy Mayor Shannon Yearwood (Hay Lakes), Coun. Anne Donovan (Calmar), Coun. Michele Borodawka (alt) (Calmar)

**In the Fall of 2015, the incoming Board of Directors was appointed:**

- » **Town of Beaumont:**
  - Coun. Kathy Barnhart
  - Coun. Bill McNamara
- » **Town of Calmar:**
  - Coun. Anne Donovan
  - Coun. Wally Yachimetz
- » **Town of Millet:**
  - Coun. Pat Garrett (director-at-large)
  - Mayor Tony Wadsworth (director-at-large)
- » **Camrose County:**
  - Coun. Doug Lyseng
  - Coun. Greg Gillespie
- » **Village of Hay Lakes:**
  - Coun. Faye Leicht
  - Deputy Mayor Shannon Yearwood
- » **City of Leduc:**
  - Coun. Beverly Beckett (vice-chair)
  - Coun. Bob Young
- » **Leduc County:**
  - Coun. Rick Smith
  - Coun. John Schonewille (chair)

# ● Strategic Partnerships

## Management and operating services

Management Services is contracted by the City of Leduc for provision of management services to the commission:

<b>Commission manager</b>	Shawn Olson (Director of Engineering) City of Leduc
<b>Operations manager</b>	Rick Sereda (Director of Public Services) City of Leduc
<b>Treasurer</b>	Carol Hounsell (Manager of Accounting Services) City of Leduc
<b>Financial agency</b>	Alberta Treasury Branch
<b>Auditor</b>	Hawkins Epp Dumont LLP
<b>Engineering services</b>	Associated Engineering Alberta Ltd.
<b>Solicitor</b>	Brownlee LLP
<b>Investment agency</b>	CIBC Wood Gundy



## Management and operating services (continued)

One of the key strategic partners for the water commission is the Edmonton International Airport and we would like to thank their team for their active participation and contributions to the success of the water commission in 2015.



**(L to R):** Steve Rumley and Mary Coyne.

## 2015 Meeting dates

<b>Feb. 12, 2015</b>	Regular Meeting	<b>July 23, 2015</b>	Special Meeting
<b>April 2, 2015</b>	Regular Meeting	<b>Sept. 10, 2015</b>	Regular Meeting
<b>April 23, 2015</b>	Annual General Meeting (AGM)	<b>Nov. 26, 2015</b>	Organizational Meeting
<b>June 11, 2015</b>	Regular Meeting		





# OPERATIONS

## • Water Rates

The 2015 water rates established by the commission are as follows:

- » Customers who are identified as major or wholesale customers are: Leduc County, Town of Beaumont, Town of Calmar, City of Leduc, Edmonton Regional Airport Authority, the Village of Hay Lakes and Camrose County.
- » Wholesale water rates: \$1.12 per m3 (cubic metre) for all member communities

The 2015 management and operations contact rates established by the commission are as follows:

» Management contract fees	\$ 137,650
» Operations contract fees	\$ 406,984
<hr/>	
» <b>TOTAL</b>	<b>\$ 544,634</b>



## • Introduction

The Capital Region Southwest Water Services Commission (CRSWSC) was established on Sept. 1, 1984 and today is a regional co-operation providing clean, safe drinking water to Leduc, Leduc County, Beaumont, the Edmonton International Airport (EIA), Calmar, Hay Lakes and Camrose County. The commission purchases its water directly from EPCOR Water Services in coordination with the Regional Water Customers Group.

The CRSWSC is one of nine members that form the Regional Water Customers Group. All nine members work closely together to ensure all communications and transactions with EPCOR Water Services are of a united front. The commission works closely with the Regional Water Customers Group for long-range planning, rate negotiation and coordination of water supply.

The commission works diligently to ensure clean, safe drinking water is provided to all customers. It closely monitors and controls flow rates, chlorine residuals, pressures and reservoir levels for each of its customers. The commission endeavours to comply with all regulations and standards set out by Canadian regulatory agencies. It's the goal of the commission to set standards and guidelines for each of its customers to model themselves after.



# ● Management & Operations Report

On behalf of the City of Leduc, we would like to thank the CRSWSC for selecting the City of Leduc to continue Managing and Operating on behalf of all the Commission Members. As we look forward to 2016 it is pertinent to focus on some of the achievements that the Commission experienced in 2015. Some of the noteworthy 2015 highlights include:

- » Completion of the Water Master Plan, which provides the Commission with direction and suggested improvements to better maintain and manage the water commission infrastructure. The Master Plan identified infrastructure that needs to be developed by 2032 to support anticipated growth. It identified that a reserve needed to be established for the identified upgrades; to date the commission is setting aside \$0.11/m<sup>3</sup> for the reserve fund. The master plan also identified that we needed to improve how the commission manages water during periods of restricted draw rates.
- » Working with members municipalities, the commission approved new connections for Leduc County's Discovery Park Reservoir, the City of Leduc's Robinson's Reservoir, and the Town of Millet as a new member.
- » In 2015, the Town of Millet requested that the Commission manage the construction of the Millet Water Supply Line and in an effort to support our members, the Commission decided to accept and manage the completion of the design and the construction of the fill line. The project will be built in 2016 with contract management assistance being provided by Select Engineering. The project is anticipated to be complete in 2017.
- » During the design of the Town of Millet Water Supply Line, it was determined that a new water allocation methodology is required as existing allocations approach the capacity of the current infrastructure. There is ample capacity in the system based on existing demands, and the existing allocation methodology unnecessarily complicates future development applications. The commission is currently working on updating the water allocation bylaw to address our current requirements and subsequently will be presented to the board in 2016.
- » A membership and trust agreement pursuant to a new water diversion license was ratified and executed by the Regional Water Customers Group. The water diversion license will be issued by the Province of Alberta, to permit the extraction of water from the North Saskatchewan River for the general usage of its members. Alberta Environment and Parks will issue the new water diversion license to the RWCG in conjunction with a City of Edmonton remittance of excess allocation.
- » The CRSWSC initiated a radio investigation study for the entire commission system due to the inability of Camrose County's new fill station in Armena to communicate via radio network.





- » The Town of Millet has been welcomed to join the Board, currently as Directors at Large, until Alberta Municipal Affairs finalizes the addition of Millet as a member to the Commission, which is anticipated in 2016.

Suitable operations and maintenance is essential to ensure that safe drinking water is effectively and efficiently delivered to the member municipalities. A preventative maintenance program is followed by the operations team that maximizes the endurance and longevity of CRSWSC assets. The preventative maintenance program follows good engineering practices, which includes following the manufacturer's instructions, specifications, applicable safety codes and other safety standards.

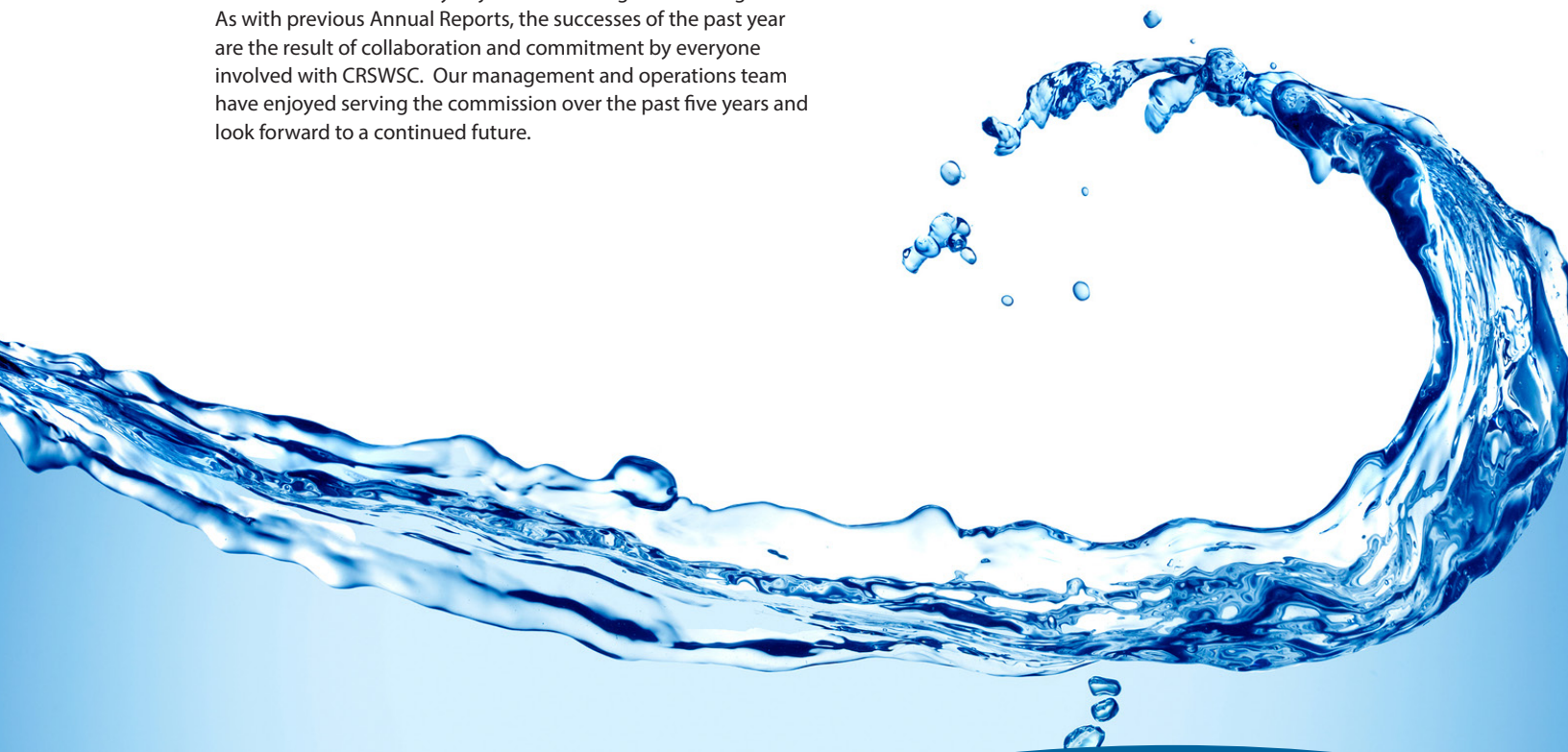
The CRSWSC operations team is pleased to report that no safety related incidents occurred in 2015. CRSWSC staff participates in ongoing regular monitoring and review of the health & safety performance to monitor the effectiveness of OHS actions and ensure our health & safety objectives and targets are being met. As with previous Annual Reports, the successes of the past year are the result of collaboration and commitment by everyone involved with CRSWSC. Our management and operations team have enjoyed serving the commission over the past five years and look forward to a continued future.



**Shawn Olson**  
commission manager



**Rick Sereda**  
operations manager



# Operational Philosophy

Water from Edmonton is boosted by electrically-driven pumps at the boundary pumping station along Highway 2 south, roughly 1 km south of the City of Edmonton.

The transmission main from the boundary pump station supplies water to the City of Leduc with lateral mains feeding Beaumont, Calmar, Leduc County, New Sarepta, Hay Lakes, Armena, the EIA, and Camrose County. The amount of pressure supplied by the booster pumps depends upon demand which varies based on reservoir levels at the different municipalities.

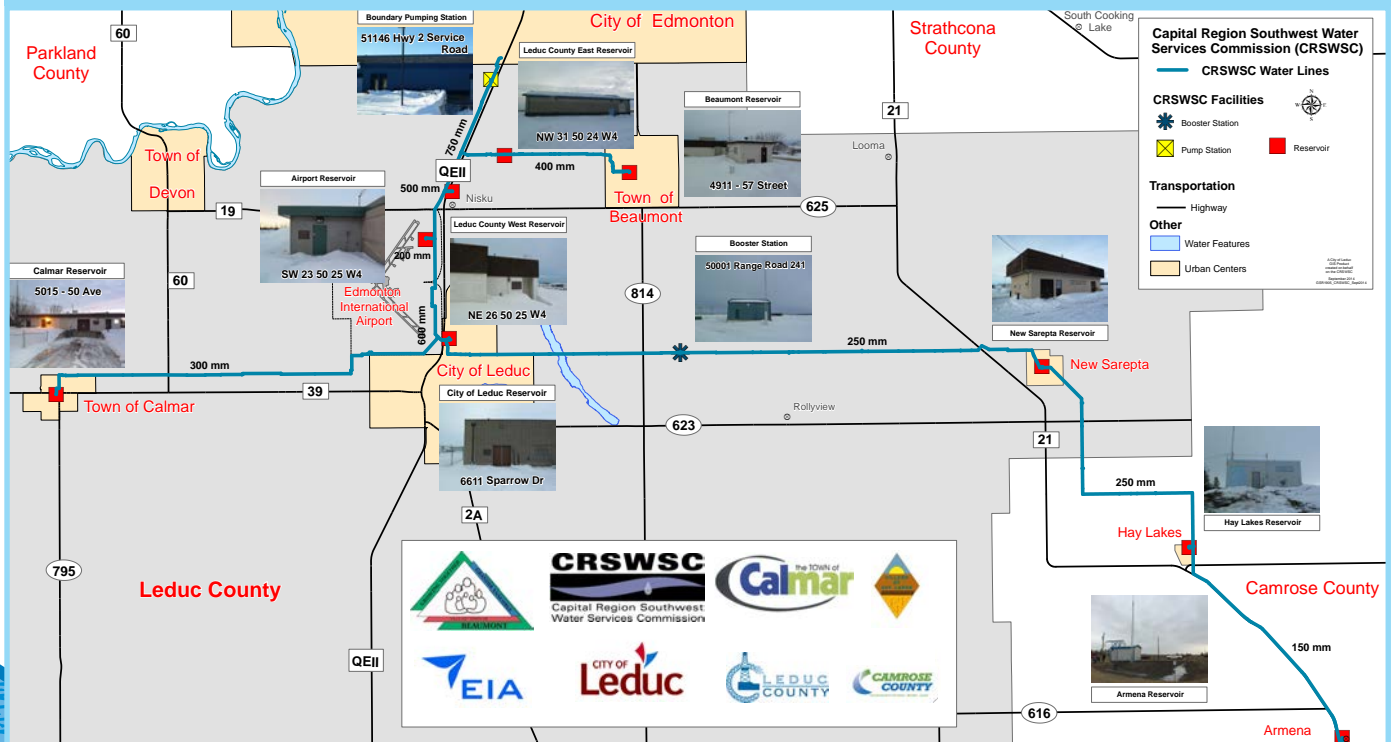
The SCADA control system is designed to provide operating information and control capability for the water transmission system. This is performed through a communication system link between the 11 PLCs (Programmable Logic Controllers) located at each of the fill station sites, the booster station and the boundary station.

The host PLC, located at the boundary pumping station, collects data from each site and transfers new data to the PLCs as required. Endpoint adjustment, such as starting of pumps and modulation of valves, are performed by the onsite PLCs upon receipt of command from the host PLC.

Communication between all 11 water commission sites is performed by a UHF radio system installed within each station. There is almost a constant feedback of information occurring between the radios and host PLC. Examples of information being transmitted include:

- » Present pressures
- » Flow rates
- » Flow totaling
- » Alarms when occurring
- » Control valve positions

The CRSWSC transmission system (see figure 1.1)





- » Reservoir levels
- » Chlorine residuals

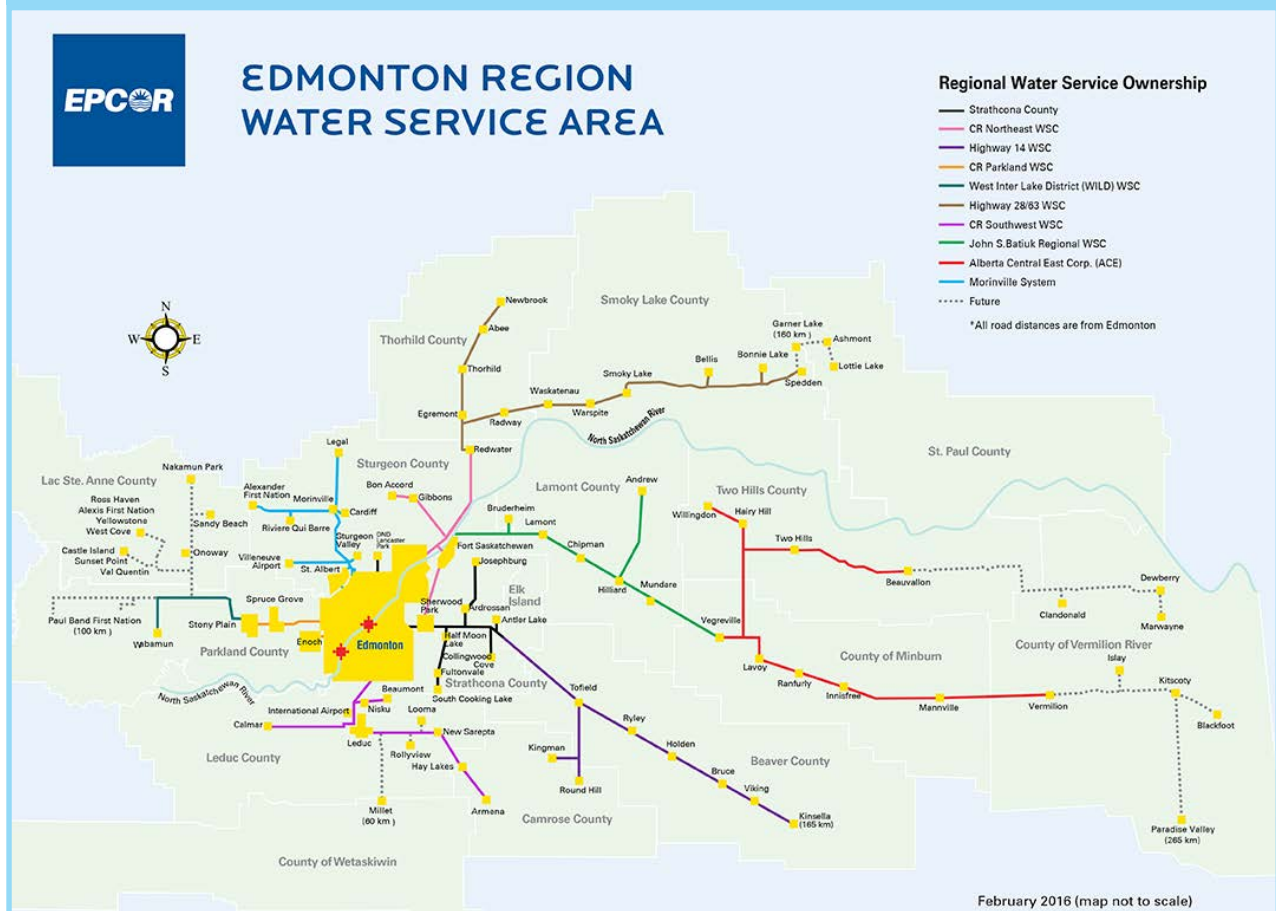
Host PLC receives commands from the human machine interface (HMI) located at the boundary pumping facility. The HMI displays and communicates all SCADA related events for commission operators.

Total flow received from Edmonton is compiled by EPCOR's master meter, which is situated in the boundary station. This meter is owned by EPCOR and is serviced on site.

A magnetic flow meter keeps a record of water leaving the boundary station into the commission's supply line. Each fill station contains a magnetic flow meter which relays flow rates and totals instantaneously to the main controlling facility.



Capital Region Service Map (see figure 1.2)



# ● History of the CRSWSC

DATE	
<b>April 6, 1959</b>	<p>The Strathcona-Leduc Water Board originally formed as a partnership between the Municipal Districts of Strathcona and Leduc, and the Town of Leduc. Board formation was in response to the federal government's need for potable water to the then proposed Edmonton International Airport. The original Edmonton to Leduc water transmission system was constructed in 1959 – 60 due to the financial contributions of the federal government and debenture borrowing by the three municipalities.</p> <p>The original waterline had a 300 mm diameter, asbestos cement from within the then City of Edmonton limits to the airport tie-in and a 250 mm diameter cast iron water main from the airport tie-in to the Town of Leduc. Two pump stations; No. 1 at 23 Avenue, in the City of Edmonton, and No. 2 at Nisku provided the transmission capability.</p>
<b>Late 1970s</b>	Capacity of the original system was reached.
<b>1978 - 79</b>	A new steel pipeline was constructed as Phase 1 with telescopic diameters; 750 mm, 600 mm and 500 mm, from the City of Edmonton (9 Avenue) to the City of Leduc.
<b>1982 - 83</b>	Phase 2 was constructed
<b>1985</b>	<p>Full operation of Phase 2. It consisted of the Boundary Pump Station and Fill Stations for the Airport, County of Leduc-Nisku and City of Leduc.</p> <p>Phase 3 was to be the On-line Storage Facility and Re-pump Facility for Calmar, however it was not constructed.</p> <p>Phase 4 was the Leduc to Calmar waterline, complete with a Fill Station at Calmar. This was implemented by the Town of Calmar and was subsequently transferred to the Commission.</p>
<b>Sept. 1, 1984</b>	The Capital Region Southwest Water Services Commission was established and assumed ownership, operation and maintenance of all the Strathcona-Leduc Water Board facilities, as well as the Leduc-to-Calmar waterline, and the Nisku-to-Beaumont water supply line.
<b>Fall 1986</b>	An agreement was finalized for the sale of the commission's system inside the Edmonton city limits to the City of Edmonton.
<b>1987</b>	An agreement was made between the commission and the County of Leduc to transfer ownership, operation and maintenance of the original 300 mm water main to the county, with exception of Nisku Pump House No. 2. The 300 mm diameter main now serves as a county distribution main with pressurization from the county's Nisku reservoir.
<b>1988</b>	The commission completed the construction of a 400 mm diameter lateral from the commission's main line to Beaumont and a fill station at the Beaumont reservoir. The original Nisku-to-Beaumont waterline was transferred to the County of Leduc.
<b>1993 - 95</b>	The Supervisory Control and Data Acquisition (SCADA) system was upgraded to new technology and radio communication with the five fill stations.
<b>1994</b>	The AGT Communication Telemetry was replaced with a UHF Radio communication system.
<b>1999</b>	The SCADA system was replaced with Year 2000 capabilities, and Wonderware Software was installed.



DATE	
2001	The EIA 200 mm cast iron lateral was twinned with a 200 mm PVC line from the main line to the airport fill station.
2002	The Beaumont 300 mm pipeline was twinned with a 400 mm line from the west edge of the town boundary into the Beaumont fill station.
2004	Associated Engineering was hired to carry out a supply system review. Based on this study and the years of service of VSP 102, the commission installed a new motor, pump, and Variable Frequency Drive.
2005	Based on the 2004 review, VSP 102 and 103 were replaced. The computer was replaced and the SCADA system was updated. Landscaping with low maintenance and drought-resistant design was completed at the boundary pump station.
2006	The commission upgraded its radio system for all fill stations to improve communications via the boundary pump station HMI (Human Machine Interface). Leduc County constructed a new reservoir and fill station. Ownership of the fill station was turned over to the water commission.
2007	The commission acquired a revocable license by the Department of Transport (federal government) for the commission's water lines on EIA property (exclusive of the east/west water line at the south end of airport property).
2008 - 10	<p>The commission entered into a review of the proposed Highway 21 Water Pipeline expansion project to service the Villages of New Sarepta, Hay Lakes and Camrose County. As a result, the commission voted to expand the membership.</p> <p>Under the 'Water for Life Strategy,' the commission partnered with Alberta Transportation to construct the south Highway 21 water line. The new 250 mm water line ties into the commission's line within the City of Leduc boundary and heads east through Leduc County to New Sarepta and Hay Lakes. The line will eventually head into Camrose County.</p>
2011 - 12	<p>The City of Leduc took over the operation of the commission.</p> <p>In 2012 the Boundary station CRSWSC owned 14" Foxboro magnetic flow meter was upgraded to a 16" ABB magnetic flow meter.</p> <p>Millet requested to join the commission, engineering for the new transmission main is underway. Hamlet of Armena extension engineering contract awarded.</p>
2013	<p>EPCOR realigned a segment of the 762 mm steel main for the 41st Ave Interchange.</p> <p>Edmonton International Airport realigned a segment of the 600 mm steel main for commercial development on their property.</p> <p>All SCADA controls were upgraded with the exception of the Boundary HMI.</p> <p>The south Highway 21 water main asset transferred to the CRSWSC from Strathcona County.</p>
2014	<p>Water distribution system to the Hamlet of Armena in Camrose County. Completion of the water transmission main realignment and vault access project at the 41st Ave interchange.</p> <p>New water licensing agreement with the Regional Water Customers' Group (RWCG).</p>
2015	<p>The Commission took over construction management of the Town of Millet Water Supply Line Project.</p> <p>The Town of Millet was welcomed to join the board as directors at large.</p> <p>The Water Master Plan was completed which identified key required long term improvements to the existing Commission infrastructure.</p> <p>The City of Leduc was the successful proponent for the CRSWSC operations and management contract for a three year term with an option to extend to five years.</p>

- Financial Report

**CAPITAL REGION SOUTHWEST  
WATER SERVICES COMMISSION**

**LEDUC, ALBERTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

## INDEPENDENT AUDITORS' REPORT

To the Board Members of the Capital Region Southwest Water Services Commission  
Leduc, Alberta

We have audited the accompanying financial statements for the Capital Region Southwest Water Services Commission, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net financial assets and 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Capital Region Southwest Water Services Commission, as at December 31, 2015, and the results of its operations, the changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta  
May 5, 2016

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*Hawkings Epp Dumont LLP*  
HAWKINGS EPP DUMONT LLP  
Chartered Accountants



**CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 789,652	\$ 499,722
Accounts receivable	801,375	1,016,978
Investments (Note 3)	<u>1,411,396</u>	<u>1,099,149</u>
	<u>3,002,423</u>	<u>2,615,849</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,185,441	1,581,088
Deferred revenue (Note 4)	321,873	343,254
Long-term debt (Note 5)	<u>865,393</u>	<u>893,452</u>
	<u>2,372,707</u>	<u>2,817,794</u>
<b>NET FINANCIAL ASSETS</b>	629,716	(201,945)
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule I)	<u>15,439,197</u>	<u>15,668,463</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 16,068,913</u>	<u>\$ 15,466,518</u>

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ON BEHALF OF THE COMMISSION:

\_\_\_\_\_ Chairman

\_\_\_\_\_ Treasurer

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

3.

**CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u> (Budget) (Note 11)	<u>2015</u> (Actual)	<u>2014</u> (Actual)
<b>Revenues</b>			
Water sales	\$ 6,139,156	\$ 6,218,904	\$ 5,536,897
Contributions from members	80,633	68,739	68,742
Provincial government transfers	11,550,000	54,362	1,922,638
Return on investments	<u>18,750</u>	<u>16,520</u>	<u>28,174</u>
	<u>17,788,539</u>	<u>6,358,525</u>	<u>7,556,451</u>
<b>Expenses</b>			
Water purchases	4,474,603	4,521,286	4,895,968
Operating contract	406,984	406,984	395,130
Management contract	137,650	137,650	133,641
Utilities	149,062	131,874	122,795
Repairs and maintenance	101,050	87,500	39,292
Interest on long-term debt	43,057	40,578	41,916
Engineering fees	30,000	35,870	11,784
Professional fees	35,400	19,905	22,871
Honoraria and travel	23,870	19,373	10,654
Insurance	25,000	19,284	20,251
Office and annual meeting	16,725	13,841	18,278
Amortization	<u>-</u>	<u>321,985</u>	<u>320,545</u>
	<u>5,443,401</u>	<u>5,756,130</u>	<u>6,033,125</u>
<b>Excess of Revenue over Expenses</b>	<u>12,345,138</u>	<u>602,395</u>	<u>1,523,326</u>
<b>Accumulated Surplus, Beginning of Year</b>	<u>15,466,518</u>	<u>15,466,518</u>	<u>13,943,192</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$27,811,656</u>	<u>\$16,068,913</u>	<u>\$15,466,518</u>

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

4.

**CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Excess of Revenue Over Expenses	\$ 602,395	\$ 1,523,326
Acquisition of tangible capital assets	(92,719)	(2,394,308)
Amortization of tangible capital assets	<u>321,985</u>	<u>320,545</u>
Increase (Decrease) in Net Financial Assets	831,661	(550,437)
Net Financial Assets, Beginning of Year	<u>(201,945)</u>	<u>348,492</u>
Net Financial Assets, End of Year	<u>\$ 629,716</u>	<u>\$ (201,945)</u>

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

5.



**CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u> (Restated) (Note 11)
Operating Activities		
Excess of revenue over expenses	\$ 602,395	\$ 1,523,326
Amortization expense	321,985	320,545
Change in non-cash working capital balances related to operations:		
Change in accounts receivable	215,603	(489,238)
Change in accounts payable and accrued liabilities	(395,647)	888,324
Change in deferred revenue	<u>(21,381)</u>	<u>77,362</u>
	<u>722,955</u>	<u>2,320,319</u>
Financing Activities		
Long-term debt repaid	<u>(28,059)</u>	<u>(26,815)</u>
Investing Activities		
Acquisition of tangible capital assets	(92,719)	(2,394,308)
Change in investments	<u>(312,247)</u>	<u>228,996</u>
	<u>(404,966)</u>	<u>(2,165,312)</u>
Change in Cash During the Year	289,930	128,191
Cash, Beginning of Year	<u>499,722</u>	<u>371,531</u>
Cash, End of Year	\$ <u>789,652</u>	\$ <u>499,722</u>

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

6.

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

SCHEDULE I

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Land</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Equipment</u>	<u>2015</u>	<u>2014</u>
<b>COST:</b>						
Balance, Beginning of Year	\$ 221,637	\$ 2,714,178	\$ 16,932,633	\$ 41,507	\$ 19,909,955	\$ 17,515,647
Acquisition of tangible capital assets	-	-	92,719	-	92,719	2,394,308
Balance, End of Year	<u>221,637</u>	<u>2,714,178</u>	<u>17,025,352</u>	<u>41,507</u>	<u>20,002,674</u>	<u>19,909,955</u>
<b>ACCUMULATED AMORTIZATION:</b>						
Balance, Beginning of Year	-	1,289,463	2,916,872	35,157	4,241,492	3,920,947
Annual amortization	-	60,315	258,271	3,399	321,985	320,545
Balance, End of Year	-	<u>1,349,778</u>	<u>3,175,143</u>	<u>38,556</u>	<u>4,563,477</u>	<u>4,241,492</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 221,637</u>	<u>\$ 1,364,400</u>	<u>\$ 13,850,209</u>	<u>\$ 2,951</u>	<u>\$ 15,439,197</u>	<u>\$ 15,668,463</u>

Cost includes construction in progress of \$56,738 (2014 - \$nil). These amounts are not amortized until the asset is completed and in use.

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

7.

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

DRAFT

**1. NATURE OF THE ORGANIZATION**

The Capital Region Southwest Services Commission is constituted under the *Municipal Government Act* and was established by Alberta Regulation 292/84. The Commission's main purpose is to supply water to its members. The Commission is exempt from income tax under section 149 of the *Income Tax Act*.

**2. ACCOUNTING POLICIES**

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for local governments established by the Canadian Public Sector Accounting Board.

(b) Revenue Recognition

Service fees are recognized as revenue in the period in which the service is delivered or in which the transactions or events occurred that gave rise to the revenue.

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Government transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Investment income is recognized as revenue when earned.

(c) Investments

All investments are classified as held-to-maturity and are recorded at cost or amortized cost, adjusted to recognize other than a temporary impairment in the underlying value.

Interest income is recorded as earned and gains and losses on the sale of investments are recorded in income on disposition. Investment premiums and discounts are amortized proportionately over the term of the respective investments.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Engineered structures	15 - 75 years
Buildings	45 years
Equipment	10 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

(e) Measurement Uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards, requires management to make estimates regarding significant items such as allowances for uncollectible receivables, amounts relating to impairment assessments and amortization of tangible capital assets 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 reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

8.



**CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2015**

**DRAFT**

**3. INVESTMENTS**

	<u>2015</u>	<u>2014</u>
Bonds - at cost	\$ 1,422,497	\$ 1,112,717
Accrued interest	12,668	8,611
Unamortized premium	<u>(23,769)</u>	<u>(22,179)</u>
	<u>\$ 1,411,396</u>	<u>\$ 1,099,149</u>

Market value at December 31, 2015 is \$1,425,252 (2014 - \$1,108,060). The investments consist of a mix of bonds with rates of return between 0.5% and 3.0%, maturing between 2016 and 2019. The income from these investments is being reinvested as received.

**4. DEFERRED REVENUE**

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2015</u>	<u>2014</u>
Provincial government conditional grants	\$ <u>321,873</u>	\$ <u>343,254</u>

**5. LONG-TERM DEBT**

Debenture debt held by Alberta Capital Finance Authority, repayable in semi-annual installments of \$34,371 including interest at 4.589%; due December 15, 2034.

	<u>2015</u>	<u>2014</u>
	\$ <u>865,393</u>	\$ <u>893,452</u>

Future principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 29,362	\$ 39,380	\$ 68,742
2017	30,725	38,017	68,742
2018	32,151	36,591	68,742
2019	33,644	35,098	68,742
2020	35,205	33,537	68,742
Thereafter	<u>704,306</u>	<u>258,086</u>	<u>962,392</u>
	<u>\$ 865,393</u>	<u>\$ 440,709</u>	<u>\$ 1,306,102</u>

Debenture debt is repayable to Alberta Capital Finance Authority and is issued on the credit and security of the Commission at large.

**CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2015**

**DRAFT**

**5. LONG-TERM DEBT (CONTINUED)**

Section 3 of Alberta Regulation No. 76/2000 requires that debt and debt limits for the Capital Region Southwest Water Services Commission be disclosed as follows:

	<u>2015</u>	<u>2014</u>
Total debt limit	\$12,608,326	\$11,267,626
Total debt	<u>865,393</u>	<u>893,452</u>
Total debt limit remaining	<u>\$11,742,933</u>	<u>\$10,374,174</u>
Debt servicing limit	\$ 2,206,457	\$ 1,971,835
Debt servicing	<u>68,742</u>	<u>68,742</u>
Total debt servicing remaining	<u>\$ 2,137,715</u>	<u>\$ 1,903,093</u>

The debt limit is calculated as 2 times revenue of the Commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify commissions that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

**6. ACCUMULATED SURPLUS**

Accumulated surplus consists of unrestricted surplus, restricted surplus and equity in tangible capital assets as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 350	\$ 398
Restricted surplus (Note 7)	1,494,759	691,109
Equity in tangible capital assets (Note 8)	<u>14,573,804</u>	<u>14,775,011</u>
	<u>\$ 16,068,913</u>	<u>\$ 15,466,518</u>

**7. RESTRICTED SURPLUS**

Reserves are established at the discretion of the Board of Directors to set aside funds for future operating and capital purposes.

	<u>2015</u>	<u>2014</u>
Capital equipment	\$ 513,111	\$ 312,971
Pump upgrades	365,369	136,638
Water system expansion	285,914	-
Emergency operations	200,000	200,000
General	98,865	10,000
Rate stabilization	<u>31,500</u>	<u>31,500</u>
	<u>\$ 1,494,759</u>	<u>\$ 691,109</u>

**CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

DECEMBER 31, 2015

DRAFT

**8. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2015</u>	<u>2014</u>
Tangible capital assets (Schedule I)	\$ 20,002,674	\$ 19,909,955
Accumulated amortization (Schedule I)	(4,563,477)	(4,241,492)
Long-term debt (Note 5)	<u>(865,393)</u>	<u>(893,452)</u>
	<u>\$ 14,573,804</u>	<u>\$ 14,775,011</u>

**9. RELATED PARTY TRANSACTIONS**

**a) Members' Charges**

Included in water sales revenue are charges to participating municipalities based upon usage by respective residents in the following amounts:

	<u>2015</u>	<u>2014</u>
City of Leduc	\$ 3,287,201	\$ 2,972,742
Town of Beaumont	1,423,814	1,219,356
Leduc County	874,849	783,453
Edmonton International Airport	350,237	305,169
Town of Calmar	236,026	217,507
Village of Hay Lakes	40,934	38,606
Camrose County	<u>5,843</u>	<u>64</u>
	<u>6,218,904</u>	<u>5,536,897</u>

**b) Contributions from Members**

Contributions were received from members to cover annual debenture payments in the following amounts:

	<u>2015</u>	<u>2014</u>
Leduc County	\$ 34,027	\$ 34,027
Village of Hay Lakes	24,469	24,472
County of Camrose	<u>10,243</u>	<u>10,243</u>
	<u>\$ 68,739</u>	<u>\$ 68,742</u>

**c) Management and Operating Contract Fees**

During the year, the Commission paid \$137,650 (2014 - \$133,641) in management fees and \$406,984 (2014 - \$395,130) in operating fees to the City of Leduc.

**d) Accounts Receivable**

The year end accounts receivable balance includes a total of \$741,820 (2014 - \$874,909) receivable from member municipalities. All amounts were current.

**e) Accounts Payable and Accrued Liabilities**

The year end accounts payable and accrued liabilities balance includes a total of \$145,339 (2014 - \$95,212) owing to the City of Leduc.

These transactions are in the normal course of operations and are measured at the exchange amounts as established and agreed to by the related parties.

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2015

DRAFT

**10. FINANCIAL INSTRUMENTS**

The Commission's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

**11. BUDGET INFORMATION**

The budget figures are provided for information purposes only, and have not been audited.

Budget reconciliation:

	<u>2015</u>
Excess of revenue over expenses	\$ 12,345,138
Tangible capital asset purchases	(11,640,000)
Transfers to accumulated surplus	(667,562)
Debenture principal repayments	<u>(37,576)</u>
	<u>                    -</u>

**12. ACCOUNTING POLICY ADOPTION**

In June 2010, the Public Sector Accounting Board issued PS - 3260 Liability for Contaminated Sites for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into the air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Commission adopted this accounting standard retroactively as of April 1, 2014. There was no impact to the Commission's financial statements due to this standard.



## 2015 Quantity of Water Sales to Purchases

Water Sales Percent										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Water Purchases</b>	4,230,831	4,439,410	4,549,890	4,724,985	4,757,052	5,053,510	5,176,772	5,431,052	5,622,537	5,884,617
<b>City of Leduc</b>	2,311,964	2,403,911	2,522,606	2,640,576	2,619,184	2,784,215	2,841,830	2,989,374	2,929,991	3,024,774
percentage	53.0%	53.7%	53.5%	54.8%	55.1%	55.2%	55.1%	55.2%	53.6%	52.9%
<b>Town of Beaumont</b>	886,552	943,913	996,372	1,052,362	1,018,321	1,071,211	1,103,036	1,148,384	1,205,832	1,307,363
percentage	20.3%	21.1%	21.1%	21.9%	21.4%	21.2%	21.4%	21.2%	22.1%	22.9%
<b>Leduc County</b>	694,478	637,231	664,984	607,477	585,403	704,122	715,710	767,430	773,719	804,621
percentage	15.9%	14.2%	14.1%	12.6%	12.3%	14.0%	13.9%	14.2%	14.2%	14.1%
<b>Town of Calmar</b>	213,911	210,831	215,392	226,433	203,572	190,481	194,065	204,777	215,174	217,182
percentage	4.9%	4.7%	4.6%	4.7%	4.3%	3.8%	3.8%	3.8%	3.9%	3.8%
<b>International Airport</b>	255,168	278,423	312,836	288,387	275,431	262,791	271,026	266,433	302,528	321,527
percentage	5.8%	6.2%	6.6%	6.0%	5.8%	5.2%	5.3%	4.9%	5.5%	5.6%
<b>Village of Hay Lakes</b>					22,737	31,397	34,498	35,760	38,207	37,686
percentage					0.5%	0.6%	0.7%	0.7%	0.7%	0.7%
<b>New Sarepta</b>					32,404	n/a	n/a	n/a	n/a	n/a
percentage					0.7%					
<b>Camrose County</b>									67	518
percentage									0.0%	0.1%
<b>Total Sales</b>	4,362,073	4,474,309	4,712,190	4,815,235	4,757,052	5,044,217	5,160,165	5,412,158	5,465,518	5,718,271
<b>% Year Increase</b>	7.6%	2.6%	5.3%	2.2%	-1.2%	6.0%	2.3%	4.9%	1.0%	4.6%

Average increase of 3.53% per year, over a ten year period

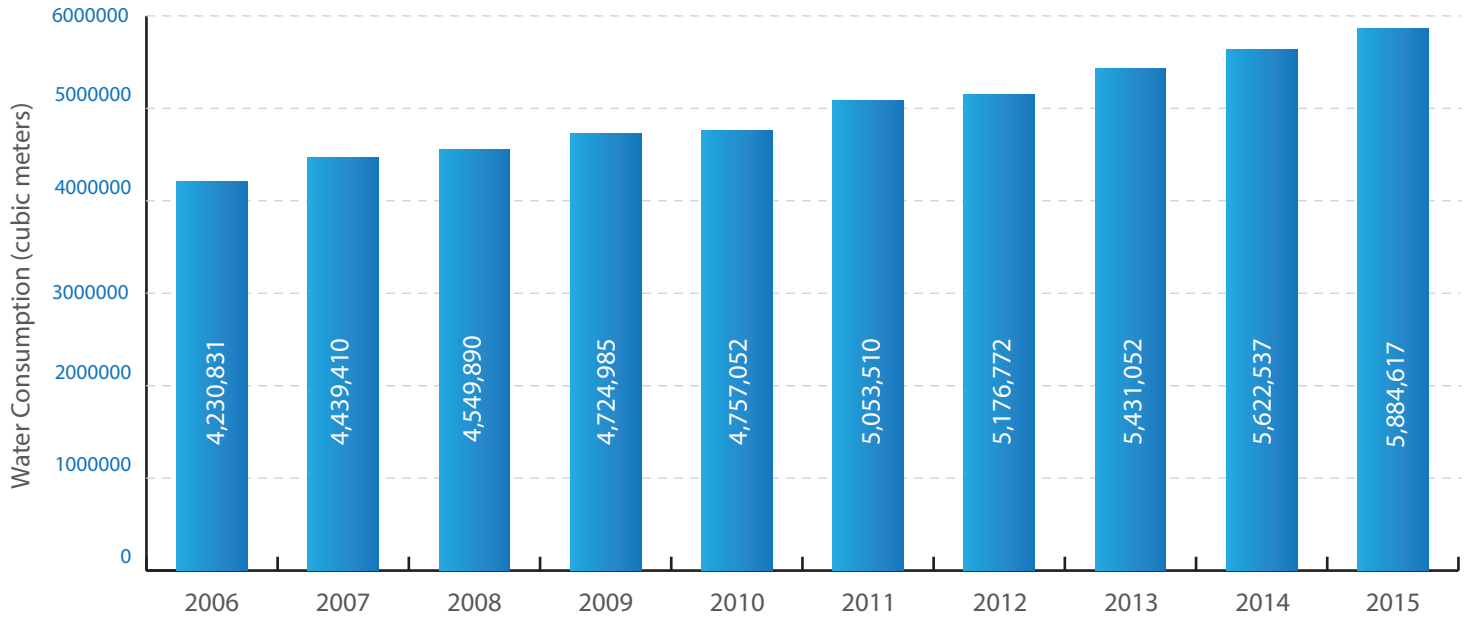
\*Note: All volumes are reflected in cubic meters. Percent increases are reflective of previous year sales.

## 2015 Water Sales

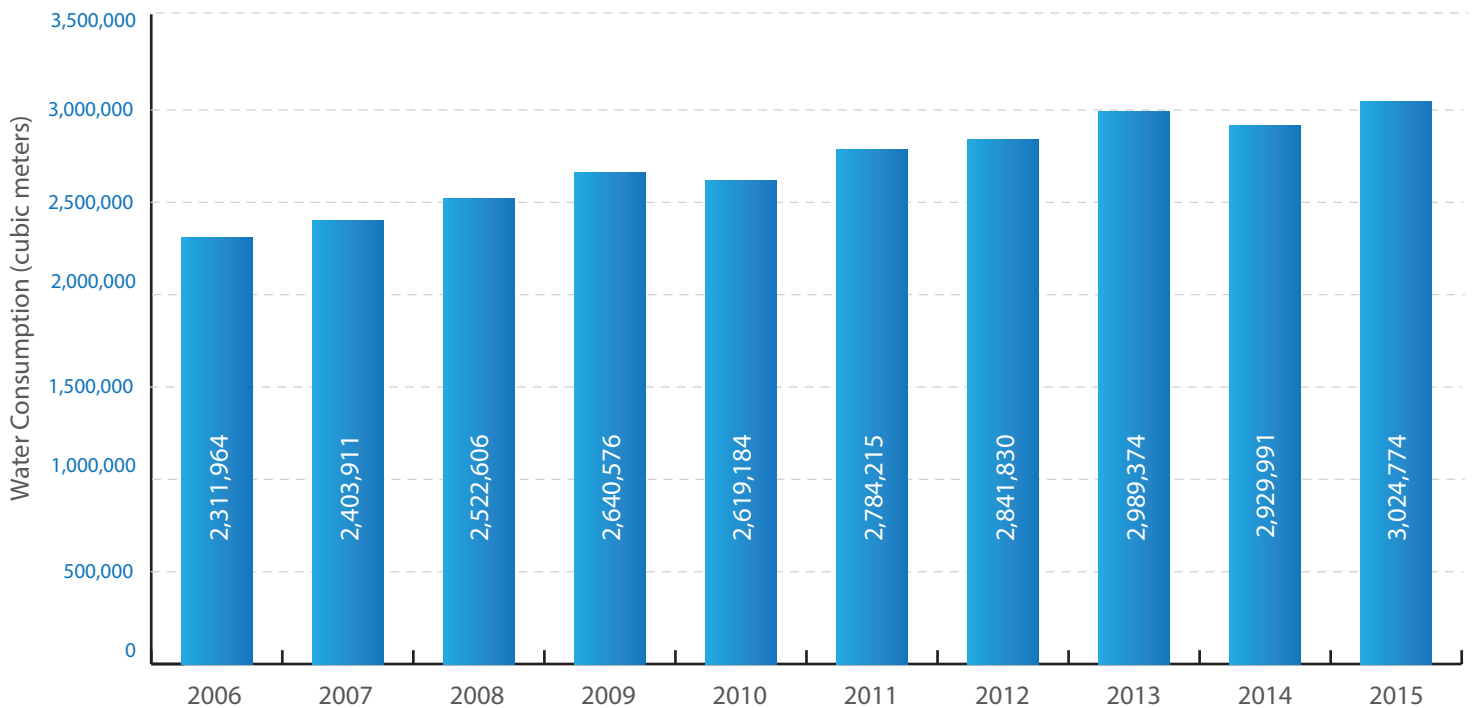
Customers	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
<b>City of Leduc</b>	231,438	210,371	247,559	232,950	264,960	338,050	294,409	253,201	276,087	227,241	212,847	235,661	3,024,774
<b>Town of Beaumont</b>	94,399	85,133	98,594	95,875	121,170	161,037	133,621	107,063	114,363	98,989	92,480	104,639	1,307,363
<b>Leduc County</b>	59,490	55,827	57,051	61,608	89,585	85,042	80,594	66,013	64,594	65,233	67,600	51,984	804,621
<b>Town of Calmar</b>	17,106	15,305	17,522	16,887	20,197	23,622	21,078	16,893	18,746	16,667	15,393	17,766	217,182
<b>International Airport</b>	24,688	23,245	26,852	25,633	25,053	31,442	34,117	29,636	29,808	25,356	21,875	24,095	321,527
<b>Village of Hay Lakes</b>	2,795	2,547	2,916	2,878	3,634	4,119	3,252	2,674	3,574	3,520	2,720	3,057	37,686
<b>Camrose County</b>	90	83	115	173	602	958	704	645	596	428	318	406	5,118
<b>Total Sales</b>	430,006	392,511	450,609	436,004	525,201	644,270	567,775	475,852	507,768	437,434	413,233	437,608	5,718,271
<b>Master Meter Purchases</b>	441,185	404,479	463,412	447,856	540,946	662,118	585,497	488,366	525,786	449,389	425,043	450,540	5,884,617
<b>Water Differential</b>	(11,719)	(11,968)	(12,803)	(11,852)	(15,745)	(17,848)	(17,722)	(12,514)	(18,018)	(11,955)	(11,810)	(12,932)	(166,346)

\* Note: All values are in cubic meters.

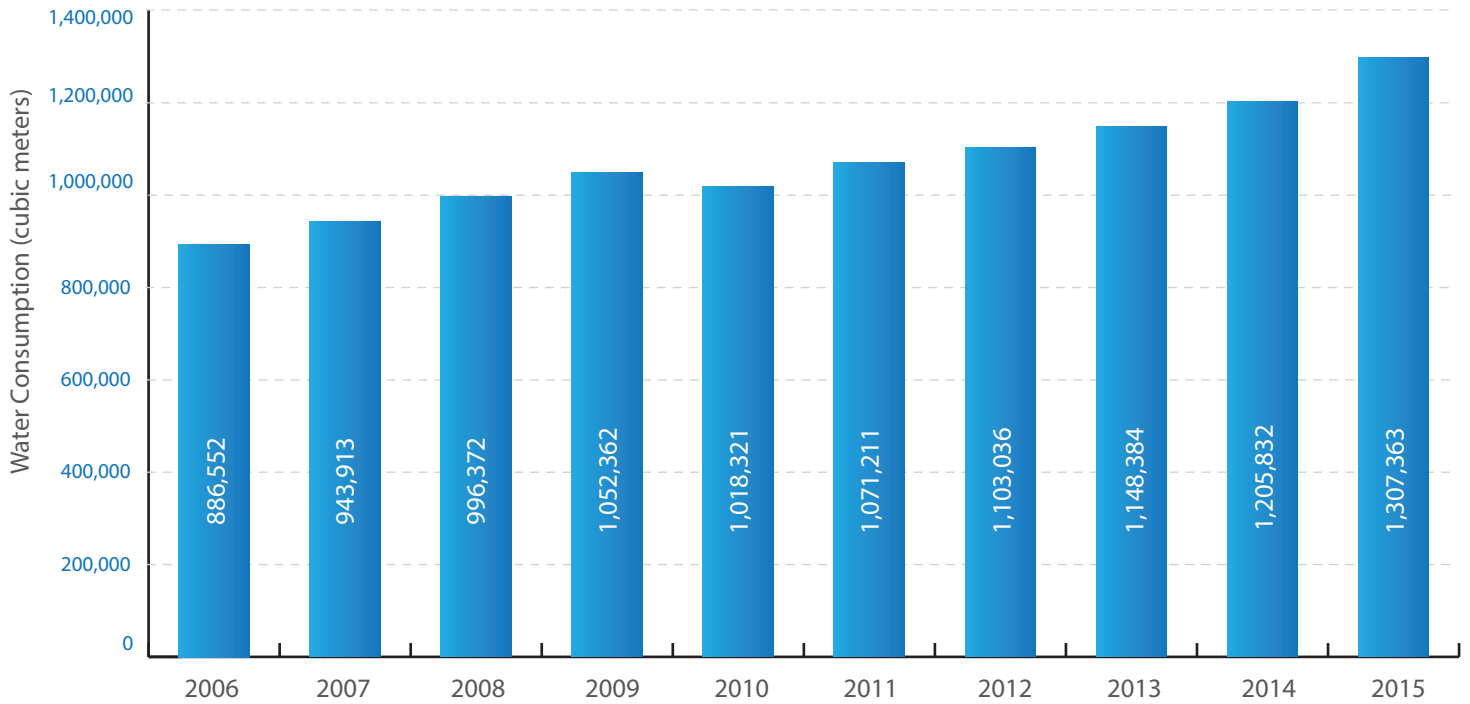
## Regional Water Consumption Annual Water Consumption (2006 - 2015)



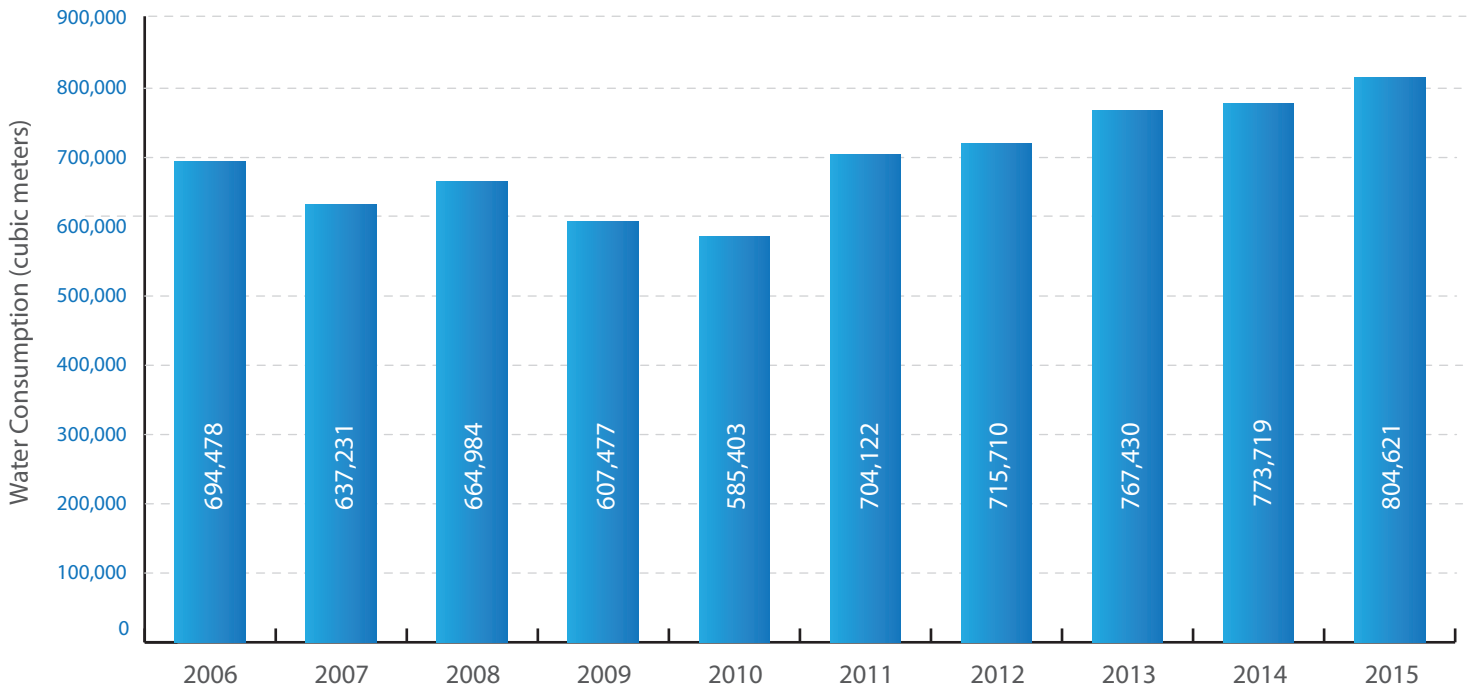
## City of Leduc Annual Water Consumption (2006 - 2015)



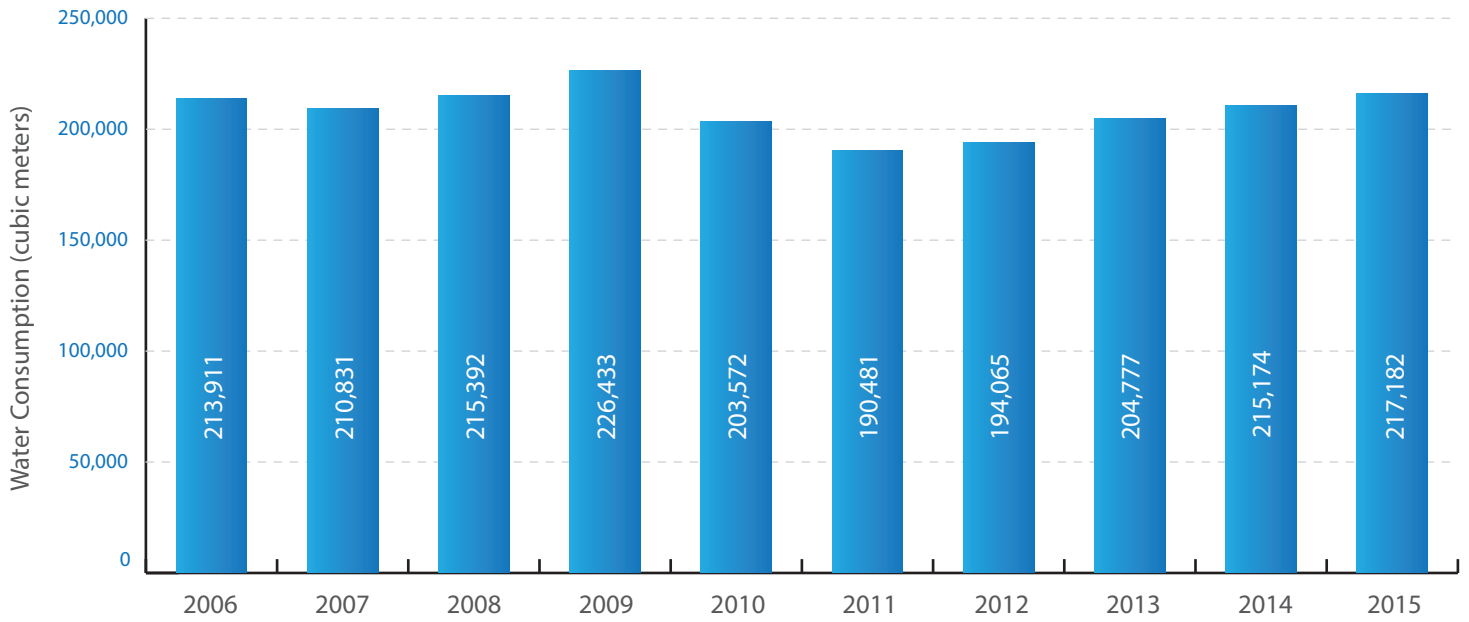
### Town of Beaumont Annual Water Consumption (2006 - 2015)



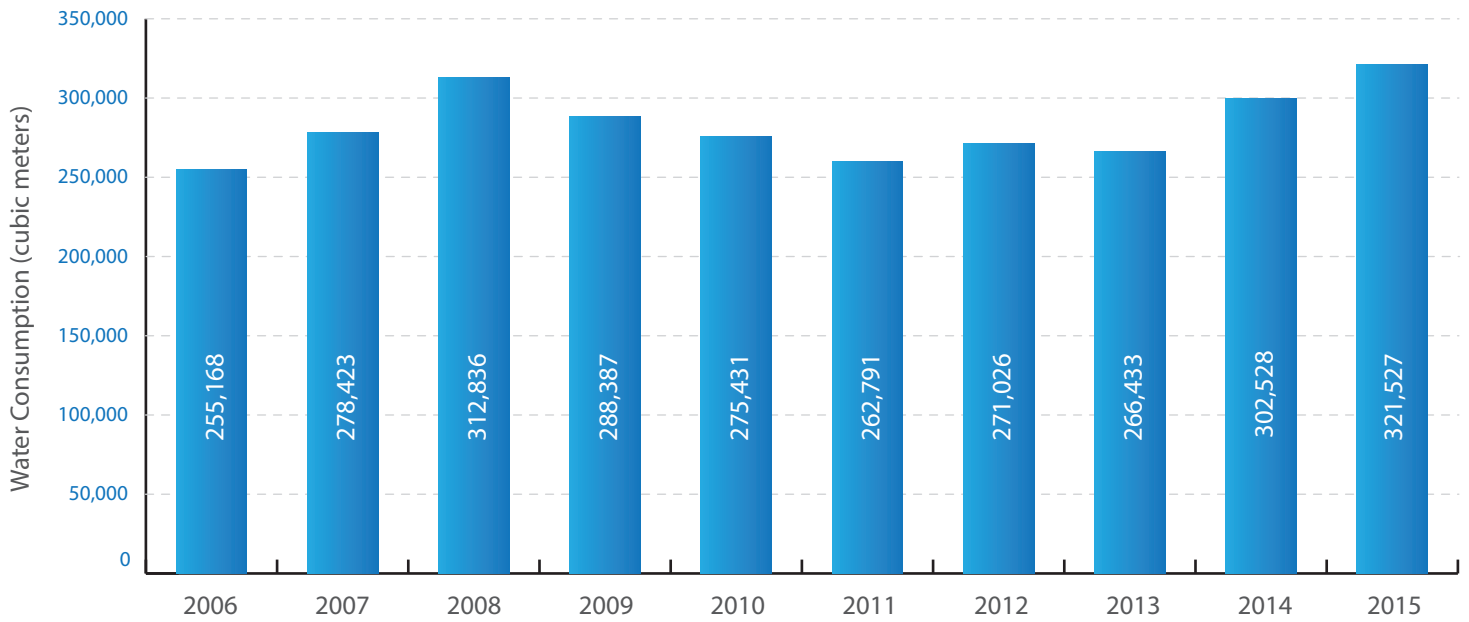
### Leduc County Annual Water Consumption (2006 - 2015)



### Town of Calmar Annual Water Consumption (2006 - 2015)

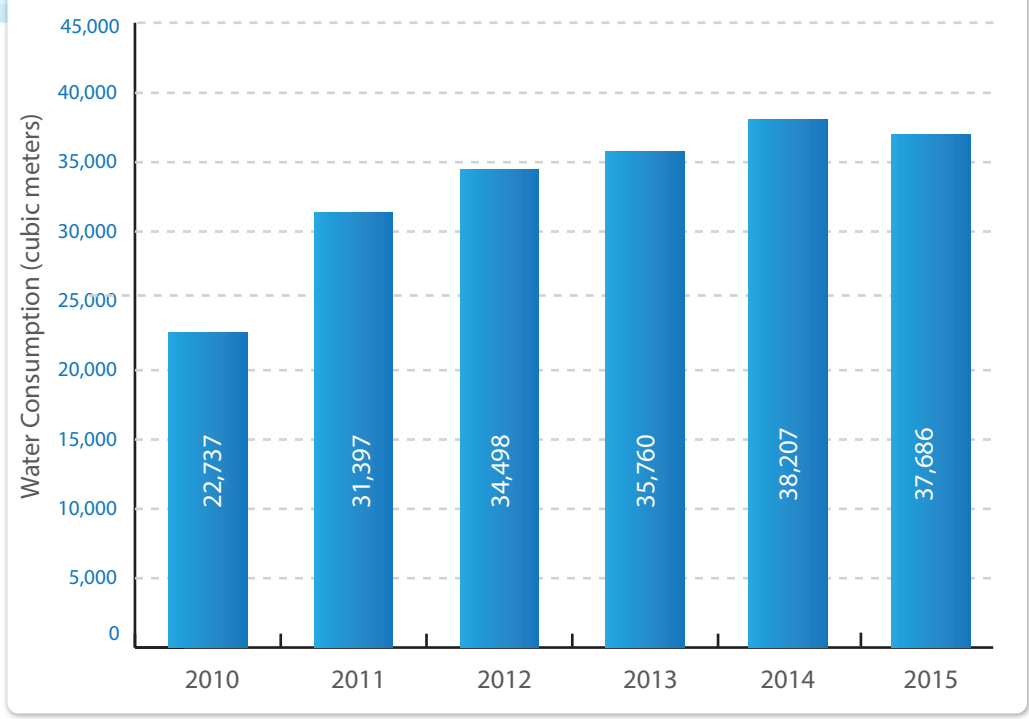


### Edmonton International Airport Annual Water Consumption (2006 - 2015)

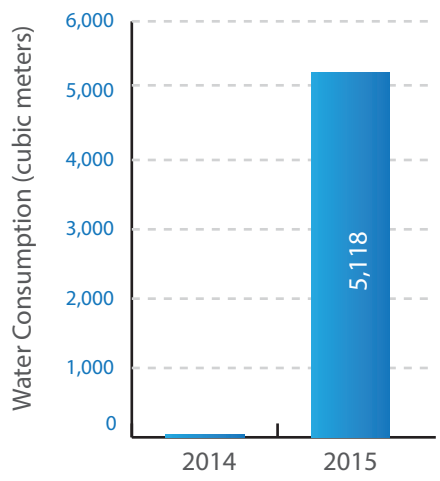




### Hay Lakes Annual Water Consumption (2010 - 2014)

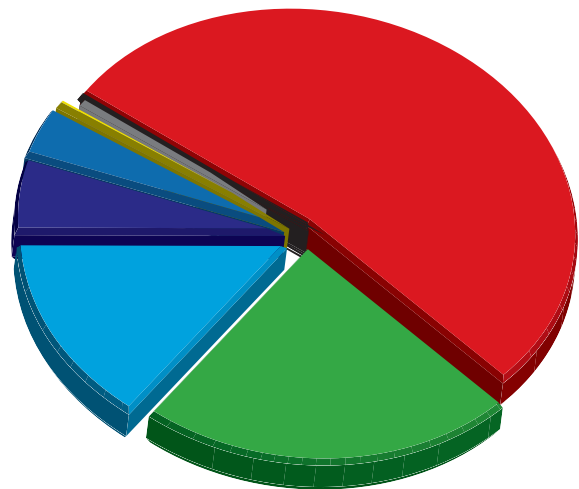


### Camrose County Annual Water Consumption (2014 - 2015)

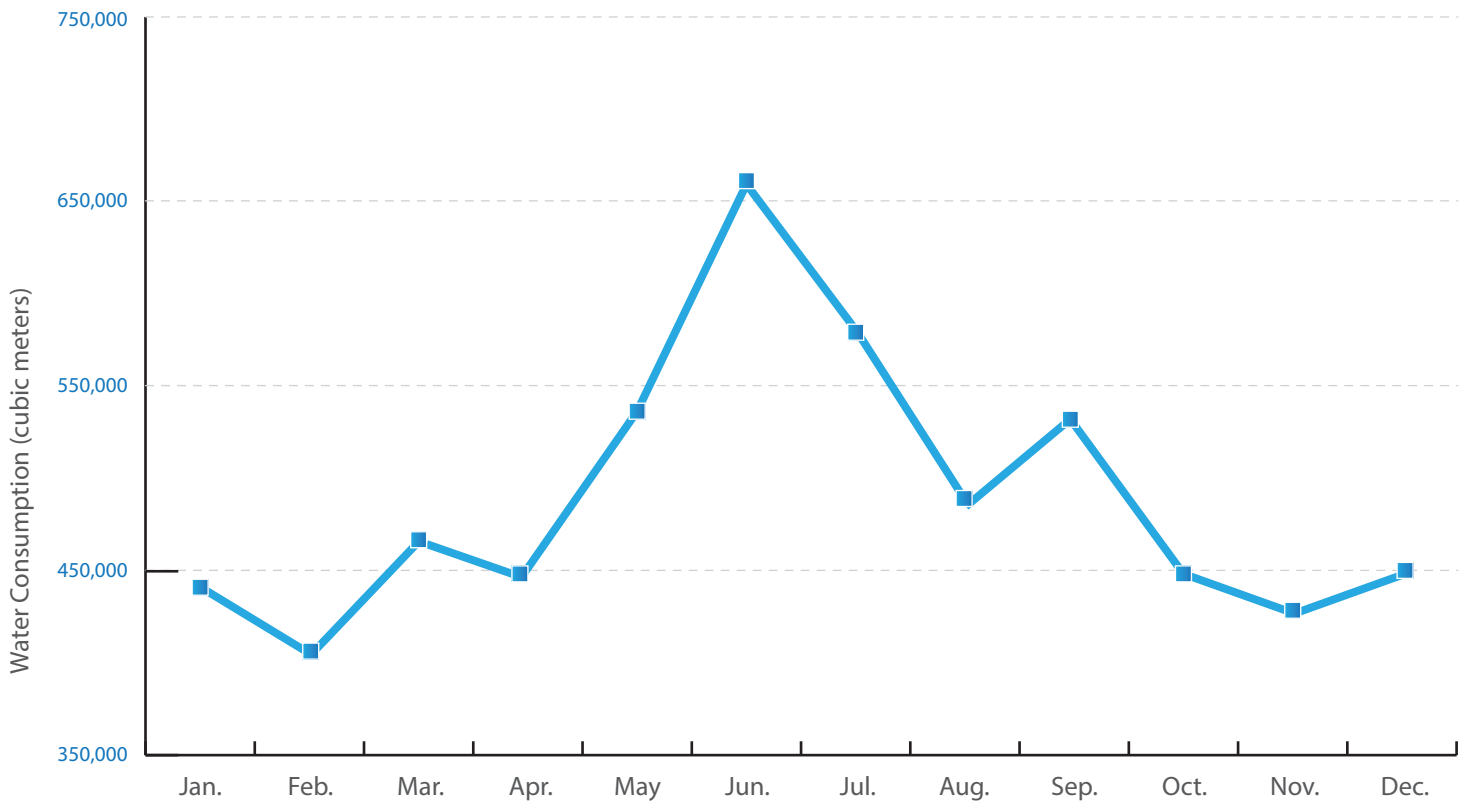


### 2015 Customer Share of Water Sales

- City of Leduc - 52.9%
- International Airport - 5.6%
- Town of Beaumont - 22.9%
- Town of Calmar - 3.8%
- Leduc County - 14.1%
- Village of Hay Lakes - 0.7%
- Camrose County - 0.1%



### Water Commission Consumption 2015 Water Demand





## 2015 CRSWSC Operating Team

(L to R): Shawn Tooth, James Sew, Darrell Claydon, Pat Martin, Randy Plican, Jason Lindbeck, Keung Lee



## Management Team

(L to R): Back: Shawn Tooth, Rick Sereda, Shawn Olson, Shirley Weslosky | Front: Samantha Folster, Carol Hounsell, Amber Ouellette







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