

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

ANNUAL REPORT

2021

CITY OF BEAUMONT

TOWN OF CALMAR

CAMROSE COUNTY

VILLAGE OF HAY LAKES

CITY OF LEDUC

LEDUC COUNTY

TOWN OF MILLET



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CHAIRMAN'S MESSAGE

Bill Daneluik, Board Chair

On behalf of the Capital Region Southwest Water Services Commission (CRSWSC) Board, I am honoured to deliver the Chairman's Message and share some highlights of the activities and accomplishments of the Commission in 2021.

As the incoming Chair of the Commission for the 2021 – 2022 term, I would like to first thank previous Board Chair Wally Yachimetz for his dedicated service and wise leadership to the Commission from 2020 – 2021. I would also like to express sincere appreciation to our previous Board members, while welcoming our new incoming Board members for the 2021 – 2022 term, following the recent municipal elections.

When reflecting on 2021, I am extremely proud of what the Commission was able to achieve while continuing to navigate through the ongoing pandemic. The Board reviewed the Strategic Plan in January 2021 to assess and re-prioritize the remaining action items for the 2019 – 2023 plan term.

The Commission made considerable progress, as all 10 of the high priority action items have now been completed, along with 2 lower priority items relating to the protection of CRSWSC infrastructure.

As part of this progress, the Board approved several new policies in 2021 relating to Strategic Plan items, including a revised Board and Administration Training and Development Policy to promote ongoing Board member training, and a Reserve Policy to support the fiscal sustainability of the Commission. A Board Orientation Manual was also adopted in September 2021, to provide incoming Board members with an overview of the Commission and to acquaint them with pertinent key information to enable them to be effective Board members.

The Commission also approved a **new Water Supply Policy in December 2021**, which formalizes

many of the Commission's existing procedures in an official policy and requires member municipalities to make developers aware of Commission infrastructure in vicinity to their developments and advise them to contact the Commission to ensure crossing agreements are obtained before construction activities take place. To accompany this, Administration generated an interactive map for member municipalities, which helps identify when crossing agreements are required and aids in the protection of CRSWSC infrastructure.

Another noteworthy accomplishment was the adoption of Bylaw 01/2021 in May 2021, which was required to be completed by September 1, 2021 to comply with amendments to the Municipal Government Act (MGA). The Commission was honored to be recognized as a leader in the region in these necessary Bylaw amendments, as Administration was asked to provide assistance to other commissions through the Regional Water Customers Group (RWCG).

As we look forward to 2022, the Commission is excited to complete the design of the Nisku Booster Station in advance of construction. This facility, excluding pumps, is designed to be net zero as a result of our first solar panels. The Board is also looking forward to the completion of the Beaumont pipe upgrade project, which was intended to be completed in 2021 but was delayed due to meter coordination with EPCOR. The Commission will also be undertaking a Request for Proposal (RFP) process to award a 3 year contract for the Management and Operations contracts, with an optional 2 year extension, as the existing contracts with the City of Leduc will expire on December 31, 2022.

In closing, I would like to acknowledge the dedicated Commission Management and Operations staff who continue to diligently fulfill the CRSWSC mandate, while continuously striving for improvement. Together, we will continue to succeed in meeting the Commission's goals, while strategically preparing for the future growth of our region.

CRSWSC BOARD

MEMBERSHIP & GOVERNANCE STRUCTURE



Alberta Regulation, AR 292/84 originally created the Capital Region Southwest Water Services Commission which is governed by Part 15.1 of the Municipal Government Act (SA 194, Chapter 26.1). The Regulation mandates that services be supplied 'as required,' that fees charged are based on full recovery of capital and operating costs, and that all members be charged a uniform rate. The Regulation was most recently amended in 2016 by Order in Council 141/2016 to include a new member. Similar amendments have previously been made to add members in 2009 (143/2009) and 2011 (213/2011).

AR 292/84 was repealed by AR 122/2020 as part of the government's effort to reduce red tape by granting municipal authorities more autonomy and reducing the required amount of provincial approvals for Regional Service Commissions. The Capital Region Southwest Water Services Commission continues to operate as before in accordance with their bylaw, water policy, and Part 15.1 of the MGA.

The Capital Region Southwest Water Services Commission (CRSWSC) membership includes:

- City of Beaumont
- Town of Calmar
- Camrose County
- Village of Hay Lakes
- City of Leduc
- Leduc County
- Town of Millet



ORGANIZATION & ADMINISTRATION

The Capital Region Southwest Water Services Commission requires respective municipal councils to appoint two members to the Board. They may also appoint a council member as an alternate. The Board annually elects a chair and vice-chair from among its membership. In 2021, Mayor Wally Yachimetz was chair and Councillor Bill Daneluik was vice-chair.



2021 Board of Directors:

BACK ROW (Left to Right): Councillor Sam Munckhof-Swain (Beaumont), Mayor Dave Vallee (Village of Hay Lakes), Councillor Greg Gillespie (Camrose County), Councillor Steven vanNieuwkerk (alt.) (Beaumont), Councillor Rick Smith (Leduc County), Mayor Tony Wadsworth (Millet)

MIDDLE: Councillor Lars Hansen (Leduc), Councillor Doug Lyseng (Camrose County), Councillor Mike Storey (Millet)

FRONT: Mayor Wally Yachimetz (Calmar), Councillor Beverly Beckett (Leduc), Councillor Don Faulkner (alt.) (Calmar), Councillor Kelly Vandenberghe (Leduc County)

In December 2021, the incoming Board of Directors for the 2021-2022 term was appointed. Mayor Bill Daneluik was elected as chair and Councillor Lars Hansen was elected as vice-chair.



Incoming Board of Directors:

BACK ROW (Left to Right): Councillor Clifford Heinz (*Village of Hay Lakes*), Councillor Jordon Banack (*Camrose County*), Councillor Paul Patterson (*Village of Hay Lakes*), Councillor Don Faulkner (*Town of Calmar*), Mayor Bill Daneluik (*Beaumont*), Mayor Doug Peel (*Millet*), Councillor Mathew Starky (*Millet*), Mayor Ron These (*alt.*) (*Village of Hay Lakes*)

FRONT: Councillor Kelly Vandenberghe (*Leduc County*), Councillor Lars Hansen (*Leduc*), Councillor Ashley Miller (*Beaumont*), Councillor Kelly-Lynn Lewis (*Leduc County*), Councillor Beverly Beckett (*Leduc*), Councillor Krista Gardner (*Town of Calmar*), Councillor Doug Lyseng (*Camrose County*)

	2021 BOARD MEMBERS	INCOMING BOARD MEMBERS
City of Beaumont	Councillor Sam Munckhof-Swain Councillor Bill Daneluik (<i>vice-chair</i>) Councillor Steven vanNieuwkerk (<i>alternate</i>)	Mayor Bill Daneluik (<i>chair</i>) Councillor Ashley Miller Councillor Steven vanNieuwkerk (<i>alternate</i>)
Town of Calmar	Mayor Wally Yachimetz (<i>chair</i>) Councillor Krista Gardner Councillor Don Faulkner (<i>alternate</i>)	Councillor Krista Gardner Councillor Don Faulkner Mayor Sean Carnahan (<i>alternate</i>)
Camrose County	Councillor Doug Lyseng Councillor Greg Gillespie Reeve Cindy Trautman (<i>alternate</i>)	Councillor Doug Lyseng Councillor Jordon Banack Reeve Cindy Trautman (<i>alternate</i>)
Village of Hay Lakes	Mayor Dave Vallee Deputy Mayor Dawn Pauls Councillor Faye Leicht (<i>alternate</i>)	Councillor Clifford Heinz Councillor Paul Patterson Mayor Ron These (<i>alternate</i>)
City of Leduc	Councillor Beverly Beckett Councillor Lars Hansen Mayor Bob Young (<i>alternate</i>)	Councillor Beverly Beckett Councillor Lars Hansen (<i>vice-chair</i>) Mayor Bob Young (<i>alternate</i>)
Leduc County	Councillor Rick Smith Councillor Kelly Vandenberghe Mayor Tanni Doblanko (<i>alternate</i>) Councillor Kelly-Lynn Lewis (<i>alternate</i>)	Councillor Kelly-Lynn Lewis Councillor Kelly Vandenberghe Mayor Tanni Doblanko (<i>alternate</i>) Councillor Rick Smith (<i>alternate</i>)
Town of Millet	Mayor Tony Wadsworth Councillor Mike Storey Councillor Pat Garrett (<i>alternate</i>)	Mayor Doug Peel Councillor Mathew Starky Councillor Rebecca Frost (<i>alternate</i>)

IN RECOGNITION OF Tony Wadsworth



The CRSWSC Board of Directors was deeply saddened by the passing of fellow Board member Tony Wadsworth on July 23, 2021. Tony was a dedicated CRSWSC Board member who faithfully served on the Board from 2015 through to 2021, until his recent passing. He was a highly respected colleague and a cherished friend to many members of the Commission. Tony will be remembered as a man of integrity, intelligence and dedication, with a passion to serve the community.

Bringing water to the Town of Millet had been a goal for the Town since 2009 and Millet received approval through the Water for Life Program in 2012. In 2015, the Town of Millet approached the CRSWSC to assist in this project. Construction of the Millet waterline first began in June 2016 and was completed in 2017, which was celebrated as a successful collaboration amongst Commission members.

Tony Wadsworth was a champion for the Millet waterline connection throughout his time on Millet Council and played an integral role in its establishment.

The CRSWSC Board wished to acknowledge this noteworthy accomplishment of Tony Wadsworth’s career, and the lasting impact he has made on the community. Chair Bill Daneluik presented a bronze memorial plaque to the Town of Millet Council on January 26, 2022, on behalf of the CRSWSC Board. Along with the plaque, the CRSWSC Board also made a monetary donation to the University of Alberta’s Transplant Institute, in Tony Wadsworth’s memory.

The Board considers it both an honour and a privilege to have worked alongside Tony Wadsworth on the Commission and appreciated the opportunity to celebrate his valuable contribution to the CRSWSC Board.



(Left to Right): Former Councillor Marlene Alberts-Wadsworth, Mayor Doug Peel, Chair Bill Daneluik, Shawn Olson, and Rick Sereda

STRATEGIC PARTNERSHIPS Management and Operating Services

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

COMMISSION MANAGER

Shawn Olson
Director, Engineering & Environment, City of Leduc

OPERATIONS MANAGER

Rick Sereda
Director, Public Services, City of Leduc

TREASURER

Lauren Padgham
Manager, Financial Planning & Budgets, City of Leduc

FINANCIAL AGENCY

Alberta Treasury Branch (ATB) Financial

AUDITOR

MNP LLP

ENGINEERING SERVICES

Associated Engineering Alberta Ltd.

SOLICITOR

Brownlee LLP and Reynolds Mirth Richards & Farmer LLP

INVESTMENT AGENCY

CIBC Wood Gundy
Hobson Chahal Advisory Group



Roger Steele

EDMONTON INTERNATIONAL AIRPORT (EIA) is a key strategic partner of the Commission.

Roger Steele is currently the appointed representative from the EIA. We would like to thank Roger Steele for his active participation at CRSWSC Board meetings and for his contributions to the success of the Commission.



Chad Maki

ASSOCIATED ENGINEERING (AE) is the Commission's contracted engineering consultant and has been a vital partner of the Commission for many years. Associated Engineering offers their expertise to provide advisory services, oversee capital construction projects and undertake updates to the Water Master Plan every 5 years. We appreciate the hard work and dedication from the Associated Engineering team, led by Chad Maki, P. Eng.



Kevin Hycha



Lana Broker



Kristofer Johnson
(alternate)

The **City of Camrose** began attending CRSWSC Board meetings as observers with no voting privileges in late 2019, as they have expressed potential interest in joining the Commission in the future. We would like to thank **Councillor Kevin Hycha, Councillor David Ofrim** and **City Manager Malcolm Boyd** for their involvement in Commission meetings. The Commission looks forward to continuing to work with the City of Camrose representatives in the future and welcomes our new incoming representatives, **Councillor Lana Broker** and **General Manager Kristofer Johnson**, for the 2021 – 2022 term.

2021 Regular Meeting Dates: January 21 | March 18 | May 20 | September 16
Annual General Meeting (AGM) April 15 | **Organizational & Regular Meeting** December 2

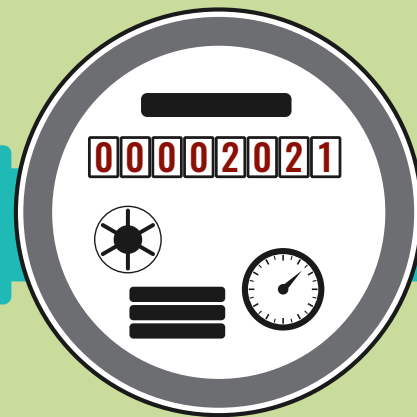
2021 SIMPLIFIED WATER RATE

Based on Sales Rate of \$1.64/m³



The **2021 water rates** established by the Commission are as follows:

Customers who are identified as major or wholesale customers are:
Leduc County, City of Beaumont, Town of Calmar, City of Leduc, Edmonton International Airport, Village of Hay Lakes, Camrose County and Town of Millet.




Wholesale water rates:
\$1.64 per m³
(cubic metre) for all member communities

CRSWSC MANAGEMENT & OPERATIONS

INTRODUCTION

The Capital Region Southwest Water Services Commission (CRSWSC) was established on September 1, 1984 and today is a regional co-operation providing clean, safe drinking water to the City of Leduc, Leduc County, City of Beaumont, Town of Calmar, Village of Hay Lakes, Camrose County, Town of Millet and the Edmonton International Airport (EIA). 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 is the goal of the Commission to set standards and guidelines for each of its customers to model themselves after.

CRSWSC MANAGEMENT & OPERATIONS

REPORT

Shawn Olson, Commission Manager

Rick Sereda, Operations Manager



On behalf of the City of Leduc, we would like to thank the CRSWSC Board for their continued support and confidence in the City of Leduc Management and Operations team. Our team enjoys serving the Commission and we are proud of the collaborative working relationship that we continue to foster with the Board.

We would like to take this opportunity to celebrate the following accomplishments in 2021:

- **THE COMMISSION HAS NOW COMPLETED ALL 10 OF THE HIGH PRIORITY ITEMS IDENTIFIED WITHIN THE STRATEGIC PLAN**, 6 of which were completed in 2021. We are extremely proud of the Commission's substantial progress in a short time frame, considering that these 10 priorities were intended to be complete by 2023. In addition to the high priority items, 2 lower priority items were completed in 2021, relating to risk mitigation and the protection of CRSWSC infrastructure. A Water Supply Policy was adopted, and an interactive web map application was introduced in December 2021, which will assist member municipalities in identifying CRSWSC infrastructure to determine when crossing agreements are required for development activities.
- **PROGRESS ON THE NISKU BOOSTER STATION CONTINUED** throughout 2021, with the Board providing direction on the exterior building finishes and approving installation of the Commission's first solar panel array to achieve net zero building operations (excluding pumps). Administration would like to take this opportunity to thank Leduc County for their agreement on the pending land purchase to move the Booster Station forward. The Commission is now embarking on a geotechnical investigation before completing the detailed design, with construction to follow. We are also eager to learn whether grant funding may be available towards project costs, as Associated Engineering submitted grant applications through the Alberta Municipal Water and Wastewater Partnership Program (AMWWP) and the Water for Life Program in February 2022, on behalf of the CRSWSC.
- **ADMINISTRATION WORKED WITH REYNOLDS MIRTH RICHARDS & FARMER LLP (RMRF) IN 2021 TO UPDATE THE COMMISSION'S GOVERNING BYLAW**, following amendments to the Municipal Government Act (MGA) to streamline the legislative framework for Regional Service Commissions. The Commission adopted Bylaw 01/2021 in May 2021, which repealed Bylaw 01/2015 and 02/2015, and consolidated them into a single Bylaw. This update was required to comply with the MGA changes, but also provided opportunity to add requirements for a minimum term of 2 years for Directors, while removing water allocations within the transmission mains. We would like to commend Pamela Regier, Commission Project Manager, for her diligent work on the Bylaw updates and for providing her guidance to other commissions on their necessary Bylaw amendments, on behalf of the CRSWSC.
- **A NEW AGREEMENT WAS SIGNED WITH ENMAX THAT WILL RESULT IN COST SAVINGS OF APPROXIMATELY \$12,000 PER YEAR**, based on forecasted demand projections. Administration was able to negotiate and receive the rate offered to the City of Leduc, which will allow the Commission to take advantage of these cost savings until June 2026, or until market electricity rates fall and the Commission decides to pursue an independent contract. This was a significant benefit to the CRSWSC, considering that renewing at existing market rates would have resulted in a 27% increase in comparison to the previous CRSWSC ENMAX contract.
- The Beaumont Reservoir pipe upgrade project was intended to begin in 2021; however, the project was delayed due to ongoing negotiations with EPCOR regarding a shared meter to create efficiencies. Following investigation, it was determined that this is not a viable option and two individual meters will be required. **THE COMMISSION IS AWAITING THE DETAILS ON EPCOR'S METER TO FINALIZE DESIGN AND PROCEED WITH CONSTRUCTION IN 2022.**

- In December 2021, **THE BOARD APPROVED A NEW PROJECT FOR A DIGITAL BALL INSPECTION OF THE BEAUMONT PIPELINES**. This project is essential to the maintenance of the distribution system, as it will assess the integrity of the pipes in order to plan for repairs and replacements, as opposed to costly emergency repairs. This project will aid in reducing risk, while also confirming the exact location of Commission water lines, which satisfies several goals within the Strategic Plan. Administration has started preliminary planning and the project is slated to occur in Fall 2022.
- Through our joint efforts as part of the Regional Water Customers Group (RWCG), we were able to obtain a **WATER LICENCE FROM ALBERTA ENVIRONMENT AND PARKS WHICH PROVIDES WATER SECURITY TO THE CRSWSC NOW AND INTO THE FUTURE**. This was a significant undertaking that took substantial work with EPCOR and the Province to secure our water future.

Effective management and operations are essential to ensure that safe drinking water is effectively and efficiently delivered to member municipalities. The Commission continues to follow a preventative maintenance program that maximizes the endurance and longevity of CRSWSC assets, following engineering best practices. The CRSWSC operations team is pleased to once again report that no safety incidents occurred in 2021.

As with previous Annual Reports, the successes of the past year are the result of collaboration and commitment by everyone involved with the CRSWSC. In closing, our Management and Operations team takes pride in serving the Commission and we are eager to continue working with the Commission for many years to come.

CRSWSC MANAGEMENT & OPERATIONS

OPERATIONAL PHILOSOPHY

The CRSWSC water infrastructure enables transmission of potable water to the City of Leduc, Leduc County, City of Beaumont, Town of Calmar, Village of New Sarepta, Village of Hay Lakes, Camrose County and the Town of Millet. EPCOR supplies the CRSWSC from two major water treatment plants, E.L. Smith and Rossdale, both located in the City of Edmonton, each sourcing water from the North Saskatchewan River. Water from Edmonton is boosted by electrically-driven pumps at the Blackmud Creek pumping station along Highway 2 south, approximately 1 km south of Anthony Henday Drive. The transmission main from the Blackmud Creek pump station supplies water to the City of Leduc with lateral mains feeding the City of Beaumont, Town of Calmar, Leduc County, Village of New Sarepta, Village of Hay Lakes, Hamlet of Armena, the Edmonton International Airport, Town of Millet and Discovery Park in the City of Edmonton.

In 2017, the City of Edmonton filed their intent with Municipal Affairs to annex a portion of Leduc County. This led to the Blackmud Creek station (formerly the Boundary station) and 7 km of transmission main residing in what is now City of Edmonton municipal boundaries to be sold to EPCOR in 2020. The pressure supplied from EPCOR's Blackmud Creek station is affected by demand, resulting pressure variances are monitored at the Discovery Park fill station, automation at the Blackmud Creek pump station adjusts pumps speeds to match required pressures.

The Supervisory Control and Data Acquisition (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 14 Programmable Logic Controllers (PLC) located at each of the fill station sites, and the booster stations.

The host PLC, collects data from each site and transfers new data to the other PLCs, as required. The host PLC is located on the CRSWSC side of the City of Leduc Robinson Reservoir. Endpoint adjustment, such as starting of pumps and modulating of valves, are performed by the onsite PLCs upon receipt of command from the host PLC.

Communication between all 14 water commission sites is performed by a UHF radio system installed within each station. There is 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
- Reservoir levels
- Chlorine residuals

The host PLC receives commands from the human machine interface (HMI) located at the City of Leduc Robinson Reservoir fill station. The HMI displays and communicates all SCADA related events for Commission operators.

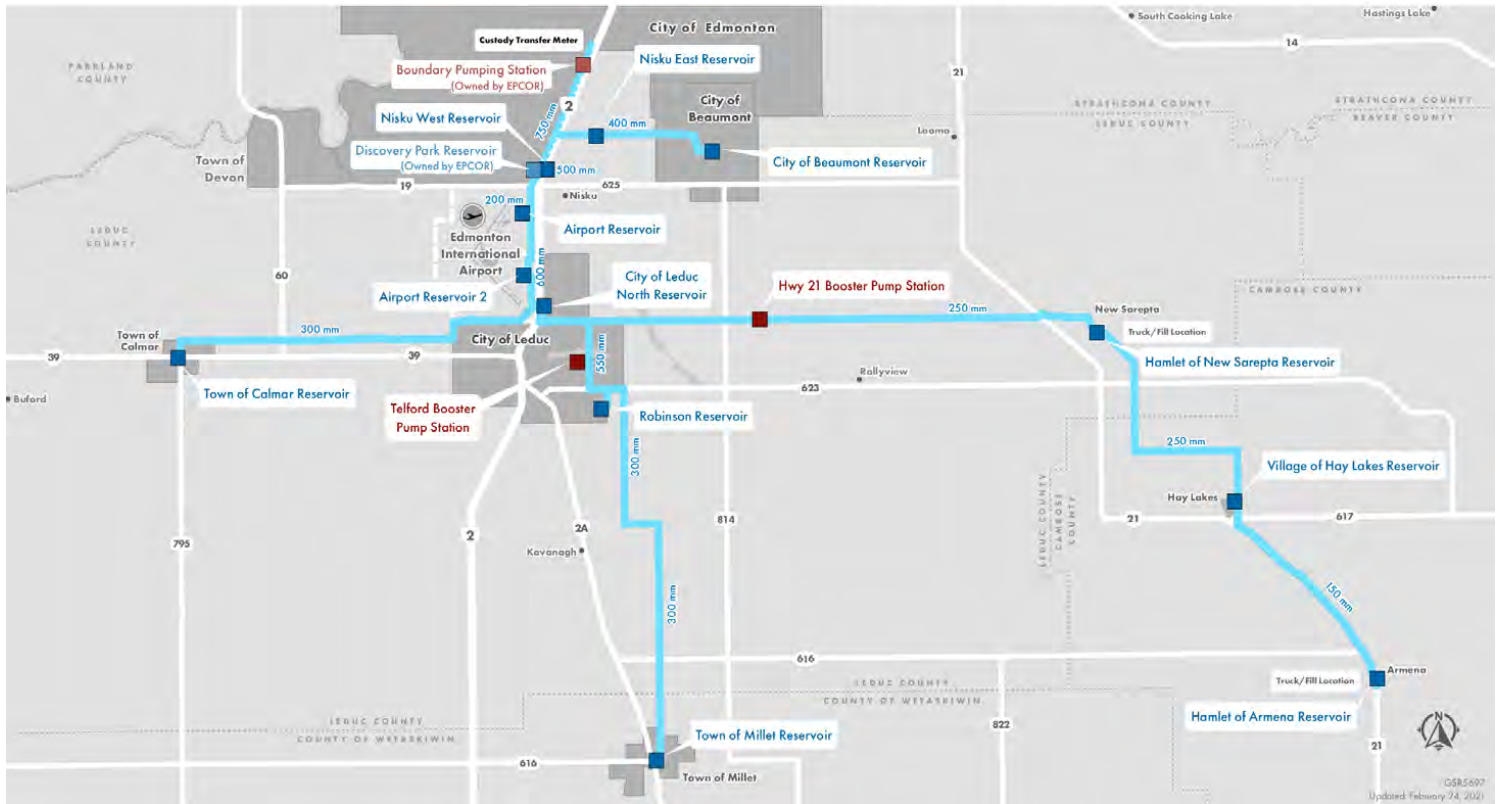
Total flow received from Edmonton is compiled by EPCOR's master meters, which are situated within the Blackmud Creek pump station and Discovery Park fill station. These meters are owned by EPCOR and are serviced on site. The magnetic flow meters keep a record of water entering the Blackmud Creek station which in turn flows into EPCOR's transmission main; the second meter tracks water entering EPCOR's Discovery Park fill station. Water supplied to the Commission is calculated as the difference between these two meters.

CRSWSC MANAGEMENT & OPERATIONS

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION (CRSWSC) TRANSMISSION SYSTEM (see figure 1.1)



- CRSWSC WATER LINE
- PUMP STATION
- URBAN DEVELOPMENT
- COUNTY BOUNDARY AREA
- - - EPCOR WATER LINE
- WATER RESERVOIR
- RURAL DEVELOPMENT
- MAJOR HIGHWAYS



HISTORY TIMELINE OF THE CRSWSC

APRIL 6, 1959
LATE 1970s
1982 - 1983
SEPT. 1984
1985

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 1959-1960** due to the financial contributions of the federal government and debenture borrowing by the three municipalities.

The original waterline had a 300mm diameter, asbestos cement from within the (then) City of Edmonton limits to the airport tie-in and a 250mm 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.

Capacity of the original system was reached. **A NEW STEEL PIPELINE WAS CONSTRUCTED AS PHASE 1** with telescopic diameters; 750mm, 600mm and 500mm, from the City of Edmonton (9 Avenue) to the City of Leduc.

PHASE 2 was constructed.

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.

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.

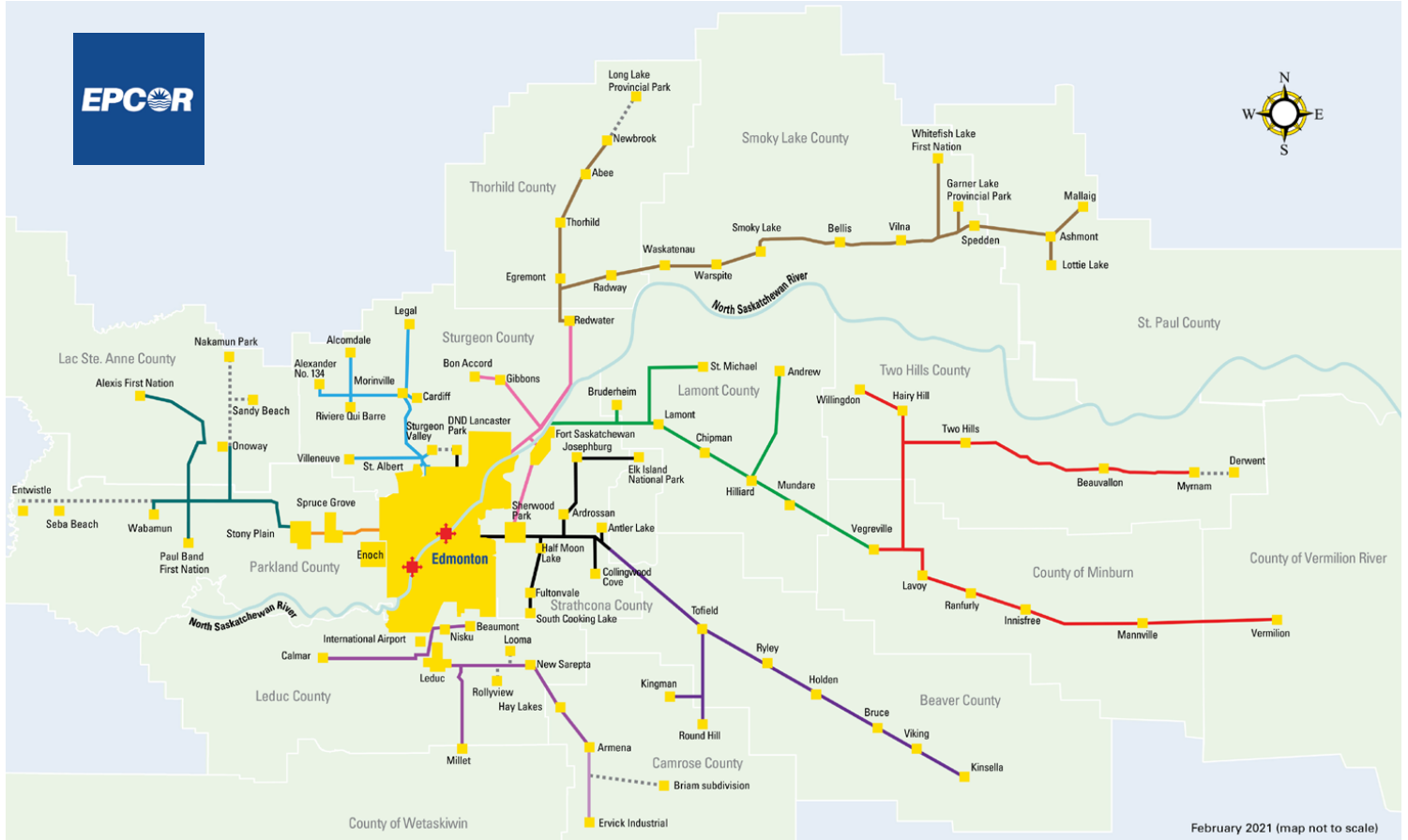
PHASE 3 was to be the On-line Storage Facility and Re-pump Facility for Calmar, however it was not constructed.

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.

Regional Water Service Ownership

- Strathcona County
- CR Northeast WSC
- Highway 14 WSC
- CR Parkland WSC
- West Inter Lake District (WILD) WSC
- Highway 28/63 WSC
- CR Southwest WSC
- John S. Batiuk Regional WSC
- Alberta Central East Corp. (ACE)
- Morinville System
- Camrose County
- Future

EPCOR CAPITAL REGION WATER SERVICE MAP (see figure 1.2)



FALL 1986	1987	1988	1993-1995	1999	2001
<p>AN AGREEMENT WAS FINALIZED FOR THE SALE OF THE COMMISSION'S SYSTEM INSIDE THE EDMONTON CITY LIMITS TO THE CITY OF EDMONTON.</p>	<p>An Agreement was made between the Commission and the County of Leduc to transfer ownership, operation and maintenance of the original 300mm water main to the county, with exception of Nisku Pump House No. 2. The 300mm diameter main now serves as a county distribution main with pressurization from the county's Nisku reservoir.</p>	<p>THE COMMISSION COMPLETED THE CONSTRUCTION OF A 400MM 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.</p>	<p>The Supervisory Control and Data Acquisition (SCADA) system was upgraded to new technology and radio communication with the five fill stations.</p> <p>The AGT Communication Telemetry was replaced with a UHF Radio communication system.</p>	<p>The SCADA system was replaced with Year 2000 capabilities, and Wonderware Software was installed.</p>	<p>THE EDMONTON INTERNATIONAL AIRPORT 200MM CAST IRON LATERAL WAS TWINNED WITH A 200MM PVC LINE FROM THE MAIN LINE TO THE AIRPORT FILL STATION.</p>

Management Team



(Left to Right): Rick Sereda, Elie Klimp, Lauren Padgham, Shannon Bremner, Shawn Olson

(Regrets): Pamela Regier, Mark D'aoust

Operations Team



(Left to Right): Mark D'aoust, Scott Clements, Randy Plican, Zach Reimer, Rick Cannon, Patrick Martin, Jason Lindbeck, James Sew, Keung Lee

(Regrets): Darrell Claydon

HISTORY TIMELINE OF THE CRSWSC

THE BEAUMONT 300MM PIPELINE WAS TWINNED WITH A 400MM LINE FROM THE WEST EDGE OF THE TOWN BOUNDARY INTO THE BEAUMONT FILL STATION.

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.

The Commission acquired a revocable license by the Department of Transport (federal government) for the Commission's water lines on Edmonton International Airport property (exclusive of the east/west water line at the south end of airport property).

The City of Leduc took over the operation of the Commission.

In 2012, the 14" Foxboro magnetic flow meter was upgraded to a 16" ABB magnetic flow meter at the Boundary Station.

Millet requested to become a member of the Commission, which they will become after the completion of the transmission main extension to the Town of Millet.

Hamlet of Armena extension design work was completed for the main extension.

Completion of the 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 Avenue interchange.

New water licensing Agreement with the Regional Water Customers' Group (RWCG).



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.

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.

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.

Under the 'Water for Life Strategy,' the Commission partnered with Alberta Transportation to construct the south Highway 21 water line. The new 250mm 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.

EPCOR realigned a segment of the 762mm steel main for the 41st Avenue Interchange.

Edmonton International Airport realigned a segment of the 600mm steel main for commercial development on their property.

The SCADA system was upgraded to replace the PLC's, programming and associated hardware modifications.

The south Highway 21 water main asset transferred to the CRSWSC from Strathcona County.

CRSWSC MANAGEMENT & OPERATIONS



The Commission took over construction management of the Town of Millet Water Supply Line Project.

The Town of Millet was welcomed to join the Board as directors-at-large.

The Water Master Plan was completed which identified key required long term improvements to the existing Commission infrastructure.

The City of Leduc was the successful proponent for the CRSWSC operations and management contract with a three year term extendable to five years.

PUMP UPGRADES AT THE HIGHWAY 21 BOOSTER STATION WERE COMPLETED.

The Water Master Plan update was completed by Associated Engineering with input and direction from Board Members. Edmonton's Discovery Park's first facility came online and the Edmonton International Airport (EIA) added a second fill station. A License Agreement was executed with the EIA regarding the CRSWSC transmission main within EIA land.

Negotiations commenced with EPCOR regarding assets within the Edmonton annexation area. Negotiations also commenced with Leduc County in order to secure land for a new Booster facility required in 2023. An Option to Purchase was executed in late 2019 to secure a land parcel for a future Booster Station.

THE CRSWSC CELEBRATED 35 YEARS OF OPERATION IN SEPTEMBER 2019.

Through coordination with the Regional Water Customers Group (RWCG), the Commission obtained a water license from Alberta Environment and Parks which **PROVIDES WATER SECURITY INTO THE FUTURE.**

IN MAY, THE COMMISSION ADOPTED BYLAW 01/2021

and repealed all previous Bylaws in order to comply with changes to the MGA, intended to reduce red tape. In addition, water allocations within the transmission mains for each municipality was also removed from the Bylaw.

Planning commenced for the design and construction of the **NEW NISKU BOOSTER STATION** to increase service pressures to Member municipalities in order to meet long-term demands in accordance with the Masterplan.

2015

2016 - 2018

2019

2020

2021

Construction on the Millet Water Supply Line Project began in early Summer 2016 and the grand opening ceremony was celebrated in April 2017.

The Commission's radio communication network was upgraded including the re-alignment of all antennas, the installation of four new towers and a signal transmission modification. The radio system upgrades signaled the end of the Hamlet of Armena's extension project.

Negotiations were finalized with EPCOR and a Sale Agreement executed for the sale of assets impacted by the annexation. The sale closed in late 2020 which transferred the former Boundary Station to EPCOR (adjacent to Highway 2), along with 7 km of transmission main from the former Boundary station to just south of the Discovery Park lateral to EPCOR.

Security upgrades were completed at the Highway 21 Booster Station.

The CRSWSC started the RFP process to secure a design firm for the new Booster Station late in 2020.

AR 292/84 was repealed by AR 122/2020 as part of the government's effort to reduce red tape by granting municipal authorities more autonomy and reducing the required amount of provincial approvals for Regional Service Commissions. CRSWSC continues to operate as before in accordance with their bylaws and Part 15.1 of the MGA. The CRSWSC commenced a bylaw review and update to ensure compliance with the MGA changes and to reflect the changes to the Commission as a result of the EPCOR asset sale.

CRSWSC FINANCIAL REPORT

Finance Team



Lauren Padgham



Elie Klimp



Gerard Del Rosario faithfully served as the Commission Accountant until the end of 2021. The Commission would like to formally thank Gerard for his dedicated service and financial stewardship. The Commission warmly welcomes Elie Klimp as the incoming Commission Accountant, effective as of January 1, 2022.

**CAPITAL REGION SOUTHWEST
WATER SERVICES COMMISSION (CRSWSC)**

LEDUC, ALBERTA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CRSWSC



Capital Region Southwest
Water Services Commission

crswsc.ca



Management's Responsibility

To the Members of the Capital Region Southwest Water Services Commission:

The accompanying financial statements of the Capital Region Southwest Water Services Commission are the responsibility of management and have been approved by the Board of Directors.

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

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Board of Directors is composed entirely of individuals who are neither management nor employees of the Capital Region Southwest Water Services Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Capital Region Southwest Water Services Commission's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 21, 2022

Managing Partner

Independent Auditor's Report

To the Members of the Capital Region Southwest Water Services Commission:

Opinion

We have audited the financial statements of the Capital Region Southwest Water Services Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, remeasurement gains and losses, change in net financial assets, cashflows and the related schedules I through III for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2021, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Leduc, Alberta

April 21, 2022

MNP LLP

Chartered Professional Accountants

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

Statement of Financial Position

AS AT DECEMBER 31, 2021

	2021	2020
Financial assets		
Cash	3,904,693	3,858,746
Investments (Note 3)	12,186,279	8,173,571
Trade and other accounts receivable (Note 4)	827,550	2,546,143
	16,918,522	14,578,460
Liabilities		
Accounts payable and accrued liabilities	666,196	964,257
Long-term debt (Note 5)	815,884	873,243
	1,482,080	1,837,500
Net financial assets	15,436,442	12,740,960
Non-financial assets		
Tangible capital assets (Schedule II)	21,978,248	22,062,910
Accumulated surplus (Schedule I)	37,414,689	34,803,870

Commitments (Note 10)
Contingencies (Note 11)

Approved on behalf of the Board of Directors:


 _____ Chairperson


 _____ Treasurer

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

Statement of Operations

FOR THE YEAR ENDED DECEMBER 31, 2021

CRSWSC
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	2021 Budget (Note 8)	2021	2020
Water revenue	9,174,831	10,323,723	9,320,038
Cost of sales	5,825,106	6,554,578	5,596,773
Gross profit	3,349,725	3,769,145	3,723,265
Other revenue			
Realized return on investments	100,000	264,644	168,139
Contributions from members	93,903	93,903	93,903
Other income	-	-	21,306
Gain on disposal of tangible asset	-	-	269,028
	193,903	358,547	552,376
Expenses			
Operating contract	417,590	417,590	417,590
Amortization	-	406,507	514,214
Management contract	141,671	141,671	141,671
Repairs and maintenance	117,340	104,962	193,120
Utilities	83,036	75,470	177,170
Professional fees	76,500	48,904	57,606
Interest on long-term debt	36,544	36,543	38,650
Insurance	30,000	22,902	29,335
Honorarium and travel	103,780	13,391	20,199
Office and annual meeting	33,250	13,736	19,624
Engineering fees	50,000	2,684	35,653
	1,089,711	1,284,360	1,644,832
Excess of revenue over expenses before other	2,453,917	2,843,332	2,630,809
Other			
Government transfers for capital <i>(Schedule III)</i>	-	-	53,812
Excess of revenue over expenses	2,453,917	2,843,332	2,684,621

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

Statement of Remeasurement Gains and Losses

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Unrealized gains (losses) attributable to:		
Portfolio investments	(212,658)	249,574
Amounts reclassified to the statement of operations:		
Portfolio investments	(19,855)	(136,868)
Net remeasurement gains (losses) for the year	(232,513)	112,706
Accumulated remeasurement gains, beginning of year	112,706	-
Accumulated remeasurement gains (losses), end of year	(119,807)	112,706

Statement of Change in Net Financial Assets

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 <i>Budget</i> <i>(Note 8)</i>	2021	2020
Excess of revenue over expenses	2,453,917	2,843,332	2,684,621
Acquisition of tangible capital assets	(1,540,000)	(321,844)	(31,110)
Proceeds on disposal of tangible capital assets	-	-	1,582,241
Amortization of tangible capital assets	-	406,507	514,214
Gain on disposal of tangible capital assets	-	-	(269,028)
Remeasurement gains (losses)	-	(232,513)	112,706
Increase in net financial assets	913,917	2,695,482	4,593,644
Net financial assets, beginning of year	12,740,960	12,740,960	8,147,316
Net financial assets, end of year	13,654,877	15,436,442	12,740,960

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

Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2021

CRSWSC
FINANCIAL
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	2021	2020
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	2,843,332	2,684,621
Non-cash items:		
Amortization of tangible capital assets	406,507	514,214
Gain on disposal of tangible capital assets	-	(269,028)
Net change in non-cash operating working capital balances:		
Decrease in deferred revenue	-	(158,974)
Increase (decrease) in accounts payable and accrued liabilities	(356,174)	395,381
Increase (decrease) in trade and other accounts receivable	136,352	(19,222)
	3,030,017	3,146,992
Investing		
Proceeds on disposal of tangible capital assets	1,582,241	-
Acquisition of tangible capital assets	(263,731)	(31,110)
Net change in investments	(4,245,221)	(2,137,642)
	(2,926,711)	(2,168,752)
Financing		
Repayment of long-term debt	(57,359)	(55,157)
Increase in cash	45,947	923,083
Cash, beginning of year	3,858,746	2,935,663
Cash, end of year	3,904,693	3,858,746

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

Schedule I - Schedule of Changes in Accumulated Surplus

FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted Surplus	Restricted Operating Reserve	Restricted Capital Reserve	Equity in Capital Assets	Accumulated Measurement Gains (Losses)	2021	2020
Balance, beginning of year	815,982	938,296	11,747,219	21,189,667	112,706	34,803,870	32,006,543
Excess of revenue over expenses	2,843,332	-	-	-	-	2,843,332	2,684,621
Unrestricted funds designated for future use	(2,792,507)	306,000	2,486,507	-	-	-	-
Restricted funds used	-	-	(321,844)	321,844	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Amortization of tangible capital assets	406,507	-	-	(406,507)	-	-	-
Unrealized gain (loss) on investments	-	-	-	-	(212,658)	(212,658)	249,574
Realized gain on investments	-	-	-	-	(19,855)	(19,855)	(136,868)
Repayment of long-term debt	(57,359)	-	-	57,359	-	-	-
Change in accumulated surplus	399,973	306,000	2,164,663	(27,304)	(232,513)	2,610,819	2,797,327
Balance, end of year	1,215,955	1,244,296	13,911,882	21,162,363	(119,807)	37,414,689	34,803,870

Schedule II - Schedule of Tangible Capital Assets

FOR THE YEAR ENDED DECEMBER 31, 2021

	Land	Engineered Structures	Equipment	2021	2020
Balance, beginning of year	208,298	25,944,559	430,738	26,583,595	30,039,650
Acquisition of tangible capital assets	-	321,844	-	321,844	31,110
Disposal of tangible capital assets	-	-	-	3,487,166	-
Balance, end of year	208,298	26,266,403	430,738	26,905,439	26,583,594
Accumulated amortization:					
Balance, beginning of year	-	4,262,832	257,852	4,520,684	6,180,423
Annual amortization	-	364,185	42,322	406,507	514,214
Accumulated amortization on disposals	-	-	-	-	2,173,953
Balance, end of year	-	4,627,017	300,174	4,927,191	4,520,684
Net book value	208,298	21,639,386	130,564	21,978,248	22,062,910
2020 net book value	208,298	21,681,726	172,886	22,062,910	-

Cost includes construction in progress of \$331,245 (2020 - \$22,218). These amounts are not amortized until the asset is completed and in use. During the year, tangible capital assets were acquired at an aggregate cost of \$321,844 (2020 - \$31,110), of which there was \$58,113 (2020 - \$nil) included in accounts payable and accrued liabilities at year end. The remaining \$263,731 (2020 - \$31,110) was acquired in cash. Tangible capital assets were sold for aggregate proceeds of \$nil (2020 - \$1,582,241), of which there were \$nil (2020 - \$1,582,241) in trade and other accounts receivable at year end.

**Schedule III -
Schedule of Government Transfers**

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 Budget (Note 8)	2021	2020
Capital			
Provincial	-	-	39,719
Local	-	-	14,093
	-	-	53,812

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

Notes to Financial Statements

DECEMBER 31, 2021

1. Nature of the organization

The Capital Region Southwest Water Services Commission (the "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. Significant accounting policies

The financial statements of the Commission are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Commission are as follows:

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Cash

Cash includes balances deposited with financial institutions.

Investments

Investments with prices quoted in an active market are recorded at fair value. Income earned from investments 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 investment.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Commission is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2021. The Commission has not identified any contaminated sites at the financial reporting date.

At each financial reporting date, the Commission reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Commission continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Notes to Financial Statements

DECEMBER 31, 2021

2. Significant accounting policies (continued from previous page)

Revenue recognition

i. Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

The Commission recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Commission recognizes revenue as the liability is settled.

ii. Water and other revenue

Water sales and other sources of revenue 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.

iii. Return on investments

Income earned from investments 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 investment.

Non-financial assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimate useful lives of the assets as follows:

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

Assets under construction are not amortized until the asset is available for productive use. The net book value of assets under construction in the current year is \$331,245 (2020 - \$22,218).

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.

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

The Commission recognizes its financial instruments when the Commission becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at their fair value.

The Commission subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

All financial assets are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

Future Accounting Standards**Effective on or after April 1, 2022:**

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. The extent of the impact on adoption of this future standard is not known at this time.

Notes to Financial Statements

DECEMBER 31, 2021

3. Investments	2021	2020
Bonds	12,224,713	8,015,704
Interest receivable	81,373	45,161
Unrealized gain (loss)	(119,807)	112,706
	12,186,279	8,173,571

Book value at December 31, 2021 is \$12,306,086 (2020 - \$8,060,865). Investments consist of a mix of bonds with a rate of return between 1.57% and 3.89%, maturing between 2024 and 2031. The income from these investments is being reinvested as received.

4. Trade and other accounts receivable	2021	2020
Trade receivables due from member municipalities	811,113	951,671
Goods and Services Tax Receivables	15,173	12,231
Other trade receivables	1,264	1,582,241
	827,550	2,546,143

5. Long-term debt	2021	2020
Debenture held by the Alberta Government repayable in semi-annual installments of \$34,371 including interest at 4.589%, due December 15, 2034.	667,465	704,304
Debenture held by the Alberta Government repayable in semi-annual installments of \$12,580 including interest at 2.832%, due June 15, 2028.	148,419	168,939
	815,884	873,243

Payments of interest and principal are due as follows:

	Principal	Interest	Total
2022	59,655	34,247	93,902
2023	62,046	31,856	93,902
2024	64,538	29,364	93,902
2025	67,134	26,768	93,902
2026	69,839	24,063	93,902
To maturity	492,672	95,006	587,678
	815,884	241,304	1,057,188

Debenture debt is issued on the credit and security of the Commission at large. The Commission's payments for interest in 2021 were \$38,746 (2020 - \$40,861).

Notes to Financial Statements

DECEMBER 31, 2021

6. Debt limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 76/2000 for the Capital Region Southwest Water Services Commission be disclosed as follows:

	2021	2020
Total debt limit	21,364,540	19,744,828
Total debt	815,884	873,243
<hr/>		
Amount of debt limit unused	20,548,656	18,871,585
<hr/>		
Service on debt limit	3,738,794	3,455,345
Service on debt	93,902	93,902
<hr/>		
Amount of debt servicing limit unused	3,644,892	3,361,443
<hr/>		

The debt limit is calculated at 2 times revenue of the Commission (as defined in Alberta Regulation 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 municipalities which could be a 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.

7. 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:

	2021	2020
City of Leduc	4,964,697	4,557,963
City of Beaumont	2,507,055	2,265,722
Leduc County	1,372,975	1,141,893
Edmonton International Airport	652,228	597,021
Town of Calmar	410,784	383,206
Town of Millet	320,955	291,861
Village of Hay Lakes	61,448	58,248
Camrose County	33,581	24,124
<hr/>		
	10,323,723	9,320,038
<hr/>		

Notes to Financial Statements

DECEMBER 31, 2021

7. Related party transactions *(continued from previous page)*

(b) Contributions from members

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

	2021	2020
Leduc County	46,482	46,482
Village of Hay Lakes	33,429	33,429
Camrose County	13,991	13,991
	93,902	93,902

(c) Management and operating contract fees

During the year, the Commission paid \$141,671 (2020 - \$141,671) in management fees and \$417,590 (2020 - \$417,590) in operating fees to the City of Leduc.

(d) Trade and other accounts receivable

The year end trade and other accounts receivable balance includes a total of \$811,113 (2020 - \$951,671) receivable from member municipalities.

(e) Accounts payable and accrued liabilities

The year end accounts payable and accrued liabilities balance includes a total of \$48,935 (2020 - \$nil) owing to member municipalities.

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

8. Budget information

The disclosed budget information was approved by the Board on January 21, 2021. The following is a reconciliation between the budget approved and that showing in the financial statements:

	Budget 2021
Approved budget operating surplus <i>(deficit)</i>	-
Acquisition of tangible capital assets	1,540,000
Transfer to accumulated surplus	856,558
Debenture principal repayments	57,359
Excess of revenue over expenses <i>(Statement of Operations)</i>	2,453,917

9. Financial instruments

The Commission as part of its operations carries a number of financial instruments. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risk arising from these financial instruments except as otherwise disclosed. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Credit risk

As at December 31, 2021, three related parties (2020 - three) accounted for 82% (2020 - 88%) of the trade and other accounts receivable balance. The Commission believes that there is no unusual exposure associated with the collection of these receivables. The Commission provides allowances for potentially uncollectible accounts receivable, if necessary.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Commission's investments in publicly-traded fixed income instruments exposes the Commission to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

10. Commitments

The Commission has entered into operation and management agreements with the City of Leduc, in the amount of \$559,261, expiring on December 31, 2022. Capital commitments are not reflected in the financial statements. These capital commitments were included in the Commission's capital budget and will be funded from government transfers for capital and reserves in future years.

11. Contingencies

The Commission is a member of the Regional Water Customer Group. Each year, the total cost of water delivery is settled between EPCOR Water Services Inc. and the Regional Water Customer Group. Under the terms of the membership, the Commission could become liable for its proportionate share of any costs in excess of funds held by Regional Water Customer Group. Any liability incurred would be accounted as a current transaction in the year the costs are determined.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

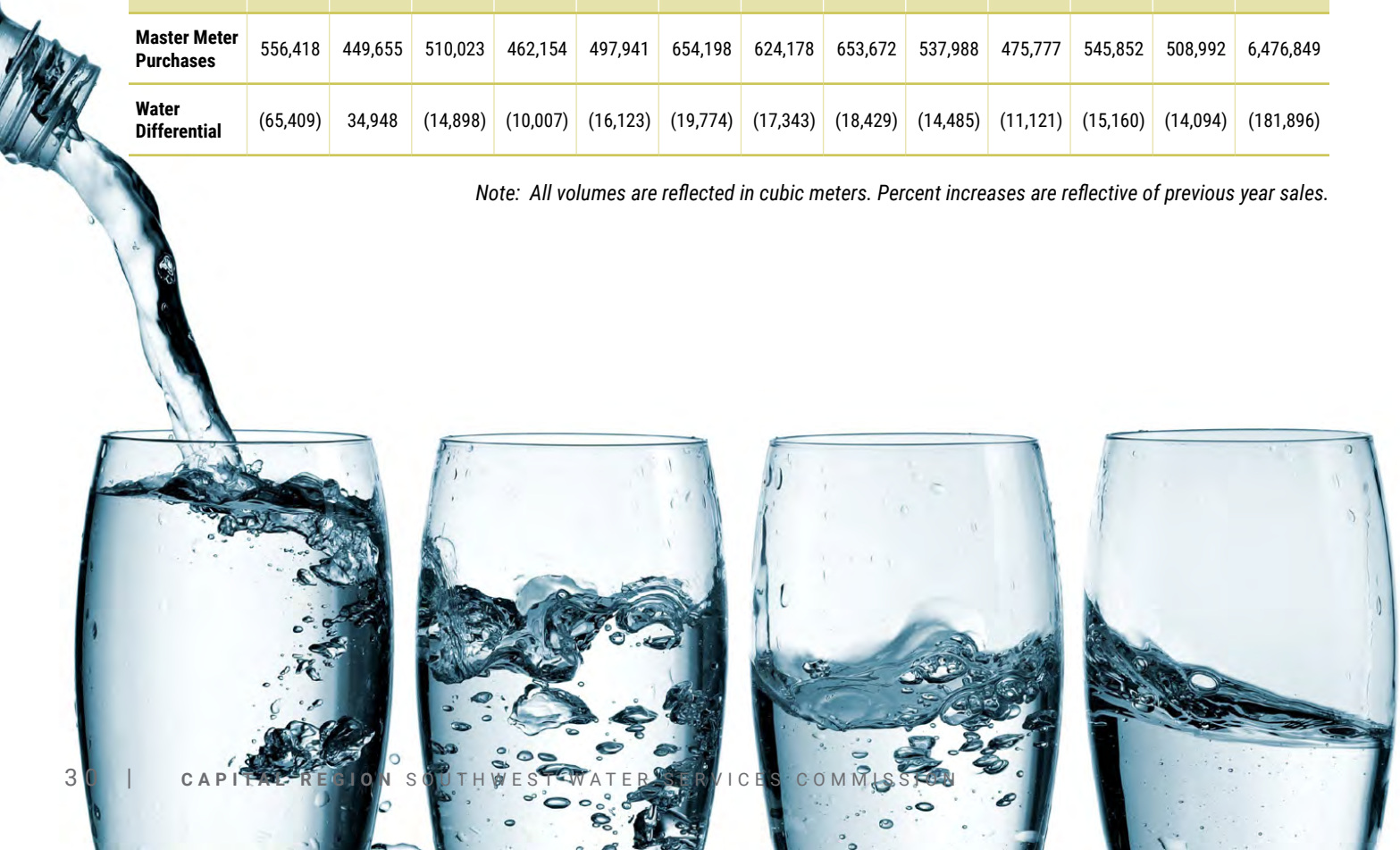
13. Significant event

On March 11, 2020, the World Health Organization declared a global outbreak of COVID-19, which has had a significant impact on the operations of organizations through the restrictions put in place by the Canadian and provincial government regarding travel, isolation/quarantine orders and restrictions on non-essential businesses. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Commission as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, including the duration of service disruption and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Water Sales (2021)

Customers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
City of Leduc	240,195	235,758	249,143	229,265	232,423	306,609	285,260	293,755	248,818	223,762	243,185	239,081	3,027,254
City of Beaumont	123,470	116,096	121,550	111,650	118,364	162,080	158,288	149,683	122,007	107,909	121,233	116,362	1,528,692
Leduc County	58,789	66,902	54,961	50,241	54,449	72,070	75,582	98,950	82,029	63,863	93,439	65,906	837,181
Town of Calmar	20,332	19,875	21,051	19,344	21,010	29,348	24,984	24,555	19,317	16,394	16,964	17,304	250,478
International Airport	28,468	26,076	27,826	23,420	36,150	36,107	38,249	42,370	31,960	34,594	36,088	36,392	397,700
Village of Hay Lakes	3,197	3,330	3,015	2,748	2,928	4,291	3,375	3,337	2,738	2,694	2,906	2,909	37,468
Camrose County	1,381	1,133	1,354	918	1,503	1,969	2,088	2,117	1,653	1,564	2,307	2,489	20,476
Town of Millet	15,177	15,433	16,225	14,561	14,991	21,950	19,009	20,476	14,981	13,876	14,570	14,455	195,704
Total Sales	491,009	484,603	495,125	452,147	481,818	634,424	606,835	635,243	523,503	464,656	530,692	494,898	6,294,953
Master Meter Purchases	556,418	449,655	510,023	462,154	497,941	654,198	624,178	653,672	537,988	475,777	545,852	508,992	6,476,849
Water Differential	(65,409)	34,948	(14,898)	(10,007)	(16,123)	(19,774)	(17,343)	(18,429)	(14,485)	(11,121)	(15,160)	(14,094)	(181,896)

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



CRSWSC FINANCIAL REPORT

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Water Sales Percent (2011 - 2021)

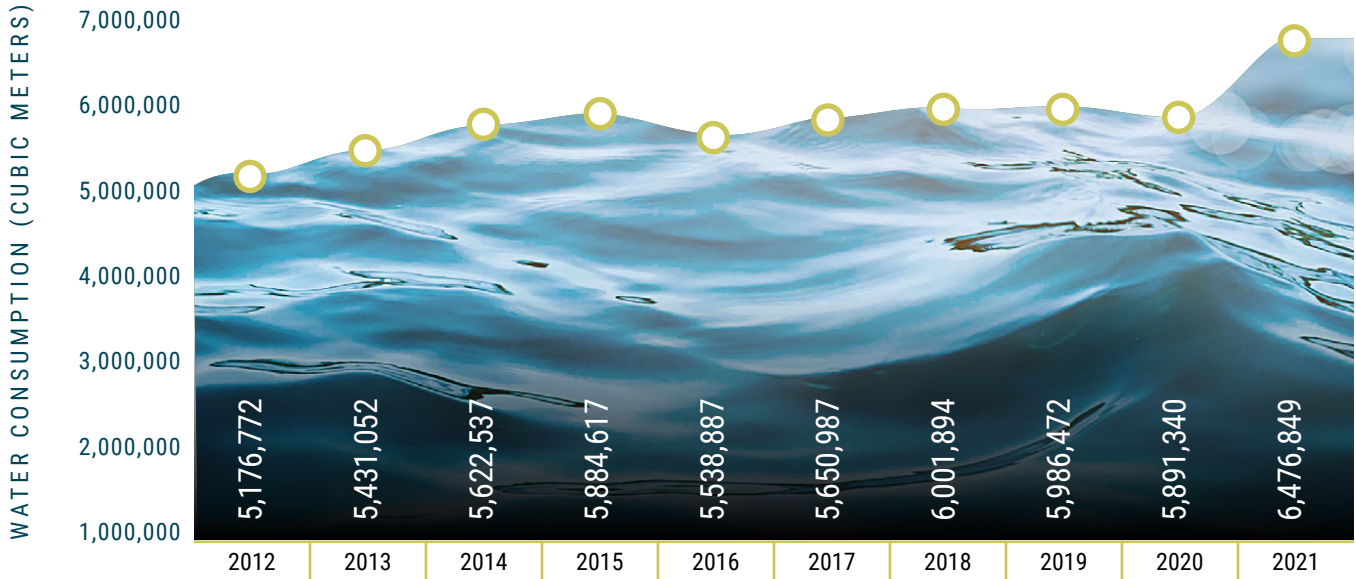
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Purchases	5,053,510	5,176,772	5,431,052	5,622,537	5,884,617	5,538,887	5,650,987	6,001,894	5,986,472	5,891,340	6,476,849
City of Leduc	2,784,215	2,841,830	2,989,374	2,929,991	3,024,774	2,809,860	2,775,148	2,911,949	2,771,635	2,779,246	3,027,254
<i>percentage</i>	55.2%	55.1%	55.2%	53.6%	52.9%	52.4%	50.7%	50.0%	47.4%	48.9%	48.1%
City of Beaumont	1,071,211	1,103,036	1,148,384	1,205,832	1,307,363	1,285,008	1,277,175	1,326,824	1,301,174	1,381,538	1,528,692
<i>percentage</i>	21.2%	21.4%	21.2%	22.1%	22.9%	23.9%	23.3%	22.8%	22.3%	24.3%	24.3%
Leduc County	704,122	715,710	767,430	773,719	804,621	679,266	668,132	733,584	783,644	696,276	837,181
<i>percentage</i>	14.0%	13.9%	14.2%	14.2%	14.1%	12.7%	12.2%	12.6%	13.4%	12.3%	13.3%
Town of Calmar	190,481	194,065	204,777	215,174	217,182	229,300	233,459	237,193	223,393	233,662	250,478
<i>percentage</i>	3.8%	3.8%	3.8%	3.9%	3.8%	4.3%	4.3%	4.1%	3.8%	4.1%	4.0%
International Airport	262,791	271,026	266,433	302,528	321,527	319,299	330,425	378,415	536,461	364,037	397,700
<i>percentage</i>	5.2%	5.3%	4.9%	5.5%	5.6%	6.0%	6.0%	6.5%	9.2%	6.4%	6.3%
Village of Hay Lakes	31,397	34,498	35,760	38,207	37,686	37,035	35,526	37,097	40,068	35,517	37,468
<i>percentage</i>	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%	0.6%
Camrose County				67	5,118	6,372	5,689	6,558	8,874	14,710	20,476
<i>percentage</i>				0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%
Town of Millet							144,750	188,019	179,214	177,964	195,704
<i>percentage</i>							2.6%	3.2%	3.1%	3.1%	3.1%
Total Sales	5,044,217	5,160,165	5,412,158	5,465,518	5,718,271	5,366,140	5,470,304	5,819,639	5,844,463	5,682,950	6,294,953
% Year Increase	6.0%	2.3%	4.9%	1.0%	4.6%	-6.2%	1.9%	6.4%	0.4%	-2.8%	10.8%

Average increase of 1.60% per year over ten year period.

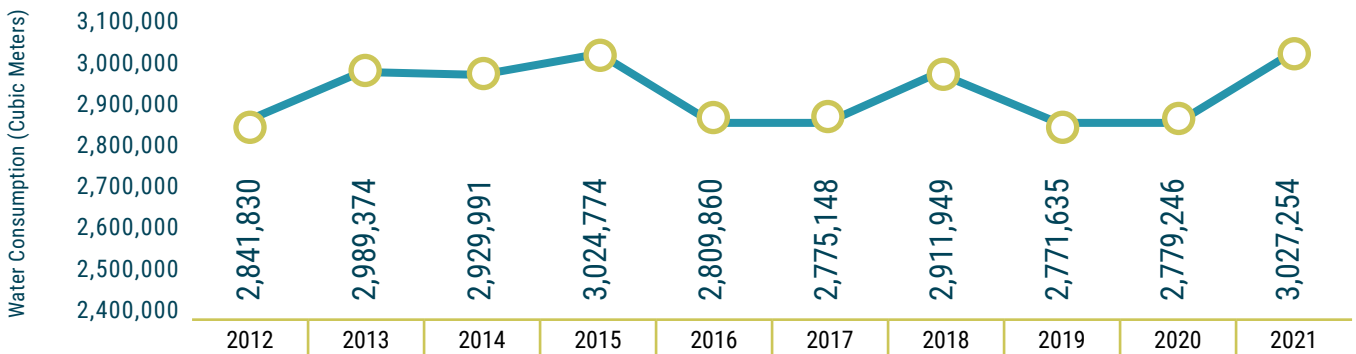
Note: All volumes are reflected in cubic meters. Percent increases are reflective of previous year sales.

Annual Water Consumption (2012 - 2021)

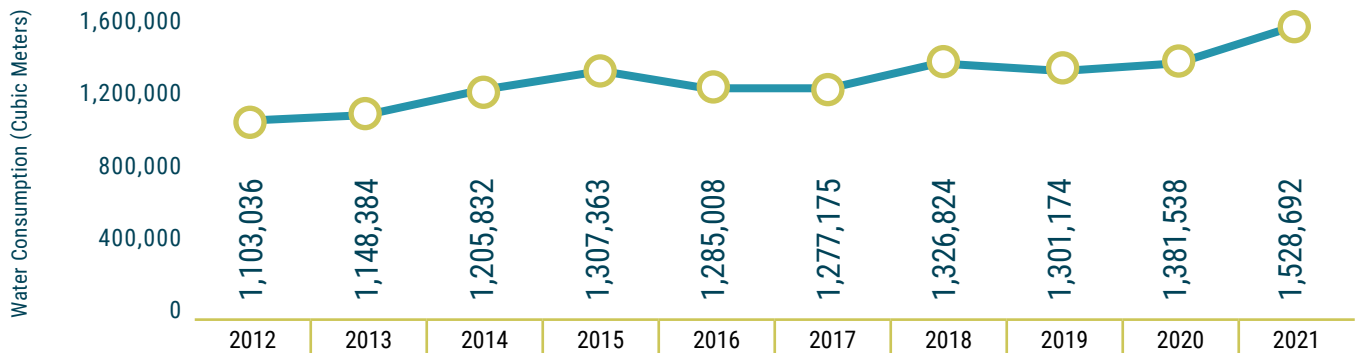
REGIONAL WATER COMMISSION



CITY OF LEDUC



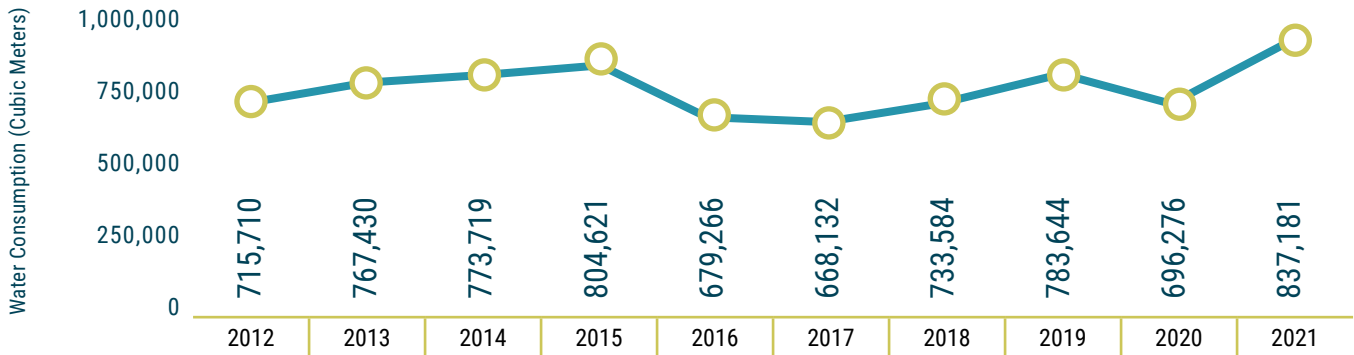
CITY OF BEAUMONT



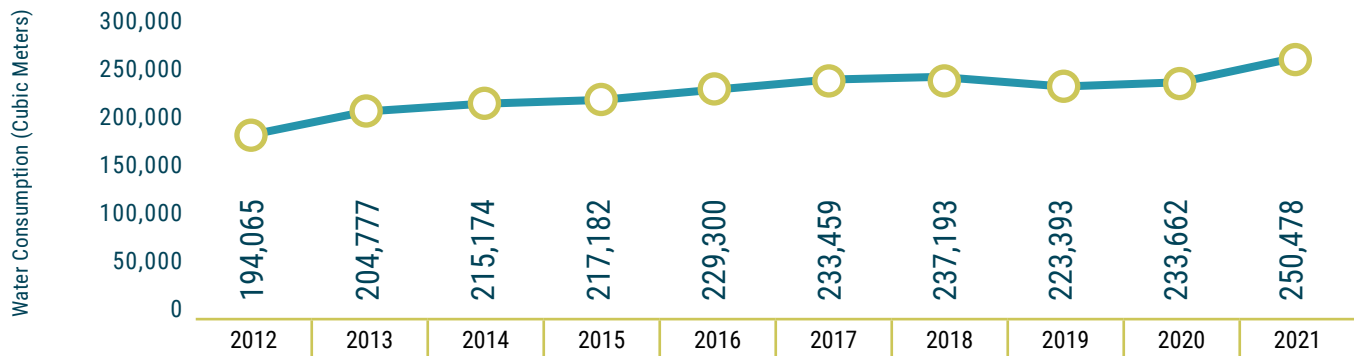
CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Annual Water Consumption (2012 - 2021)

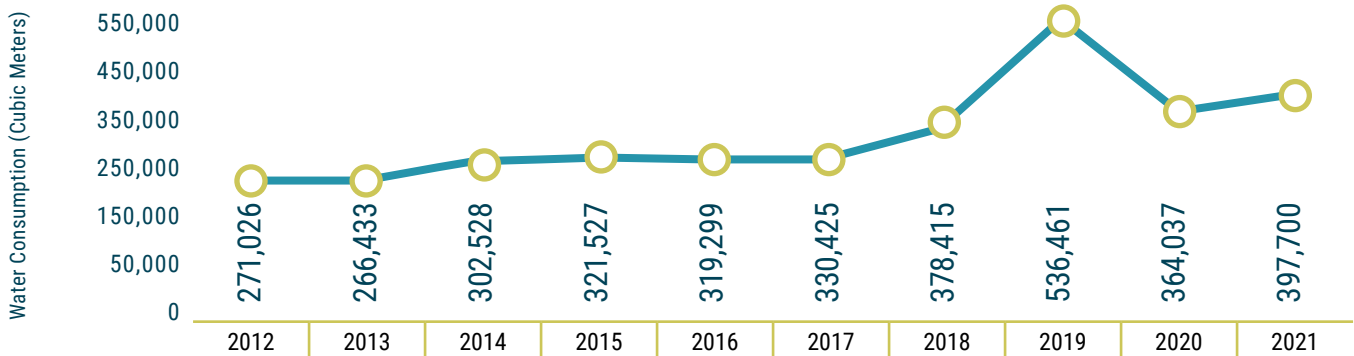
LEDUC COUNTY



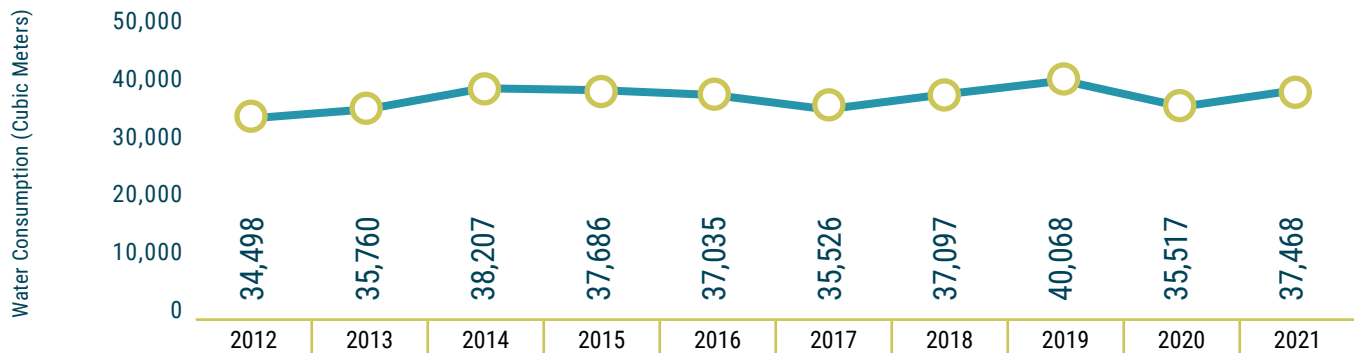
TOWN OF CALMAR



EDMONTON INTERNATIONAL AIRPORT

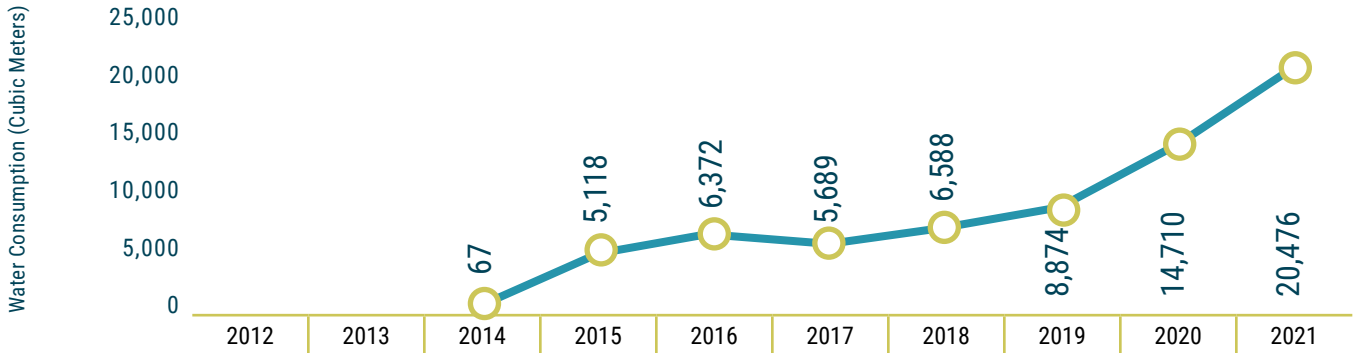


VILLAGE OF HAY LAKES

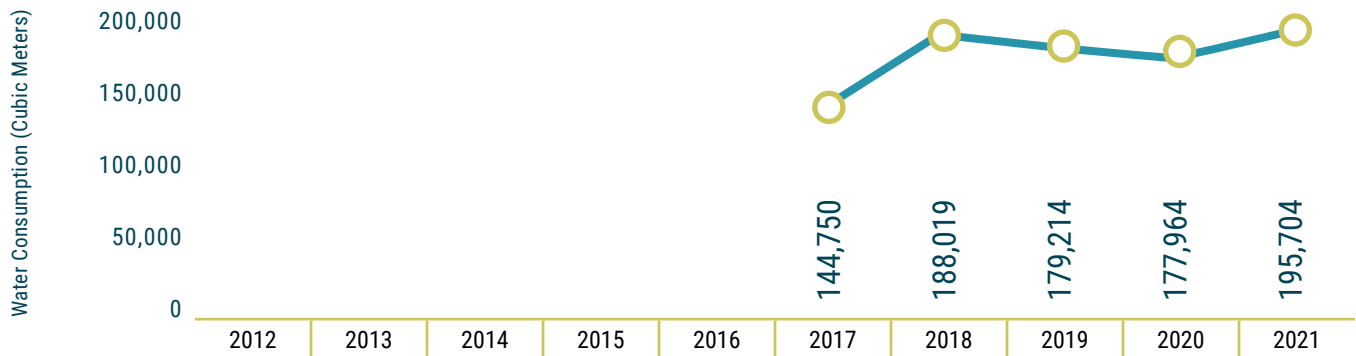


Annual Water Consumption (2012 - 2021)

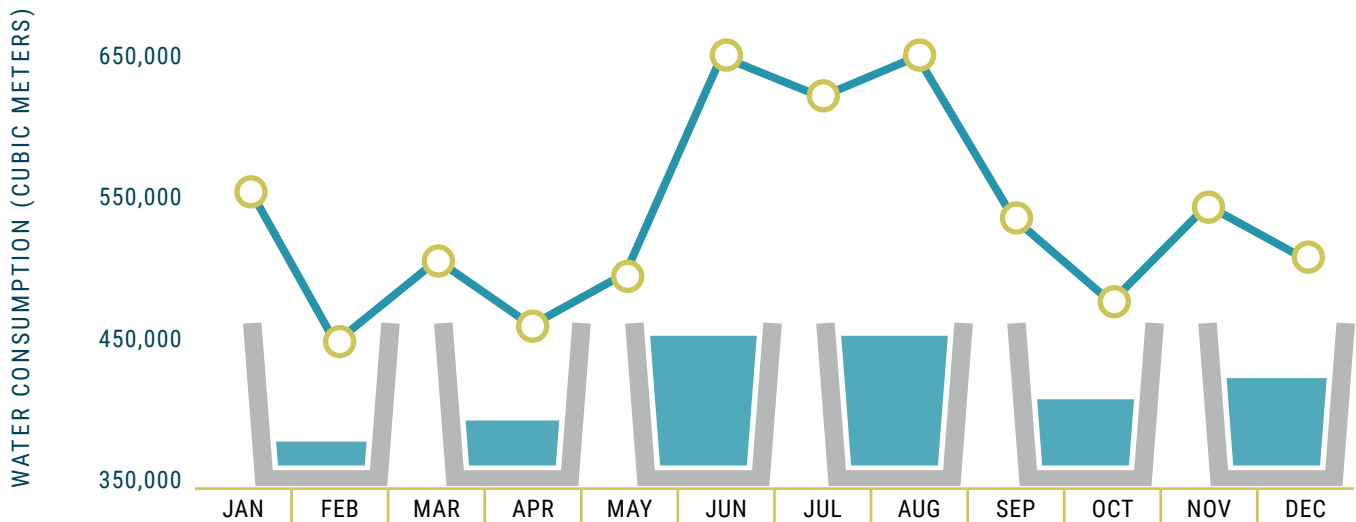
CAMROSE COUNTY



TOWN OF MILLET



Water Commission Consumption (2021)



CRSWSC FINANCIAL REPORT

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Customer Share of Water Sales (2021)

● City of Leduc	48.1%
● City of Beaumont	24.3%
● Leduc County	13.3%
● Town of Calmar	4.0%
● International Airport	6.3%
● Village of Hay Lakes	0.6%
● Camrose County	0.3%
● Town of Millet	3.1%



CRSWSC



Capital Region Southwest
Water Services Commission

c/o City of Leduc Civic Centre

#1 Alexandra Park, Leduc, AB T9E 4C4

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