

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

ANNUAL REPORT

2022



CITY OF BEAUMONT | TOWN OF CALMAR | CAMROSE COUNTY | VILLAGE OF HAY LAKES

CITY OF LEDUC | LEDUC COUNTY | TOWN OF MILLET

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CRSWSC BOARD

CHAIRMAN'S MESSAGE

Bill Daneluik, Board Chair

On behalf of the Capital Region Southwest Water Services Commission (CRSWSC) Board, I feel privileged to deliver the Chairman's Message and share some of the Commission's successes in 2022.

Upon reflection of our 2022 activities, I am most proud of the City of Leduc Administration team and Associated Engineering's diligent work in **proactively acquiring the \$2,325,300 Water for Life Grant Funding** for the Nisku Booster Station project.

This grant funding was extremely helpful in offsetting some of the impacts of inflationary pressures observed in the tender submissions. The Board is eager for the formal ground-breaking ceremony to celebrate the start of construction of this new facility in Spring 2023, which will feature the Commission's first solar panel array.

I would also like to take this opportunity to highlight the innovative work of our Administration team in finding a solution to tender challenges with the Beaumont Pipe Upgrade project. This project will now be completed as part of the Nisku Booster Station contract, leveraging the economies of scale of this much larger project. This project is now scheduled to commence in Fall 2023.

In relation to the Management and Operations contract RFP process, I would like to acknowledge and thank Wally Yachimetz, former Commission Chair, and Jason Casault, Chair of the Regional Water Customers Group (RWCG), for their assistance in participating in the RFP review committee. Based on their assessment, I am pleased that the City of Leduc Administration team was the successful proponent, agreeing to continue serving the Commission for the next 4-year term, from 2023 - 2026. The Commission looks forward to continuing work with the dedicated City of Leduc Administration team, who have a record of exceptional performance.

The Board would also like to acknowledge and thank former Councillor Kelly Vandenberghe, who resigned from Leduc County Council in August 2022. Kelly Vandenberghe was a dedicated and engaged member of the Board, and his presence and passion is dearly missed. Councillor Rick Smith, former Chair of the Commission, is welcomed back to Board as a representative for Leduc County. We look forward to once again working with Councillor Rick Smith and leveraging his previous experience and expertise.

In closing, I wish to thank all of our dedicated Board members and Administration for their cooperative approach in fulfilling our mission and delivering our vision to the region. We look forward to another busy year in 2023 as the Commission embarks on construction of the Nisku Booster Station and Beaumont Pipe Upgrade projects.

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 2022, Mayor Bill Daneluik was elected as chair and Councillor Lars Hansen was elected as vice-chair.



2022 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*)

Incoming Board of Directors:

In December 2022, the incoming Board of Directors for the 2022 -2023 term was appointed. Mayor Bill Daneluik was re-elected as chair and Councillor Lars Hansen was re-elected as vice-chair.



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

FRONT: Councillor Paul Patterson (Village of Hay Lakes), 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)

	2022 BOARD MEMBERS	INCOMING BOARD MEMBERS
City of Beaumont	Mayor Bill Daneluik (<i>chair</i>) Councillor Ashley Miller Councillor Steven vanNieuwkerk (<i>alternate</i>)	Mayor Bill Daneluik (<i>chair</i>) Councillor Ashley Miller Councillor Steven vanNieuwkerk (<i>alternate</i>)
Town of Calmar	Councillor Krista Gardner Councillor Don Faulkner Mayor Sean Carnahan (<i>alternate</i>)	Councillor Krista Gardner Councillor Don Faulkner Mayor Sean Carnahan (<i>alternate</i>)
Camrose County	Councillor Doug Lyseng Councillor Jordon Banack Reeve Cindy Trautman (<i>alternate</i>)	Councillor Doug Lyseng Councillor Jordon Banack Reeve Cindy Trautman (<i>alternate</i>)
Village of Hay Lakes	Councillor Clifford Heinz Councillor Paul Patterson Mayor Ron These (<i>alternate</i>)	Councillor Clifford Heinz Councillor Paul Patterson Mayor Ron These (<i>alternate</i>)
City of Leduc	Councillor Beverly Beckett Councillor Lars Hansen (<i>vice-chair</i>) 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 Kelly-Lynn Lewis Councillor Kelly Vandenberghe Mayor Tanni Doblanko (<i>alternate</i>) Councillor Rick Smith (<i>alternate</i>)	Councillor Rick Smith Councillor Kelly-Lynn Lewis Mayor Tanni Doblanko (<i>alternate</i>)
Town of Millet	Mayor Doug Peel Councillor Mathew Starky Councillor Rebecca Frost (<i>alternate</i>)	Mayor Doug Peel Councillor Rebecca Frost Councillor Mathew Starky (<i>alternate</i>)

CRSWSC BOARD

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

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 Lana Broker** and **General Manager Kristofer Johnson**, for their involvement in Commission meetings. The Commission looks forward to continuing to work with the City of Camrose representatives in the future.



Kevin Hycha



Lana Broker



Kristofer Johnson
(alternate)

The **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.



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.

2022 Regular Meeting Dates:

January 20 | March 17 | May 19 | September 15

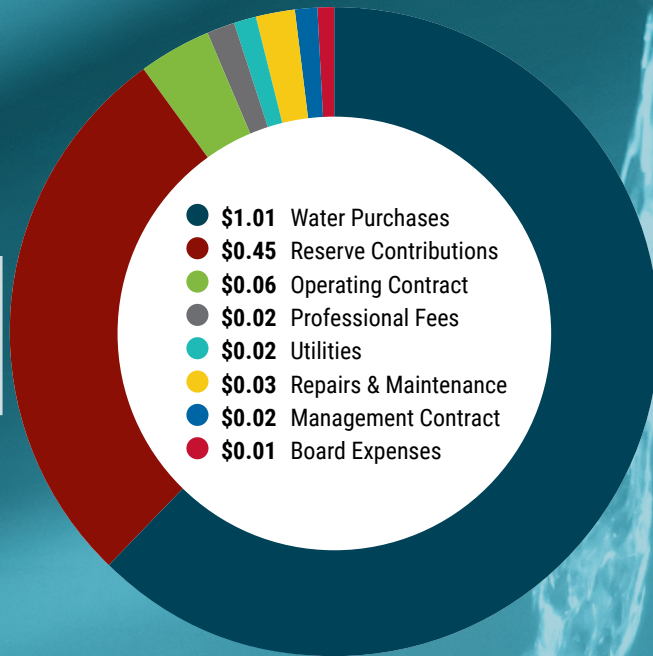
Annual General Meeting (AGM) April 21

Organizational & Regular Meeting November 17



2022 SIMPLIFIED WATER RATE

Based on Sales Rate of \$1.64/m³



The **2022 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

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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 trust and confidence in the City of Leduc Management and Operations team, as well as the collaborative working relationship that we continue to foster. As we embark on a new year, we would like to take this opportunity to celebrate the achievements of the Commission in 2022.

Most noteworthy is the continued progress on the Nisku Booster Station throughout 2022. Administration is proud to report that the Commission was awarded grant funding through the Water for Life program towards the Nisku Booster Station project, which helped offset additional inflationary costs. As a new endeavour, and to remain compliant with provincial grant requirements, Administration opted to use a two-stage tender process which included a prequalification process, modelled after the approach taken with the City of Leduc's 65th Avenue overpass project. This innovative process ensured the Commission received cost competitive pricing from those respondents most qualified to construct the project, while eliminating unsuitable bidders. Maple Reinders was the successful proponent and was awarded the contract, with construction scheduled to kick off early in spring of 2023. Throughout 2022 Administration worked through the necessary approvals and Crossing Agreements with various parties such as Alberta Transportation and EPCOR to enable construction to begin in spring. We would like to thank Leduc County for their cooperative assistance with coordinating the land purchase and issuing a development permit for the project.

Unfortunately, due to unforeseen circumstances with the tender process, the City of Beaumont pipe upgrade project continues to be delayed. The project was originally scheduled to commence in September 2022; however, upon tender close only one bid was received which was found to be non compliant. Administration was quick to find a solution by adding this as a provisional scope to the Nisku Booster Station tender via an Addendum. **ADMINISTRATION IS PROUD TO REPORT THAT THIS SOLUTION WAS SUCCESSFUL IN LEVERAGING ECONOMIES OF SCALE, PROVIDING THE COMMISSION WITH OVERALL COST SAVINGS AND EFFICIENCIES.** This project will also be constructed by Maple Reinders and is now scheduled to begin in Fall 2023, so as not to impact water service delivery during the peak summer months.

In December 2021, the Board approved a new project for a digital ball camera inspection of the Beaumont pipelines to assess the integrity of the pipes and proactively plan for repairs and replacements. The inspection commenced in late Fall of 2022. As an addition to this project, Administration thought it prudent to add a chamber around the insertion point and utilize the hot tap as an air relief chamber, improving this access point for future inspections and testing activities. The camera inspection determined that the Beaumont line is in good condition and there were no noted concerns. This project aided in reducing future risk by confirming the exact location of Commission water lines, thereby improving accuracy of our locate information.

On August 13th, 2022 there was a lightening strike incident that occurred at the Highway 21 Booster Station which resulted in damage to the communication tower's programmable logic controller (PLC). Administration responded immediately and is pleased to report that the water supply was not impacted or interrupted. Repairs related to this incident were completed at the end of 2022.

Administration would also like to report on the success of reducing utility locate requests in 2022, saving on staff resourcing requirements, ultimately allowing Commission operators to be redeployed to other critical duties. **COMMISSION OPERATORS COMPLETED 300 UTILITY SAFETY PARTNER LOCATES IN 2022 ON COMMISSION FACILITIES, AS COMPARED TO 839 IN 2021.** Administration attributes the reduction in locates to providing Utility Safety Partners with a GIS shape file in 2021, which refined and gave better certainty with respect to the areas that require Commission locates. We would like to commend the hard work of Mark D'aoust and the City of Leduc GIS team on the success of this project.

IN EARLY 2023, EPCOR WILL BEGIN ADDING ORTHOPHOSPHATES TO THE DRINKING WATER, which they first informed the Regional Water Customers Group (RWCG) in late 2021. Information and public communication templates were distributed to municipal members in late 2022 on behalf of EPCOR. This project was implemented with no concerns or impacts to the Commission.

A significant project in 2022 was the RFP for the Management and Operations Contract, as the existing contract with the City of Leduc ended on December 31st, 2022. Administration communicated the impending RFP at the start of 2022, and then proactively released the RFP in May 2022, which subsequently closed in August 2022, providing ample review and response time by other Member municipalities. The sealed submissions were reviewed by the Board and the approved RFP Review Committee to maintain objectivity by ensuring independent review of submissions. **THE CITY OF LEDUC ADMINISTRATION TEAM WAS DELIGHTED TO ONCE AGAIN BE AWARDED THE MANAGEMENT AND OPERATIONS CONTRACT.** Upon Board request, the City agreed to accept a 4-year term contract with the possibility of a 1 year extension, as opposed to the 3-year term in the proposal, to avoid contract renewal in 2025 during a municipal election. The City of Leduc Administration team will now serve the Commission for the 2023-2026 term, with an optional one year extension in 2027. On behalf of the City of Leduc, we would like to formally thank the Board for their continued trust and support in our Administration team. We are honoured and eager to continue serving the Commission.

At the September 2022 board meeting, the commission welcomed Katherine O'Dwyer to the Administration team in the administrator role previously held by Shannon Bremner. While Shannon still assists from time to time on CRSWSC, we would like to take the opportunity to thank her for her dedication and service to the team from 2016 to 2022.

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 operations team is pleased to once again report that no safety incidents occurred in 2022.

In closing, the successes of the past year are only made possible by the continued collaboration and commitment by everyone involved with the Commission, including our representatives from the EIA and City of Camrose. Our Management and Operations team takes pride in serving the Commission and we are thankful to have the opportunity to continue serving the Commission for the next 4-year contract term.

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 near constant feedback of information occurring between the radios and host PLC. Examples of information being transmitted include:

- Present pressures
- Alarms when occurring
- Reservoir levels
- Flow rates
- Control valve positions
- Chlorine residuals
- Flow totaling

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.

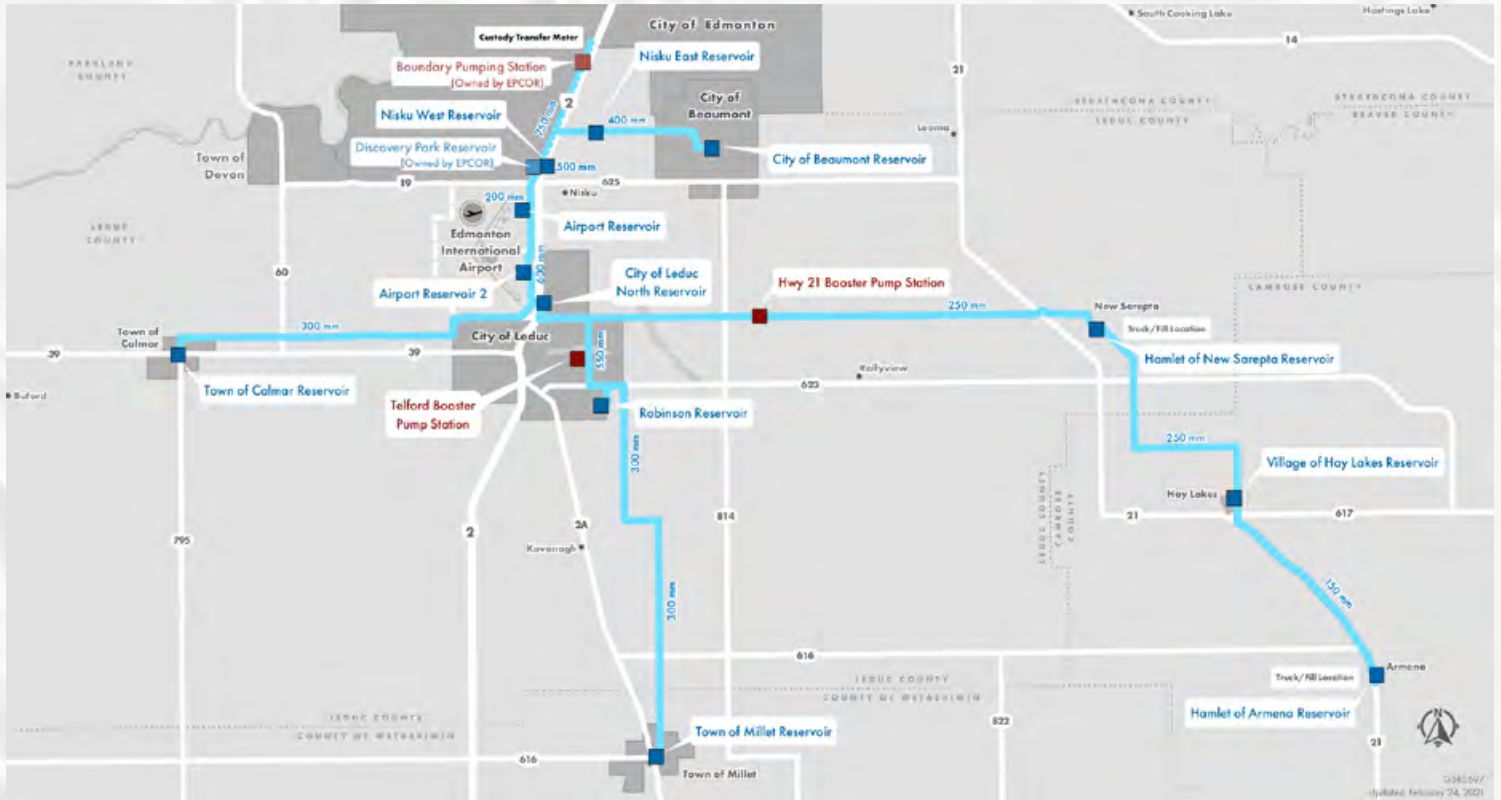
Total flow received from Edmonton is compiled by EPCOR's master meters, which are situated within the Blackmud Creek pump station and Discovery Park fill station. These meters are owned by EPCOR and are serviced on site. The magnetic flow meters keep a record of water entering the Blackmud Creek station 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



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
AN AGREEMENT WAS FINALIZED FOR THE SALE OF THE COMMISSION'S SYSTEM INSIDE THE EDMONTON CITY LIMITS TO THE CITY OF EDMONTON.

1987
 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.

1988
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.

1993-1995
 The Supervisory Control and Data Acquisition (SCADA) system was upgraded to new technology and radio communication with the five fill stations.
 The AGT Communication Telemetry was replaced with a UHF Radio communication system.

1999
 The SCADA system was replaced with Year 2000 capabilities, and Wonderware Software was installed.

2001
THE EDMONTON INTERNATIONAL AIRPORT 200MM CAST IRON LATERAL WAS TWINNED WITH A 200MM PVC LINE FROM THE MAIN LINE TO THE AIRPORT FILL STATION.

Management Team



(Left to Right): Shawn Olson, Elie Tymchyshyn, Lauren Padgham, Katherine O'Dwyer, Rick Sereda, Mark D'aoust

(Regrets): Pamela Regier, Shannon Bremner

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 PLCs, 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

2022

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.

THE DESIGN AND LAND PROCUREMENT WAS COMPLETED FOR THE NEW NISKU BOOSTER STATION and a contractor was secured for 2023-2024 construction.

A leak detection survey of 8 kilometers of bar wrapped concrete pipe supplying the City of Beaumont was completed which found no detectable leaks.

The Highway 21 booster station antennae was struck by lightning causing significant damage to the radio and antennae cabling and overloaded the variable frequency drive (VFD). The radio and cabling were repaired and the VFD replaced.

CRSWSC FINANCIAL REPORT

City of Leduc Finance Team



Lauren Padgham



Elie Tymchyshyn

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION (CRSWSC)

LEDUC, ALBERTA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022



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 20, 2023

Managing Partner

Independent Auditor's Report

To the Board 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, 2022, and the statements of operations, remeasurement gains and losses, changes in net financial assets, cash flows and the related schedules I and II 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, 2022, 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 20, 2023

Chartered Professional Accountants

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

Statement of Financial Position

AS AT DECEMBER 31, 2022

	2022	2021
Financial assets		
Cash	5,557,328	3,904,693
Investments (Note 3)	11,629,296	12,186,279
Trade and other accounts receivable (Note 4)	1,216,970	827,550
	18,403,594	16,918,522
Liabilities		
Accounts payable and accrued liabilities	609,660	666,196
Long-term debt (Note 5)	756,229	815,884
	1,365,889	1,482,080
Net financial assets	17,037,705	15,436,442
Non-financial assets		
Tangible capital assets (Schedule II)	22,382,689	21,978,248
Accumulated surplus (Schedule I)	39,420,392	37,414,689

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, 2022

CRSWSC
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	2022 Budget (Note 8)	2022	2021
Water revenue	9,543,588	10,441,678	10,323,723
Cost of sales	6,059,230	6,619,933	6,554,578
Gross profit	3,484,358	3,821,745	3,769,145
Other revenue			
Realized return on investments	125,000	334,359	264,644
Contributions from members	93,903	93,903	93,903
	218,903	428,262	358,547
Expenses			
Operating contract	417,590	417,590	417,590
Amortization	-	406,507	406,507
Repairs and maintenance	291,358	238,907	104,962
Management contract	141,671	141,671	141,671
Utilities	88,500	87,418	75,470
Professional fees	62,500	52,369	48,904
Honorarium and travel	107,755	44,185	13,391
Interest on long-term debt	34,248	34,248	36,543
Insurance	30,000	24,838	22,902
Office and annual meeting	35,650	23,137	13,736
Engineering fees	50,000	540	2,684
	1,259,272	1,471,410	1,284,360
Excess of revenue over expenses	2,443,989	2,778,597	2,843,332

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

Statement of Remeasurement Gains and Losses

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Unrealized losses attributable to:		
Portfolio investments	(772,894)	(212,658)
Amounts reclassified to the statement of operations:		
Portfolio investments	-	(19,855)
Net remeasurement losses for the year	(772,894)	(232,513)
Accumulated remeasurement gains (losses), beginning of year	(119,807)	112,706
Accumulated remeasurement losses, end of year	(892,701)	(119,807)

Statement of Change in Net Financial Assets

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 <i>Budget</i> <i>(Note 8)</i>	2022	2021
Excess of revenue over expenses	2,443,989	2,778,597	2,843,332
Acquisition of tangible capital assets	(7,201,142)	(810,948)	(321,844)
Capital Reserve Transfer	7,201,142	-	-
Amortization of tangible capital assets	-	406,507	406,507
Remeasurement losses	-	(772,894)	(232,513)
Increase in net financial assets	2,443,989	1,601,263	2,695,482
Net financial assets, beginning of year	15,436,442	15,436,442	12,740,960
Net financial assets, end of year	17,880,431	17,037,705	15,436,442

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

Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2022

CRSWSC
FINANCIAL
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	2022	2021
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	2,778,597	2,843,332
Non-cash items:		
Amortization of tangible capital assets	406,507	406,507
Net change in non-cash operating working capital balances:		
Decrease in accounts payable and accrued liabilities	(7,614)	(356,174)
Increase (decrease) in trade and other accounts receivable	(389,420)	136,352
	2,788,070	3,030,017
Investing		
Proceeds on disposal of tangible capital assets	-	1,582,241
Acquisition of tangible capital assets	(859,869)	(263,731)
Net change in investments	(215,911)	(4,245,221)
	(1,075,780)	(2,926,711)
Financing		
Repayment of long-term debt	(59,655)	(57,359)
Increase in cash	1,652,635	45,947
Cash, beginning of year	3,904,693	3,858,746
Cash, end of year	5,557,328	3,904,693

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, 2022

	Unrestricted Surplus	Restricted Operating Reserve	Restricted Capital Reserve	Equity in Tangible Capital Assets	Accumulated Remeasurement Losses	2022	2021
Balance, beginning of year	1,215,955	1,244,296	13,911,882	21,162,363	(119,807)	37,414,689	34,803,870
Excess of revenue over expenses	2,778,597	-	-	-	-	2,778,597	2,843,332
Unrestricted funds designated for future use	(3,004,338)	132,344	2,871,994	-	-	-	-
Restricted funds used	9,520	(9,520)	(801,949)	801,949	-	-	-
Amortization of tangible capital assets	406,507	-	-	(406,507)	-	-	-
Unrealized loss on investments	-	-	-	-	(772,894)	(772,894)	(212,658)
Repayment of long-term debt	(59,655)	-	-	59,655	-	-	-
Realized gain on investments	-	-	-	-	-	-	(19,855)
Change in accumulated surplus	130,631	122,824	2,070,045	455,097	(772,894)	2,005,703	2,610,819
Balance, end of year	1,346,586	1,367,120	15,981,927	21,617,460	(892,701)	39,420,392	37,414,689

Schedule II - Schedule of Tangible Capital Assets

FOR THE YEAR ENDED DECEMBER 31, 2022

	Land	Engineered Structures	Equipment	2022	2021
Balance, beginning of year	208,298	26,266,403	430,738	26,905,439	26,583,595
Acquisition of tangible capital assets	-	810,948	-	810,948	321,844
Balance, end of year	208,298	27,077,351	430,738	27,716,387	26,905,439
Accumulated amortization:					
Balance, beginning of year	-	4,627,017	300,174	4,927,191	4,520,684
Annual amortization	-	364,185	42,322	406,507	406,507
Balance, end of year	-	4,991,202	342,496	5,333,698	4,927,191
Net book value	208,298	22,086,149	88,242	22,382,689	21,978,248
2021 net book value	208,298	21,639,386	130,564	21,978,248	

Cost includes construction in progress of \$1,142,193 (2021 - \$331,245). 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 \$810,948 (2021 - \$321,844), of which there was \$9,192 (2021 - \$58,113) included in accounts payable and accrued liabilities at year end. The remaining \$859,869 (2021 - \$263,731) was acquired in cash.

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

Notes to Financial Statements

DECEMBER 31, 2022

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, 2022. 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, 2022

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 \$1,142,193 (2021 - \$331,245).

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

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, 2022

3. Investments	2022	2021
Bonds	12,427,624	12,224,713
Interest receivable	94,373	81,373
Unrealized loss	(892,701)	(119,807)
	11,629,296	12,186,279

Book value at December 31, 2022 is \$12,521,997(2021 - \$12,306,086). Investments consist of a mix of bonds with a rate of return between 1.54% and 2.33%, maturing between 2024 and 2032. The income from these investments is being reinvested as received.

4. Trade and other accounts receivable	2022	2021
Trade receivables due from member municipalities	1,138,902	811,113
Goods and Services Tax Receivables	75,733	15,173
Other trade receivables	2,335	1,264
	1,216,970	827,550

5. Long-term debt	2022	2021
Debenture held by the Alberta Government repayable in semi-annual installments of \$34,371 including interest at 4.589%, due December 15, 2034.	628,916	667,465
Debenture held by the Alberta Government repayable in semi-annual installments of \$12,580 including interest at 2.832%, due June 15, 2028.	127,313	148,419
	756,229	815,884

Payments of interest and principal are due as follows:

	Principal	Interest	Total
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
2027	72,658	21,244	93,902
To maturity	420,014	73,762	493,776
	756,229	207,057	963,286

Debenture debt is issued on the credit and security of the Commission at large. The Commission's payments for interest in 2022 were \$34,248 (2021 - \$38,746).

Notes to Financial Statements

DECEMBER 31, 2022

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:

	2022	2021
Total debt limit	21,739,880	21,364,540
Total debt	756,229	815,884
<hr/>		
Amount of debt limit unused	20,983,651	20,548,656
<hr/>		
Service on debt limit	3,804,479	3,738,794
Service on debt	93,902	93,902
<hr/>		
Amount of debt servicing limit unused	3,710,577	3,644,892
<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:

	2022	2021
City of Leduc	4,915,462	4,964,697
City of Beaumont	2,447,822	2,507,055
Leduc County	1,537,699	1,372,975
Edmonton International Airport	781,862	652,228
Town of Calmar	346,790	410,784
Town of Millet	295,708	320,955
Camrose County & Arema	58,360	33,581
Village of Hay Lakes	57,975	61,448
<hr/>		
	10,441,678	10,323,723
<hr/>		

Notes to Financial Statements

DECEMBER 31, 2022

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:

	2022	2021
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 (2021 - \$141,671) in management fees and \$417,590 (2021 - \$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 \$1,138,902 (2021 - \$811,113) receivable from member municipalities.

(e) Accounts payable and accrued liabilities

The year end accounts payable and accrued liabilities balance includes a total of \$8,713 (2021 - \$48,935) 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 20, 2022. The following is a reconciliation between the budget approved and that showing in the financial statements:

	Budget 2022
Approved budget operating surplus <i>(deficit)</i>	-
Acquisition of tangible capital assets	(7,325,000)
Capital reserve transfer	7,325,000
Non-capital included in capital budget	(123,858)
Transfer to accumulated surplus	2,508,192
Debenture principal repayments	59,655
Excess of revenue over expenses <i>(Statement of Operations)</i>	2,443,989

The Commission does not budget for amortization. Included in the actual expenses on the statement of operations is amortization of \$406,507 (2021 - \$406,507).

Included in the disclosed budget on the consolidated statement of operations is \$123,858 (2021 - \$nil) in non-capital expenses that were approved as part of the capital budget. These expense have been reclassified from the budget for the acquisition of tangible capital assets on the statement of change in net financial assets, resulting in a corresponding reduction in the budget presented.

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, 2022, three related parties (2021 - three) accounted for 84% (2021 - 82%) 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 expiring on December 31, 2026. 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. The commitments over the next four years are as follows:

2023	\$485,000
2024	\$500,000
2025	\$515,000
2026	\$530,000

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.

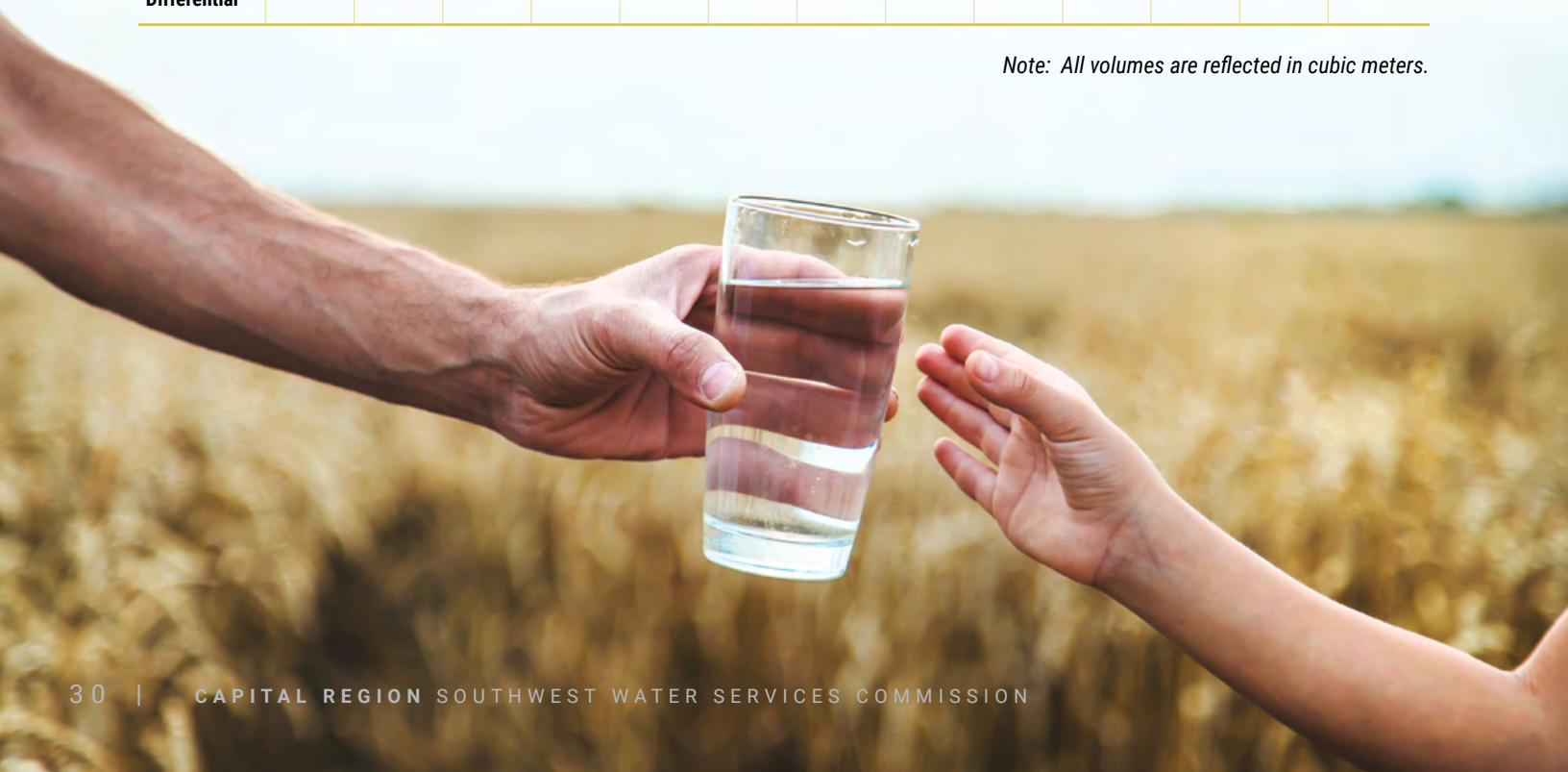
12. Significant event

In March 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 (2022)

Customers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
City of Leduc	221,861	213,814	254,830	223,805	262,750	265,513	256,709	311,773	264,047	224,490	257,491	240,150	2,997,233
City of Beaumont	108,278	102,321	120,459	106,517	129,778	132,147	129,769	170,390	135,890	112,140	125,547	119,338	1,492,574
Leduc County	82,242	55,635	75,210	65,396	72,079	75,639	79,334	95,110	84,347	74,536	78,481	99,613	937,622
Town of Calmar	15,937	14,402	17,498	15,840	18,155	21,240	20,791	23,441	16,850	14,867	16,478	15,958	211,457
International Airport	32,433	31,262	40,546	35,845	42,996	44,588	49,815	56,601	51,692	34,007	29,836	27,124	476,745
Village of Hay Lakes	2,778	2,549	2,807	2,472	3,194	3,189	2,721	3,378	3,170	2,816	3,317	2,960	35,351
Camrose County	1,620	1,626	1,745	1,825	2,306	4,439	3,842	4,534	3,749	2,928	4,064	2,907	35,585
Town of Millet	13,960	12,766	15,191	13,057	15,265	16,074	16,713	19,993	15,282	12,926	14,927	14,156	180,310
Total Sales	479,109	434,375	528,286	464,757	546,523	562,829	559,694	685,220	575,027	478,710	530,141	522,206	6,366,877
Master Meter Purchases	491,535	447,400	543,782	479,909	565,128	539,088	613,765	705,717	573,097	511,515	545,907	537,559	6,554,402
Water Differential	(12,426)	(13,025)	(15,496)	(15,152)	(18,605)	23,741	(54,071)	(20,497)	1,930	(32,805)	(15,766)	(15,353)	(187,525)

Note: All volumes are reflected in cubic meters.



CRSWSC FINANCIAL REPORT

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Water Sales Percent (2011 - 2021)

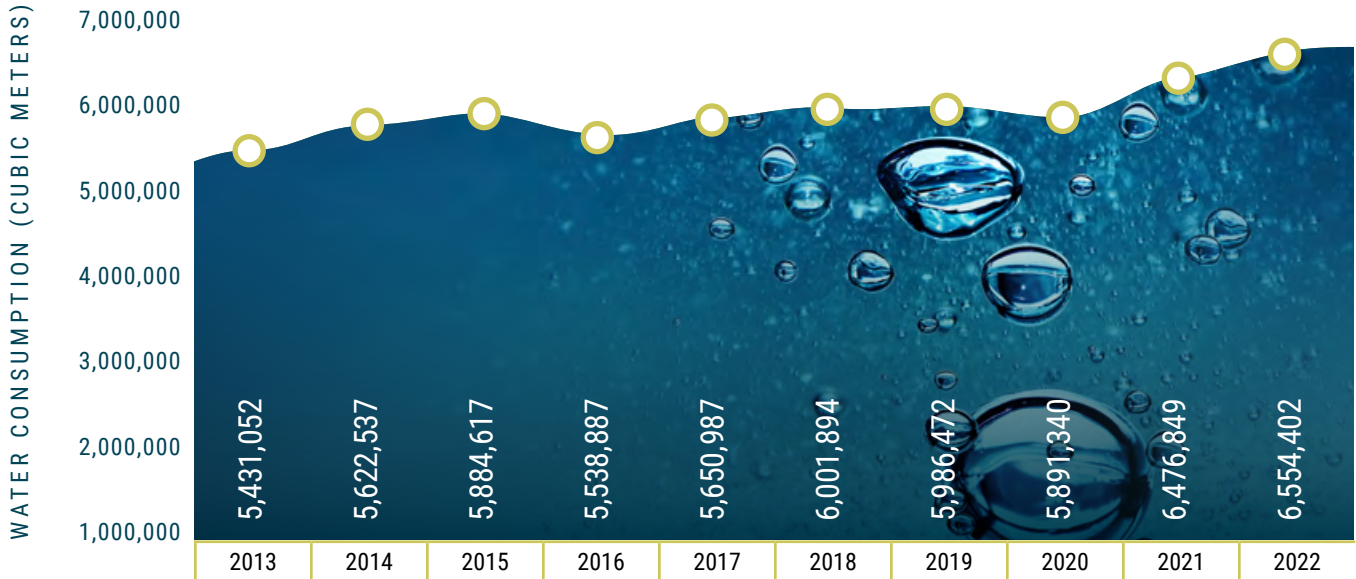
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Purchases	5,431,052	5,622,537	5,884,617	5,538,887	5,650,987	6,001,894	5,986,472	5,682,950	6,476,849	6,554,402
City of Leduc	2,989,374	2,929,991	3,024,774	2,809,860	2,775,148	2,911,949	2,771,635	2,779,246	3,027,254	2,997,233
<i>percentage</i>	55.2%	53.6%	52.9%	52.4%	50.7%	50.0%	47.4%	48.9%	48.1%	47.1%
City of Beaumont	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	1,492,574
<i>percentage</i>	21.2%	22.1%	22.9%	23.9%	23.3%	22.8%	22.3%	24.3%	24.3%	23.4%
Leduc County	767,430	773,719	804,621	679,266	668,132	733,584	783,644	696,276	837,181	937,622
<i>percentage</i>	14.2%	14.2%	14.1%	12.7%	12.2%	12.6%	13.4%	12.3%	13.3%	14.7%
Town of Calmar	204,777	215,174	217,182	229,300	233,459	237,193	223,393	233,662	250,478	211,457
<i>percentage</i>	3.8%	3.9%	3.8%	4.3%	4.3%	4.1%	3.8%	4.1%	4.0%	3.3%
International Airport	266,433	302,528	321,527	319,299	330,425	378,415	536,461	364,037	397,700	476,745
<i>percentage</i>	4.9%	5.5%	5.6%	6.0%	6.0%	6.5%	9.2%	6.4%	6.3%	7.5%
Village of Hay Lakes	35,760	38,207	37,686	37,035	35,526	37,097	40,068	35,517	37,468	35,351
<i>percentage</i>	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%
Camrose County		67	5,118	6,372	5,689	6,558	8,874	14,710	20,476	35,585
<i>percentage</i>		0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.6%
Town of Millet					144,750	188,019	179,214	177,964	195,704	180,310
<i>percentage</i>					2.6%	3.2%	3.1%	3.1%	3.1%	2.8%
Total Sales	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	6,366,877
% Year Increase	4.9%	1.0%	4.6%	-6.2%	1.9%	6.4%	0.4%	-2.8%	10.8%	1.1%

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

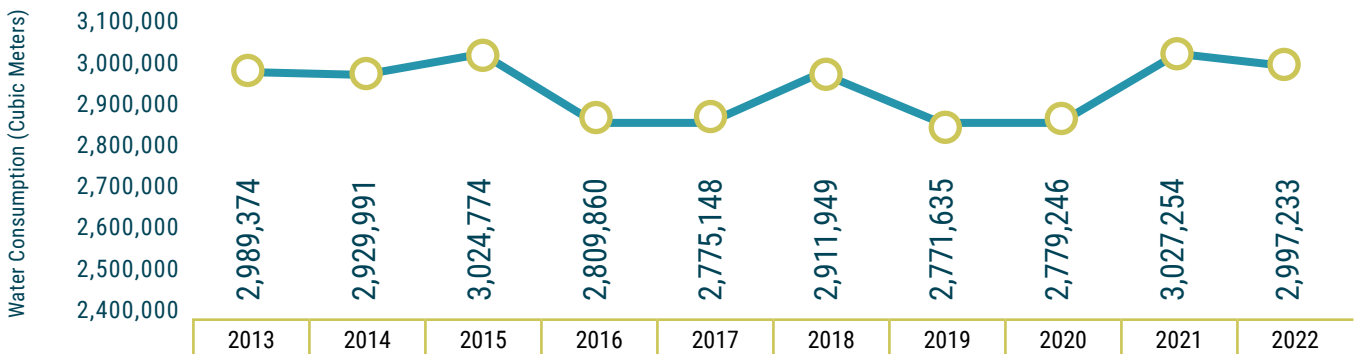
Note: All volumes are reflected in cubic meters. Percent increases are reflective of previous year sales.

Annual Water Consumption (2013 - 2022)

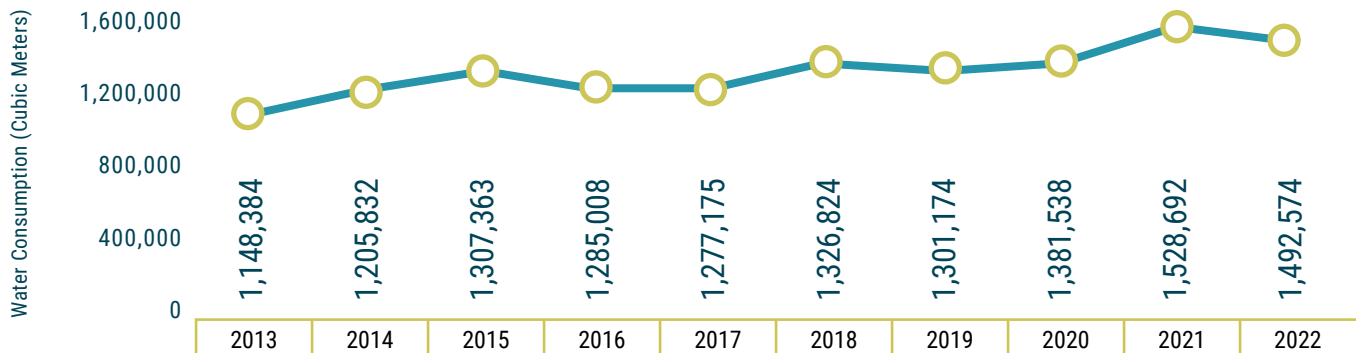
REGIONAL WATER COMMISSION



CITY OF LEDUC



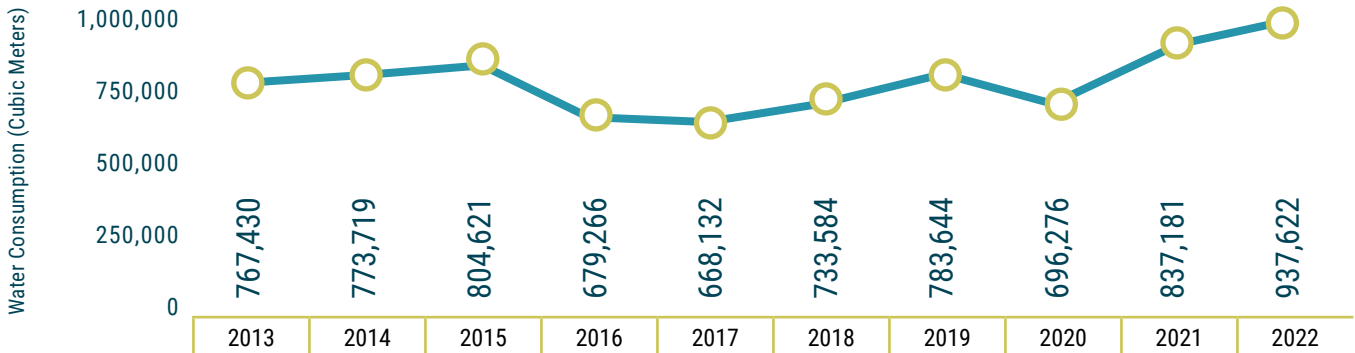
CITY OF BEAUMONT



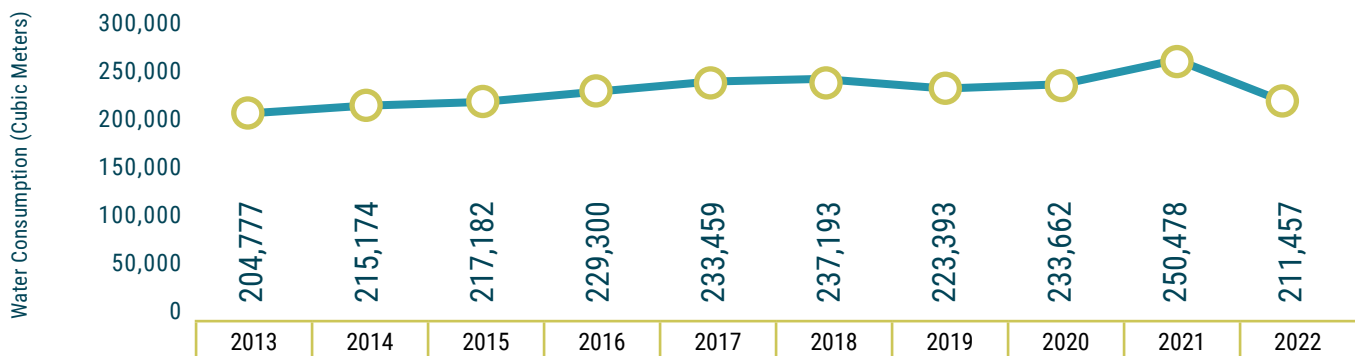
CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Annual Water Consumption (2013 - 2022)

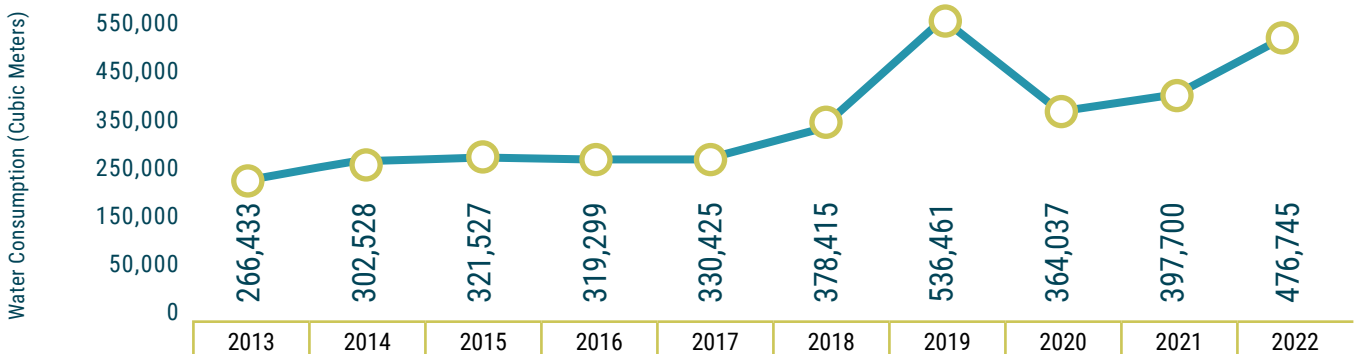
LEDUC COUNTY



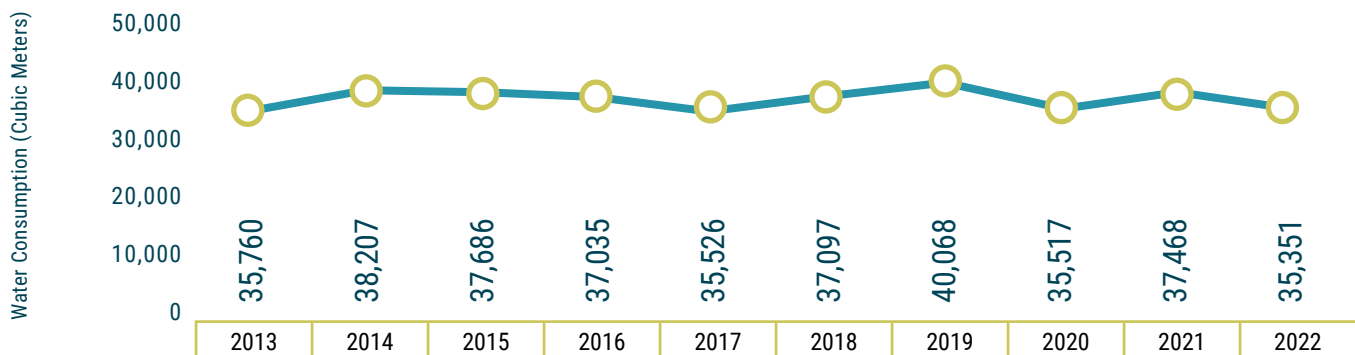
TOWN OF CALMAR



EDMONTON INTERNATIONAL AIRPORT

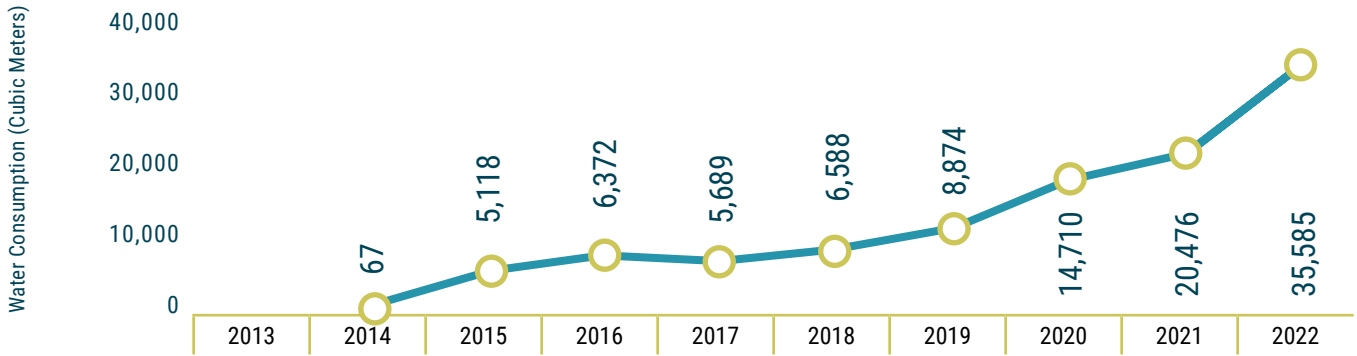


VILLAGE OF HAY LAKES

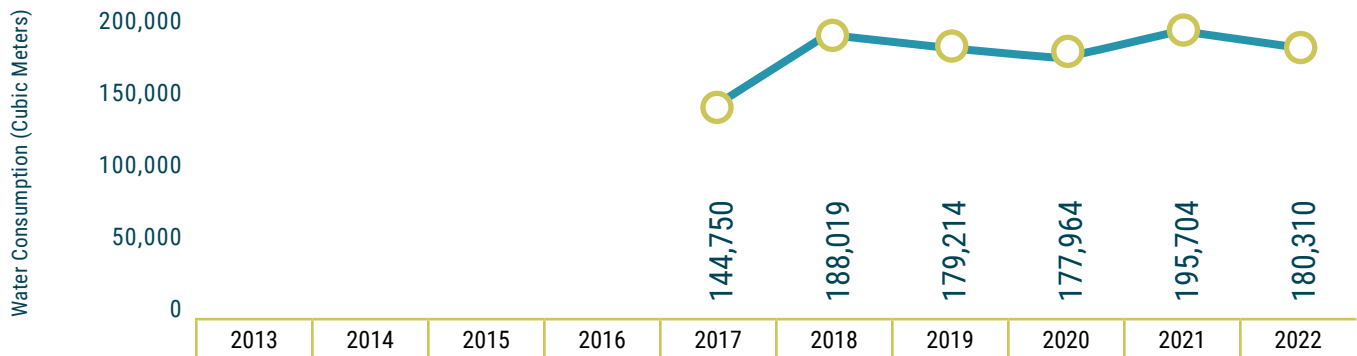


Annual Water Consumption (2013 - 2022)

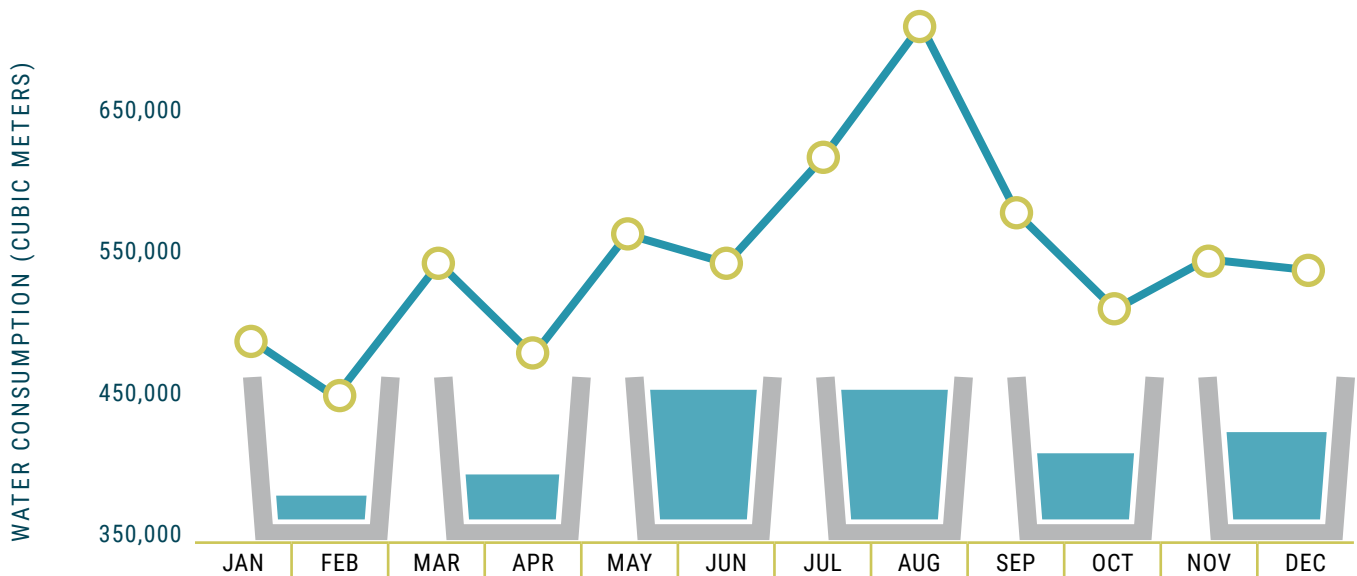
CAMROSE COUNTY



TOWN OF MILLET



Water Commission Consumption (2022)

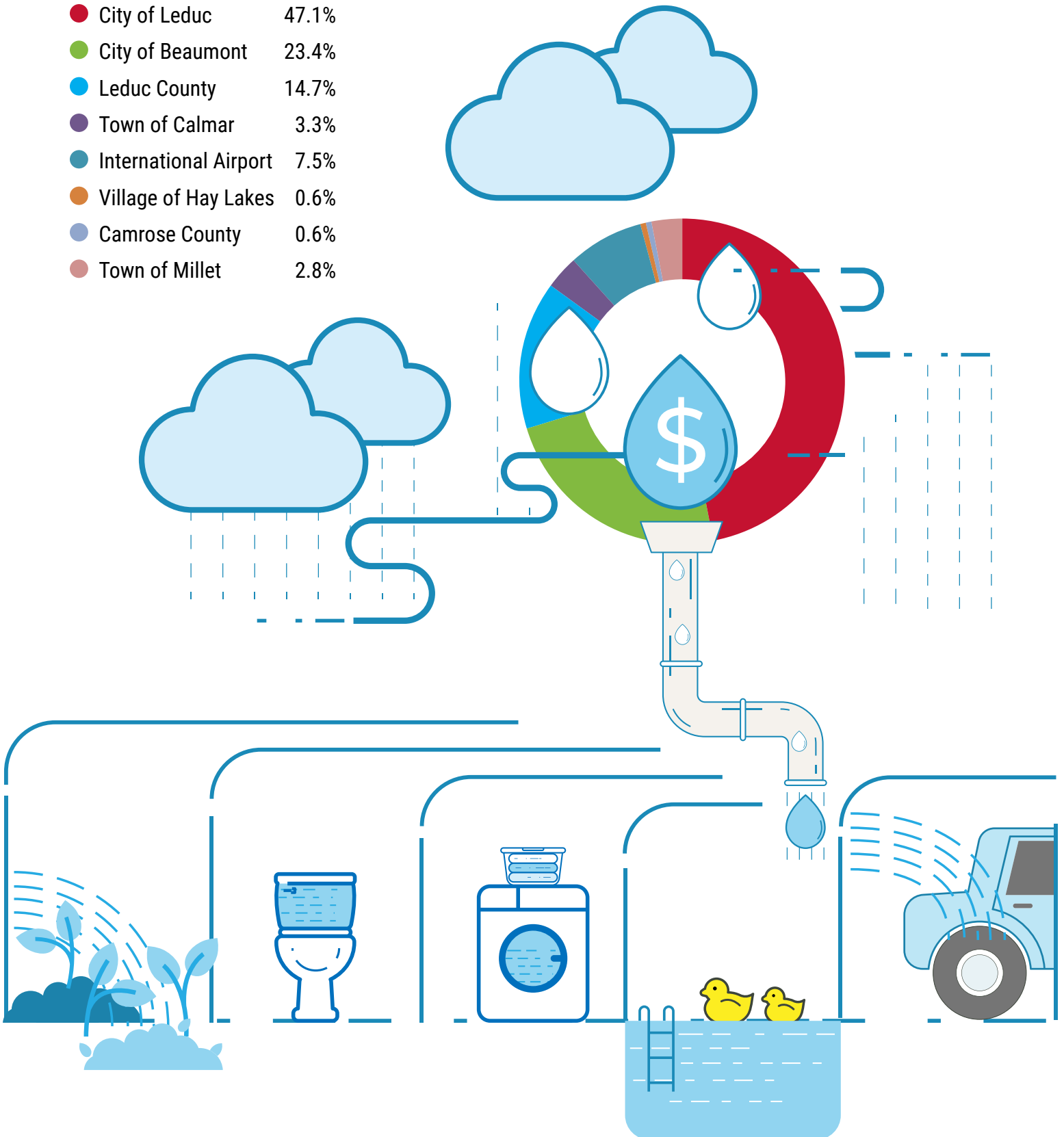


CRSWSC FINANCIAL REPORT

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Customer Share of Water Sales (2022)

● City of Leduc	47.1%
● City of Beaumont	23.4%
● Leduc County	14.7%
● Town of Calmar	3.3%
● International Airport	7.5%
● Village of Hay Lakes	0.6%
● Camrose County	0.6%
● Town of Millet	2.8%





CRSWSC



Capital Region Southwest
Water Services Commission

c/o City of Leduc Civic Centre

#1 Alexandra Park, Leduc, AB T9E 4C4

P: 780.980.7177 F: 780.980.7127

crswsc.ca