

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

ANNUAL REPORT

2023



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

CITY OF LEDUC | LEDUC COUNTY | TOWN OF MILLET

TABLE OF CONTENTS

CRSWSC BOARD

- 01 Chairman's Message
- 02 Membership & Governance Structure
- 03 Organization & Administration
- 04 Strategic Partnerships
- 04 2023 Meeting Dates
- 05 Water Rates

CRSWSC MANAGEMENT & OPERATIONS

- 07 Introduction
- 08 Management & Operations Report
- 09 Operational Philosophy
- 10 History of the CRSWSC

CRSWSC FINANCIAL REPORT

- 14 Introduction
- 15 Management's Responsibility



CRSWSC BOARD

CHAIRMAN'S MESSAGE

Bill Daneluik, Board Chair

I am pleased to deliver the 2023 Chairman's Message, on behalf of the CRSWSC Board of Directors. I am honoured to showcase significant highlights of the Commission's endeavors and successes from 2023.

Last year proved to be a productive year for the Commission. In addition to our regular maintenance and construction activities, we have witnessed remarkable advancements in the construction of the Nisku Booster Station.

From the commencement of groundwork in the Spring, followed by subsequent construction activities such as tunnel boring and building construction, Administration ensured the success of this project with diligent project management and collaboration with all parties involved.

Another noteworthy accomplishment was leveraging economies of scale to ensure optimal pricing for the upcoming Beaumont and Leduc County East piping modifications, which includes the integration of EPCOR flowmeters. To do this, the Leduc County East upgrades were incorporated into the Maple Reinders Nisku Booster Station contract. This had an added benefit of ensuring the work would be performed by a contractor that is already familiar with our operations and staff.

As outgoing Chair of the Commission, I would like to this opportunity to warmly welcome Councillor Lars Hansen as the incoming Chair, effective November 2023. On behalf of the Board, we express full confidence in Chair Hansen's ability to provide exemplary leadership to the Commission. Additionally, I extend my sincere gratitude to Chair Hansen for his dedication during his time as Vice-Chair from 2021 to 2023. Furthermore, the Board is pleased to welcome Councillor Kelly-Lynn Lewis as the incoming Vice-Chair for the 2023 to 2024 term. We eagerly anticipate the collaborative efforts and fresh perspectives they will bring forward to assist in the Commission's goals.

Lastly, I wish to thank our dedicated City of Leduc Management and Operations team for their continued hard work. As we look forward into 2024, I am confident it will be another rewarding year with all the hard work from our Commission Members and the dedicated Administration team.

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 number 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 2023, Mayor Bill Daneluik was re-elected as chair and Councillor Lars Hansen was re-elected as vice-chair.



2022-2023 Board of Directors:

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*)

Incoming Board of Directors:

In November 2023, the incoming Board of Directors for the 2023 – 2024 term was appointed. Councillor Lars Hansen was elected as chair and Councillor Kelly-Lynn Lewis was elected as vice-chair.



BACK ROW (Left to Right): Councillor Don Faulkner (*Town of Calmar*), Councillor Paul Patterson (*Village of Hay Lakes*), Councillor Dal Viridi (alternate) (*County of Leduc*), Mayor Ron These (alt.) (*Village of Hay Lakes*), Deputy Mayor Clifford Heinz (*Village of Hay Lakes*), Mayor Doug Peel (*Town of Millet*), Councillor Mathew Starky (*Town of Millet*), Councillor Lars Hansen (*City of Leduc*)

FRONT: Mayor Bill Daneluik (*City of Beaumont*), Councillor Catherine McCook (*City of Beaumont*), Councillor Krista Gardner (*Town of Calmar*), Councillor Beverly Beckett (*City of Leduc*), Reeve. Cindy Trautman (alt.) (*Camrose County*) Councillor Doug Lyseng (*Camrose County*)

	2023 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 Councillor Catherine McCook 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 Councillor Jaime McKeage Reber (<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>)	Deputy Mayor 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>chair</i>) Mayor Bob Young (<i>alternate</i>)
Leduc County	Councillor Rick Smith Councillor Kelly-Lynn Lewis Mayor Tanni Doblanko (<i>alternate</i>)	Councillor Kelly-Lynn Lewis (<i>vice-chair</i>) Councillor Rick Smith Councillor Dal Viridi (<i>alternate</i>) Mayor Tanni Doblanko (<i>alternate</i>)
Town of Millet	Mayor Doug Peel Councillor Rebecca Frost Councillor Mathew Starky (<i>alternate</i>)	Mayor Doug Peel Councillor Mathew Starky Councillor Rebecca Frost (<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



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.

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

2023 Regular Meeting Dates:

January 19 | March 23 | May 18 | September 21

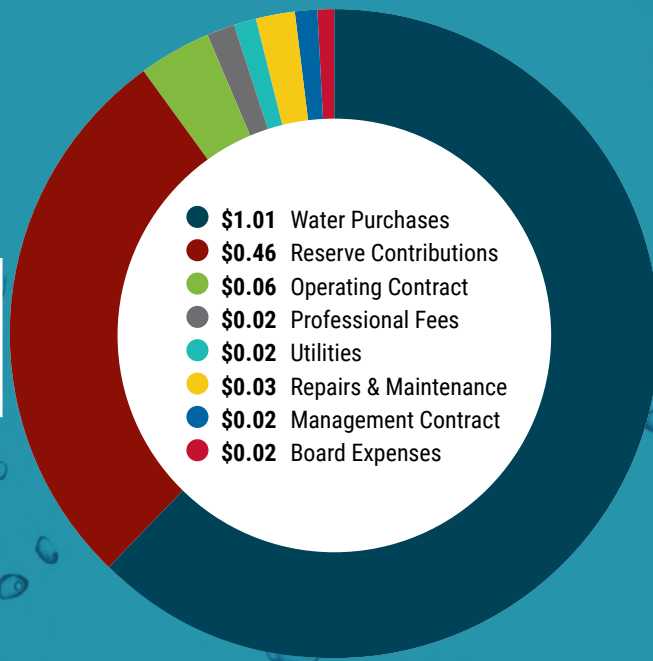
Annual General Meeting (AGM) April 20

Organizational & Regular Meeting November 16



2023 SIMPLIFIED WATER RATE

Based on Sales Rate of $\$1.64/\text{m}^3$



The **2023 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 m^3
(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 (including the Edmonton International Airport), City of Beaumont, Town of Calmar, Village of Hay Lakes, Camrose County, and the Town of Millet. 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, water diversion license management, emergency preparedness and coordination of water supply rates.



CRSWSC MANAGEMENT & OPERATIONS

CRSWSC



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.ca

CRSWSC

Capital Region Southwest
Water Services Commission

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 confidence in the City of Leduc Management and Operations team. The past year has been marked by significant progress and key developments for the CRSWSC. From infrastructure expansion to collaborative agreements and operational enhancements, the Commission has continued to fulfill its mandate of providing clean, safe drinking water to all its member municipalities. Over the past year the Commission saw highlights along with major achievements and milestones we are proud to share.

As we reflect on the past year, it is with great pride that we share the progress on the construction of the Nisku Booster Station. This project has been the cornerstone of our efforts to enhance infrastructure and optimize operations in the region. With its prime location and advanced capabilities, the Nisku Booster Station promises to play a pivotal role in ensuring the region has a reliable source of water to enable continued economic growth. The CRSWSC has been pleased to partner with Maple Reinders and Associated Engineering to bring this project forward into construction. We would also like to thank our partners in Leduc County for their cooperation in the construction efforts, not only because it is in their municipal jurisdiction, but also due to the location being immediately adjacent to their own County Reservoir. Good neighbours make for good projects.

Throughout the past year, progress on the project has included:

- **LAND PROCUREMENT** - Administration effectively communicated and collaborated with Bear Land Services, the Remington Development, Go Auto, EPCOR and Leduc County to acquire the land and rights of ways to enable construction.
- **CONTRACT AWARD** was granted to Maple Reinders at the start of 2023, with a kick-off meeting and partnering session held in January and February 2023, respectively.

- To celebrate the construction activities, a **GROUND BREAKING CEREMONY** was held on April 5, 2023, which was attended by the Board of Directors, Administration, and Maple Reinders. We extend our thanks to all who participated.
- Construction activities commenced in Spring 2023 with site preparation, including existing building demolition which included abatement for asbestos removal.
- **WATERLINE INSTALLATION** started in the Spring of 2023, which included tunnel boring for the 2 x 900mm diameter supply, and discharge lines that were installed under the QEII.
- The installation of additional lines to connect the supply and discharge lines to the Booster Station and **COMPLETION OF THE NEW BOOSTER STATION** building will be the focal point for Administration in 2024.



Despite encountering challenges with several non-conformities in the pipeline installation and supply chain disruptions, Administration was able to work collaboratively with our contracting partners to keep the project on budget and on schedule.

In addition to the Nisku construction, Administration was able to take advantage of economies of scale to complete both Beaumont and Leduc County East required piping modifications. These modifications accommodate EPCOR flow meters for point-of-sale metering following the 2020 EPCOR asset sale. This work is scheduled to be completed in 2024.

The collaboration between the CRSWSC and the Regional Water Customers Group (RWCG) has involved several key initiatives this past year:

- The RWCG Steering Committee agreed to the **FINALIZED SETTLEMENT AGREEMENT** for the cost of water in 2021. This resulted in EPCOR returning funds to the RWCG balancing fund to protect members from unanticipated increases in water costs.
- The **RWCG RATIFIED A TRUST AGREEMENT** for the holding of the regional water diversion license which secures our water allocation. This is important to protect the ability of our region to grow over time.
- A committee was formed with the RWCG and EPCOR to **ANALYZE THE COST OF SERVICE MODEL** in accordance with the water supply agreements. This work will continue into 2024 as both parties look at the costs allocated to the region for the purchase price of water from EPCOR.

Last year, significant policy work was undertaken by the CRSWSC, and a Policy Sub-Committee was established with Councillor Kelly-Lynn Lewis appointed as Chair and Councillor Krista Gardner volunteering to participate along with Administration.

The Policy Sub-Committee convened for the first time in October 2023 where policies were reviewed and updated to ensure a consistent format. A subsequent meeting in November 2023 focused

on reviewing proposed changes and ensuring that policies specified consistent responsibilities and authorities. Additionally, it was suggested that the Board review two policies per year to maintain a 4-year rotation for updating all policies. This approach ensures that policies remain relevant and effective over time. Administration would like to recognize and show appreciation for the leadership shown by the members of the Board on the Sub-Committee, including Councillor Kelly-Lynn Lewis and Councillor Krista Gardner.

Maintaining effective management and operations is crucial for ensuring the reliable delivery of safe drinking water to member municipalities. The Commission remains committed to a proactive maintenance program aimed at optimizing the durability and lifespan of CRSWSC assets, in line with engineering standards. We are proud to announce that in 2023, the CRSWSC operations team had no safety incidents occur.

In closing, the achievements of the past year owe much to the ongoing collaboration and dedication of all those affiliated with the Commission, including our partners from the EIA and City of Camrose. Our Management and Operations team is proud to contribute to the Commission's mission, and we are grateful for the chance to continue our service.

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 Rosssdale, 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.

CRSWSC MANAGEMENT & OPERATIONS

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
- 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.

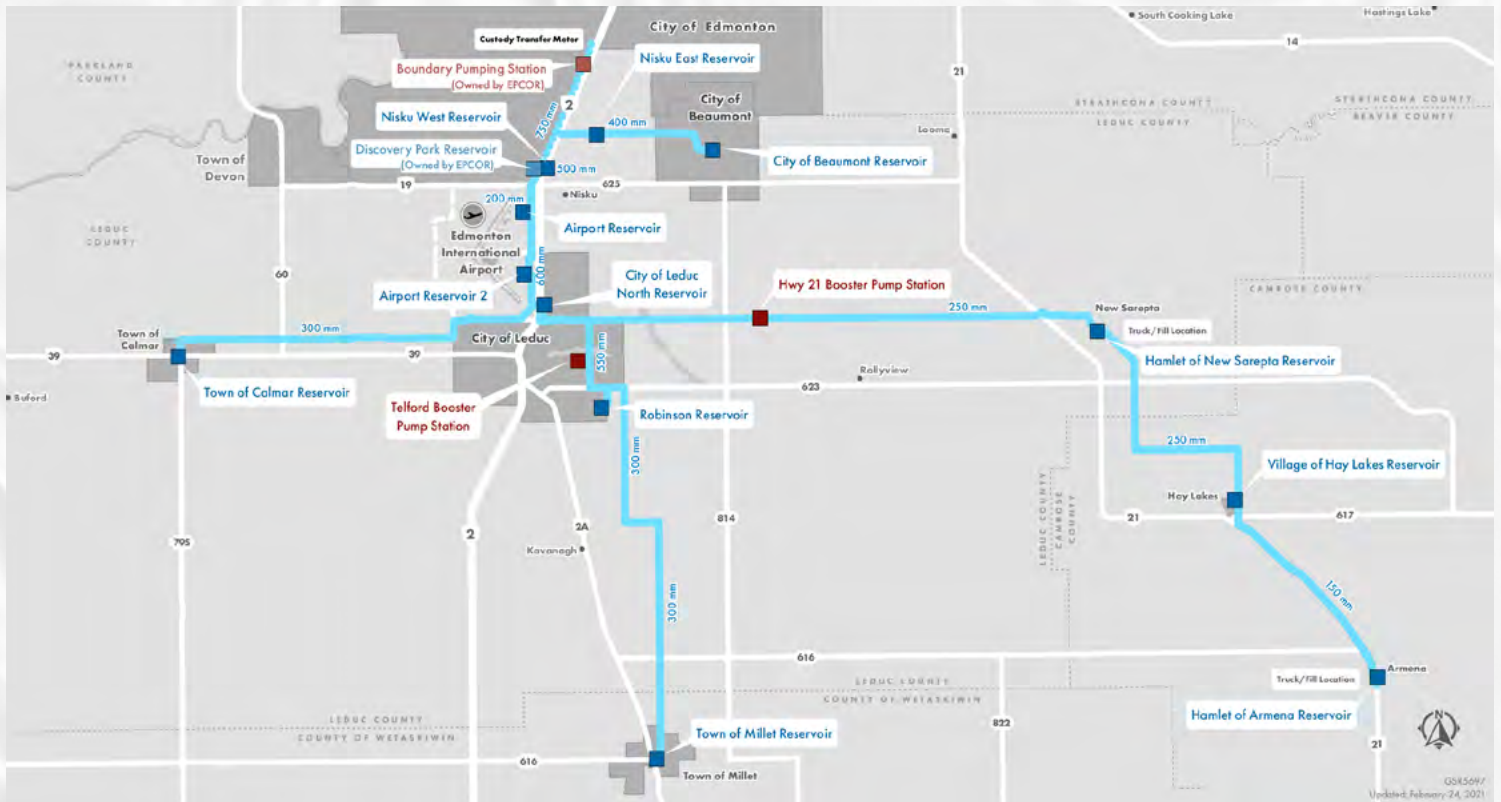
It should be noted that the operational philosophy will be changing at the completion of the Nisku Booster Station project with new metering locations.

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.

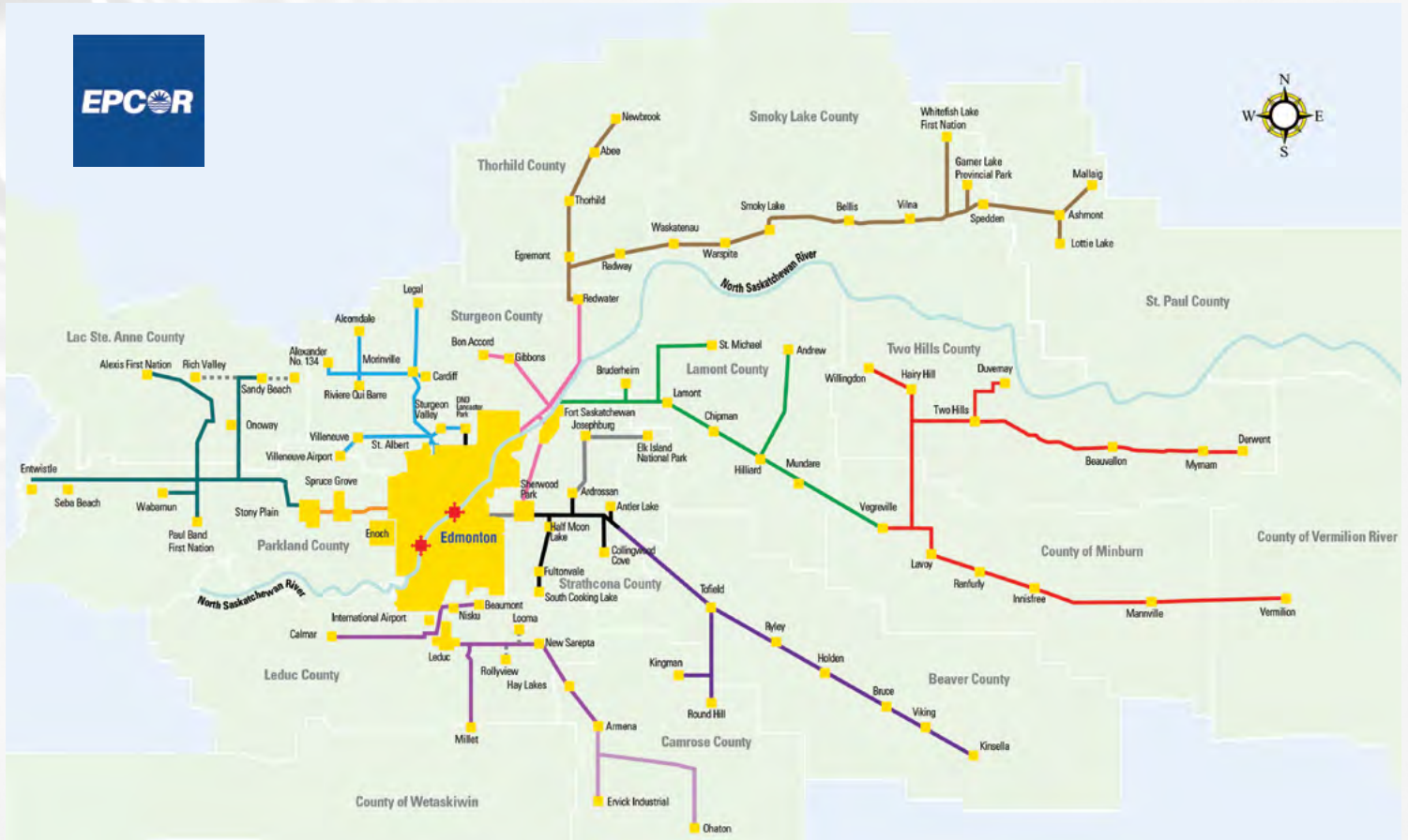
PHASE 3 was to be the On-line Storage Facility and Re-pump Facility for Calmar, however it was not constructed.

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

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



(Back Row): Rick Sereda, Kyle Van Steenoven, Shawn Olson, Mark D'aoust
(Front Row): Melanie White, Lauren Padgham, Katherine O'Dwyer, Gerard Del Rosario
(Regrets): Pamela Regier, Elie Tymchyshyn

Operations Team



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

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.

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.

CRSWSC MANAGEMENT & OPERATIONS



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.

CONSTRUCTION COMMENCED ON THE NISKU BOOSTER STATION to increase service pressures to Member municipalities in order to meet long term demands in accordance with the Masterplan. Completion and the grand opening are anticipated in 2024.

Discussions commenced in regards to the EPCOR Amending Agreement which will be required once the Nisku Booster Station is commissioned.

Negotiations began between the Regional Water Customers Group (RWCG) and EPCOR on the Cost of Service agreement. Discussions will continue into 2024.

A water main break on the Millet Line in December resulted in an emergency repair. The line began leaking again, in a smaller volume, shortly after the initial repair and a more permanent repair was scheduled for early 2024.



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 km 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.

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION (CRSWSC)
LEDUC, ALBERTA

FINANCIAL REPORT



FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023



Capital Region Southwest
Water Services Commission

CRSWSC.ca

City of Leduc
Finance Team



Lauren Padgham



Elie Tymchyshyn



Management's Responsibility

To the Board of 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 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 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 18, 2024

Managing Partner

To the Board of Capital Region Southwest Water Services Commission:

To the Board of Capital Region Southwest Water Services Commission:

Opinion

We have audited the financial statements of Capital Region Southwest Water Services Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, remeasurement gains and losses, changes in net financial assets and 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, 2023, 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.

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 18, 2024

MNP LLP

Chartered Professional Accountants

Statement of Financial Position

AS AT DECEMBER 31, 2023

	2023	2022
Financial assets		
Cash	7,568,011	5,557,328
Investments (Note 3)	8,429,668	11,629,296
Trade and other accounts receivable (Note 4)	949,985	1,216,970
	16,947,664	18,403,594
Liabilities		
Accounts payable and accrued liabilities	2,210,353	609,661
Long-term debt (Note 5)	694,182	756,228
Deferred revenue (Note 7)	300,000	-
	3,204,535	1,365,889
Net financial assets	13,743,129	17,037,705
Non-financial assets		
Tangible capital assets (Schedule 1)	29,555,840	22,382,689
Accumulated surplus (Schedule 2)	43,298,969	39,420,394
Accumulated surplus is comprised of:		
Accumulated operating surplus	43,784,066	40,313,092
Accumulated rereasurement losses	(485,097)	(892,701)
	43,298,969	39,420,391
Contingencies (Note 11)		
Commitments (Note 12)		

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, 2023

CRSWSC
FINANCIAL
REPORT

	2023 <i>Budget</i>	2023	2022
Revenue			
Water sales	10,070,956	10,725,871	10,441,678
Contributions from members	93,903	93,903	93,903
Interest income	125,000	597,710	334,359
Services	-	10,958	-
	10,289,859	11,428,442	10,869,940
Cost of sales			
Water purchases	6,394,056	6,436,088	6,619,933
Expenses			
Amortization	-	403,971	406,507
Operating contract	345,000	345,000	417,590
Repairs and maintenance	247,047	207,285	238,907
Management Contract	140,000	140,000	141,671
Utilities	88,500	95,558	87,418
Honorarium and travel	109,005	54,788	44,185
Engineering fees	50,000	34,857	540
Interest on long-term debt	31,748	31,748	34,248
Insurance	30,000	27,305	24,838
Office and annual meeting	35,650	26,139	23,137
Professional fees	54,000	21,731	52,369
	1,130,950	1,388,382	1,471,410
Operating surplus before other items	2,764,853	3,603,972	2,778,597
Other income (loss)			
Loss on disposal of portfolio investments	-	(122,204)	-
Loss on disposal of capital assets	-	(10,794)	-
	-	(132,998)	-
Excess of revenue over expenses	2,764,853	3,470,974	2,778,597

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

Statement of Remeasurement Gains and Losses

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Accumulated remeasurement losses, beginning of year	(892,701)	(119,807)
Unrealized gain (loss) attributable to:		
Portfolio investments	529,808	(772,894)
Realized loss reclassified to the statement of operations:		
Portfolio investments	(122,204)	-
	407,604	(772,894)
Accumulated remeasurement losses, end of year	(485,097)	(892,701)

Statement of Change in Net Financial Assets

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 <i>Budget</i>	2023	2022
Annual surplus	2,764,853	3,470,974	2,778,597
Acquisition of tangible capital assets	(21,898,453)	(7,663,121)	(810,948)
Capital Reserve Transfer	21,898,453	-	-
Amortization of tangible capital assets	-	403,971	406,507
Loss on sale of tangible capital assets	-	10,794	-
Opening work in progress adjustment	-	75,202	-
Remeasurement losses	-	-	(772,893)
Change in remeasurement gains (losses) for the year	-	407,604	(772,894)
Increase (decrease) in net financial assets	2,764,853	(3,294,576)	828,369
Net financial assets, beginning of year	17,810,598	17,037,705	15,436,442
Net financial assets, end of year	20,575,451	13,743,129	16,264,811

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

Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2023

CRSWSC
FINANCIAL
REPORT

	2023	2022
Operating activities		
Excess of revenue over expenses	3,470,974	2,778,597
Non-cash items		
Amortization	403,971	406,507
Loss on disposal of portfolio investments	122,204	-
Loss on disposal of capital assets	10,794	-
Work in Progress opening adjustment	75,202	-
Changes in working capital accounts		
Accounts receivable	266,985	(389,420)
Accounts payable and accruals	1,600,422	(7,614)
Deferred revenue	300,000	-
	6,250,552	2,788,070
Financing activities		
Long-term debt repayments	(62,046)	(59,655)
Capital activities		
Purchases of tangible capital assets	(7,663,121)	(859,869)
Investing activities		
Net change in investments	3,485,298	(215,911)
Increase in cash resources	2,010,683	1,652,635
Cash resources, beginning of year	5,557,328	3,904,693
Cash resources, end of year	7,568,011	5,557,328

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

Schedule 1 - Schedule of Tangible Capital Assets

FOR THE YEAR ENDED DECEMBER 31, 2023

	Land	Engineered structures	Equipment	2023	2022
Cost					
Balance, beginning of year	208,298	27,077,351	430,738	27,716,387	26,905,439
Acquisition of tangible capital assets	-	-	10,620	10,620	810,948
Construction-in-progress	-	7,652,501	-	7,652,501	-
Disposal of tangible capital assets	-	(75,202)	(35,982)	(111,184)	-
Balance, end of year	208,298	34,654,650	405,376	35,268,324	27,716,387
Accumulated amortization					
Balance, beginning of year	-	4,991,204	342,496	5,333,700	4,927,191
Annual amortization	-	364,185	39,786	403,971	406,507
Accumulated amortization on disposals	-	-	(25,187)	(25,187)	-
Balance, end of year	-	5,355,389	357,095	5,712,484	5,333,698
Net book value of tangible capital assets	208,298	29,299,261	48,281	29,555,840	22,382,689
2022 Net book value of tangible capital assets	208,298	22,086,149	88,242	22,382,689	

Schedule 2 - Schedule of Changes in Accumulated Surplus (Deficit)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus	Restricted Operating Reserve	Restricted Capital Reserve	Equity in Tangible Capital Assets	Accumulated Remeasurement Losses	2023	2022
Balance, beginning of year	1,346,586	1,367,120	15,981,927	21,617,460	(892,701)	39,420,392	37,414,689
Excess of revenue over expenses	3,470,974	-	-	-	-	3,470,974	2,778,597
Unrestricted funds designated for future use	(2,942,983)	130,799	2,812,184	-	-	-	-
Restricted funds used for operations	57,185	(57,185)	-	-	-	-	-
Restricted funds used for tangible capital assets	-	-	(7,679,689)	7,679,689	-	-	-
Amortization of tangible capital assets	403,971	-	-	(403,971)	-	-	-
Disposal of tangible capital assets	10,795	-	-	(10,795)	-	-	-
Opening work in progress adjustment	75,204	-	-	(75,204)	-	-	-
Other opening capital asset adjustments	18,184	-	-	(18,184)	-	-	-
Current year funds used for tangible capital assets	(10,620)	-	-	10,620	-	-	-
Unrealized Remeasurement gains	-	-	-	-	598,808	598,808	(772,894)
Repayment on long-term debt	(62,046)	-	-	62,046	-	-	-
Realized gain/loss on investment	-	-	-	-	(122,204)	(122,204)	-
Change in accumulated surplus	1,020,664	73,614	(4,867,505)	7,244,201	476,604	3,947,578	2,005,703
Balance, end of year	2,367,250	1,440,734	11,114,422	28,861,661	(416,097)	43,367,970	39,420,392

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

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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.

Portfolio 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 site

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, 2023.

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

FOR THE YEAR ENDED DECEMBER 31, 2023

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Government Transfers

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. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

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.

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.

Financial instruments

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

At initial recognition, the Commission may irrevocably elect to subsequently measure any financial instrument at fair value. The Commission has not made such an election during the year.

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 excess of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the 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 statement of remeasurement gains and losses.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

2. Significant accounting policies *(Continued from previous page)*

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.

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.

Amortization

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 \$8,719,492 (2022 - \$1,142,193).

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Years
Buildings	straight-line	45
Engineered structures	straight-line	15-75
Equipment	straight-line	10

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Commission's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

3. Portfolio investments

	2023	2022
Measured at cost:		
Interest receivable	70,706	94,373
Measured at fair value:		
Bonds	8,358,962	11,534,923
	8,429,668	11,629,296

Book value at December 31, 2023 is \$8,914,495 (2022 - \$12,521,997). Investments consist of a mix of bonds with a rate of return between 1.57% and 4.25%, maturing between 2025 and 2032. The income from these investments is being reinvested as received.

4. Trade and other accounts receivable

	2023	2022
Trade receivable from member municipalities	860,391	1,138,902
Other receivable	-	2,335
Goods and services tax receivable	89,594	75,733
	949,985	1,216,970

5. Long-term debt

	2023	2022
Debenture held by the Alberta Government repayable in semi-annual installments of \$34,371 including interest at 4.589%, due December 15, 2034.	588,577	628,916
Debenture held by the Alberta Government repayable in semi-annual installments of \$12,580 including interest at 2.832%, due June 15, 2028.	105,605	127,313
	694,182	756,229

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal	Interest	Total
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
2028	63,016	18,307	81,323
Thereafter	356,997	55,456	412,453

Debenture debt is issued on the credit and security of the Commission at large. The Commission's payments for interest in 2023 were \$31,748 (2021 - \$34,248).

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

CRSWSC
FINANCIAL
REPORT**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:

	2023	2022
Total debt limit	22,856,884	21,739,880
Total debt	694,182	756,229
<hr/>		
Amount of debt limit unused	22,162,702	20,983,651
<hr/>		
Service on debt limit	3,999,955	3,804,479
Service on debt	93,902	93,902
<hr/>		
Amount of debt servicing limit unused	3,906,053	3,710,577

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. Deferred revenue

The Commission entered into an agreement with Alberta Transportation to acquire funds that is to be used exclusively to build the Nisku Booster Station. The total grant is for \$2,325,300 with \$300,000 being received in 2023.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amortization</i>	<i>Balance, end of year</i>
Alberta Transportation grant	-	300,000	-	300,000

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

8. Related party transactions

(a) Members' charges

Included in water sales revenue are charges to participating municipalities based upon usage by respective residents.

(b) Contributions from members

Contributions were received from members to cover annual debenture payments.

	2023	2022
Members' charges		
City of Leduc	5,072,169	4,915,462
City of Beaumont	2,524,529	2,447,822
Leduc County	1,649,549	1,537,699
Edmonton International Airport	685,140	781,862
Town of Calmar	348,024	346,790
Town of Millet	300,497	295,708
Camrose County	86,195	58,360
Village of Hay Lakes	59,434	57,975
	10,725,537	10,441,678
Contributions from members		
Leduc County	46,480	46,482
Village of Hay Lakes	33,430	33,429
Camrose County	13,992	13,991
	93,902	93,902

(c) Management and operating contract fees

During the year, the Commission paid \$140,000 (2022 - \$141,671) in management fees and \$345,000 (2022- \$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 \$860,391 (2022 - \$1,138,902) receivable from member municipalities.

(e) Accounts payable and accrued liabilities

The year end accounts payable and accrued liabilities balance includes a total of \$39,776 (2022 - \$8,713) 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.

9. Budget information

The disclosed budget information has been approved by the Board of the Capital Region Southwest Water Services Commission at the board meeting held on January 19, 2023.

The Commission does not budget for amortization. Included in the actual expenses on the statement of operations is amortization of \$403,971 (2022 - \$406,507).

Included in the disclosed budget on the consolidated statement of operations is \$79,547 (2022 - \$123,858) 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.

Notes to Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

CRSWSC
FINANCIAL
REPORT**10. 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 risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

As at December 31, 2023, three related parties (2022 - three) accounted for 82% (2022 - 84%) 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.

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. 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:

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

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Water Sales (2023)

Customers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
City of Leduc	253,888	195,525	267,063	230,587	311,791	299,287	259,507	286,263	251,356	256,772	243,290	237,457	3,092,786
City of Beaumont	120,944	93,485	128,417	109,047	163,998	151,304	133,606	140,215	128,460	127,344	124,415	118,112	1,539,347
Leduc County	90,460	58,736	80,338	68,655	89,509	98,664	87,494	95,905	91,068	90,732	80,713	73,549	1,005,823
Town of Calmar	16,906	13,522	18,190	16,194	23,377	23,195	18,105	20,010	16,327	15,825	15,512	15,047	212,210
International Airport	28,776	22,707	33,251	31,008	40,524	38,864	41,765	50,817	38,072	36,145	29,153	26,686	417,768
Village of Hay Lakes	2,986	2,274	3,084	2,588	4,031	4,207	2,791	3,007	2,983	2,949	2,639	2,701	36,240
Camrose County	3,404	2,541	3,697	3,187	6,966	7,979	4,145	5,628	4,149	3,228	3,888	3,746	52,558
Town of Millet	14,517	11,308	15,421	13,180	17,513	19,909	17,079	18,239	15,205	14,563	13,524	12,772	183,230
Total Sales	531,881	400,098	549,461	474,446	657,709	643,409	564,492	620,084	547,620	547,558	513,134	490,070	6,539,962
Master Meter Purchases	482,217	476,401	565,285	490,131	675,594	664,218	581,085	636,919	544,970	580,258	530,700	511,080	6,738,858
Water Differential	49,664	(76,303)	(15,824)	(15,685)	(17,885)	(20,809)	(16,593)	(16,835)	2,650	(32,700)	(17,566)	(21,010)	(198,896)

Note: All volumes are reflected in cubic meters.



CRSWSC FINANCIAL REPORT

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

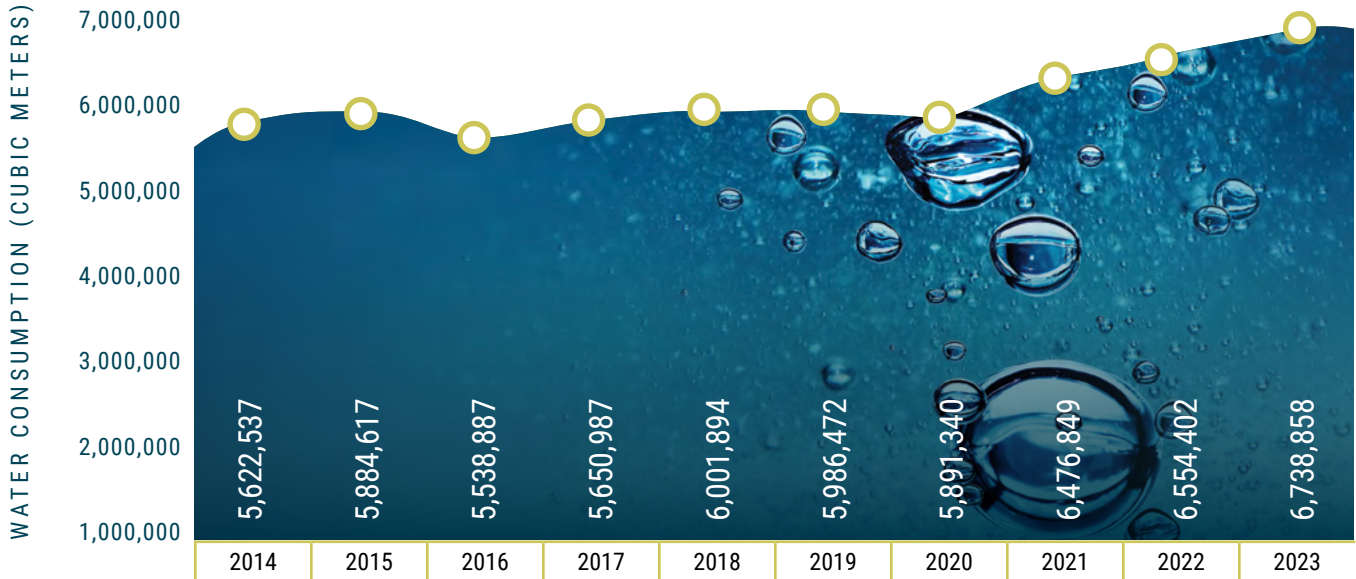
Water Sales Percent (2014 - 2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Purchases	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	6,738,858
City of Leduc	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	3,092,786
<i>percentage</i>	53.6%	52.9%	52.4%	52.1%	50.0%	47.4%	48.9%	48.1%	47.1%	47.3%
City of Beaumont	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	1,539,347
<i>percentage</i>	22.1%	22.9%	23.9%	24.0%	22.8%	22.3%	24.3%	24.3%	23.4%	23.5%
Leduc County	773,719	804,621	679,266	668,132	733,584	783,644	696,276	837,181	937,622	1,005,823
<i>percentage</i>	14.2%	14.1%	12.7%	12.5%	12.6%	13.4%	12.3%	13.3%	14.7%	15.4%
Town of Calmar	215,174	217,182	229,300	233,459	237,193	223,393	233,662	250,478	211,457	212,210
<i>percentage</i>	3.9%	3.8%	4.3%	4.4%	4.1%	3.8%	4.1%	4.0%	3.3%	3.2%
International Airport	302,528	321,527	319,299	330,425	378,415	536,461	364,037	397,700	476,745	417,768
<i>percentage</i>	5.5%	5.6%	6.0%	6.2%	6.5%	9.2%	6.4%	6.3%	7.5%	6.4%
Village of Hay Lakes	38,207	37,686	37,035	35,526	37,097	40,068	35,517	37,468	35,351	36,240
<i>percentage</i>	0.7%	0.7%	0.7%	0.7%	0.6%	0.7%	0.6%	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	52,558
<i>percentage</i>	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.6%	0.8%
Town of Millet				144,750	188,019	179,214	177,964	195,704	180,310	183,230
<i>percentage</i>				2.7%	3.2%	3.1%	3.1%	3.1%	2.8%	2.8%
Total Sales	5,465,451	5,718,271	5,366,140	5,325,554	5,819,639	5,844,463	5,682,950	6,294,953	6,366,877	6,539,962
% Year Increase	5.9%	4.6%	-6.2%	-0.8%	9.3%	0.4%	-2.8%	10.8%	1.1%	2.7%
Average increase of 1.60% per year over ten year period.								612,003	71,924	173,085

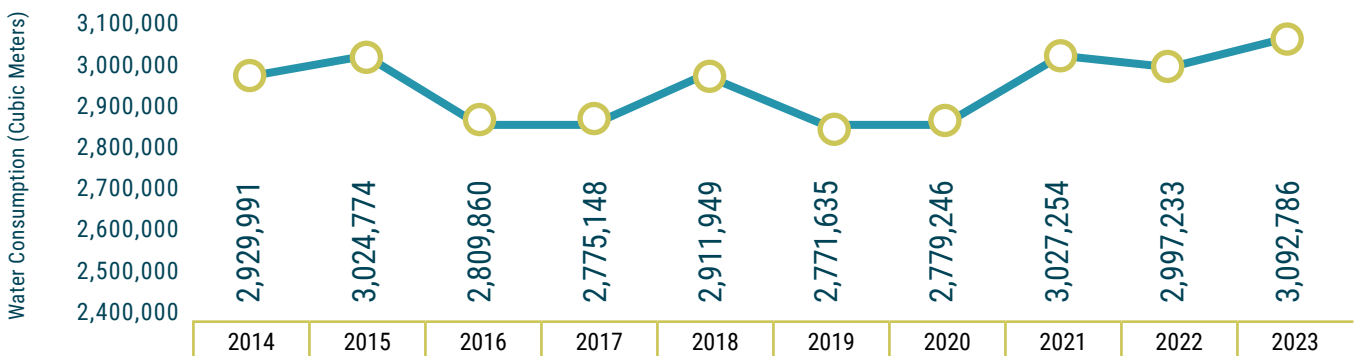
Note: All volumes are reflected in cubic meters. Percent increases are reflective of previous year sales.

Annual Water Consumption (2014 - 2023)

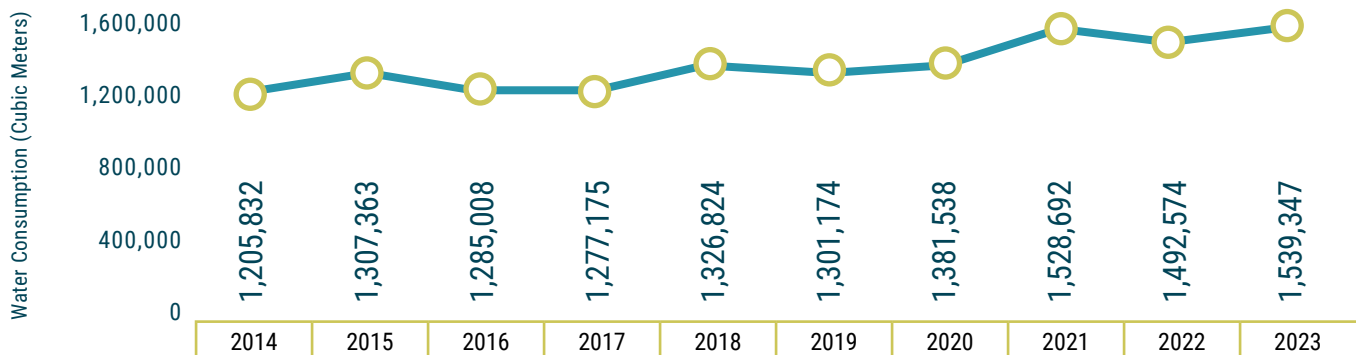
REGIONAL WATER COMMISSION



CITY OF LEDUC



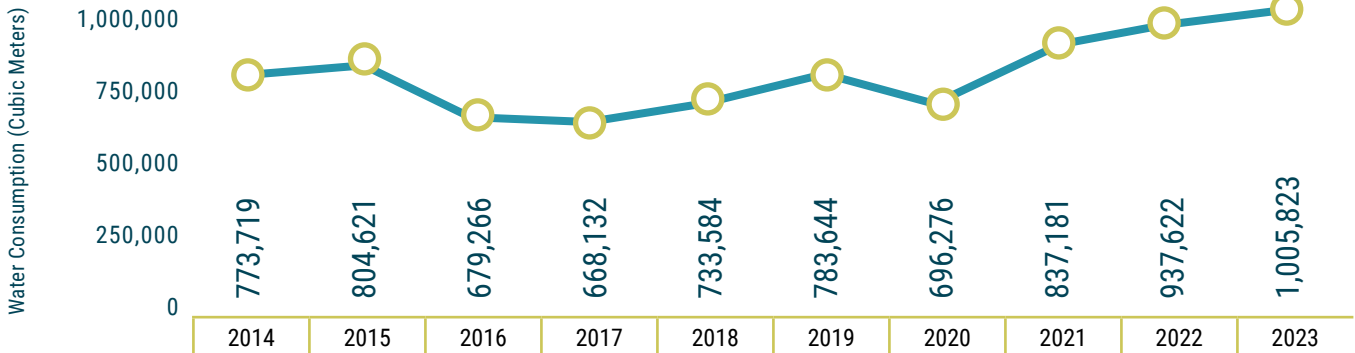
CITY OF BEAUMONT



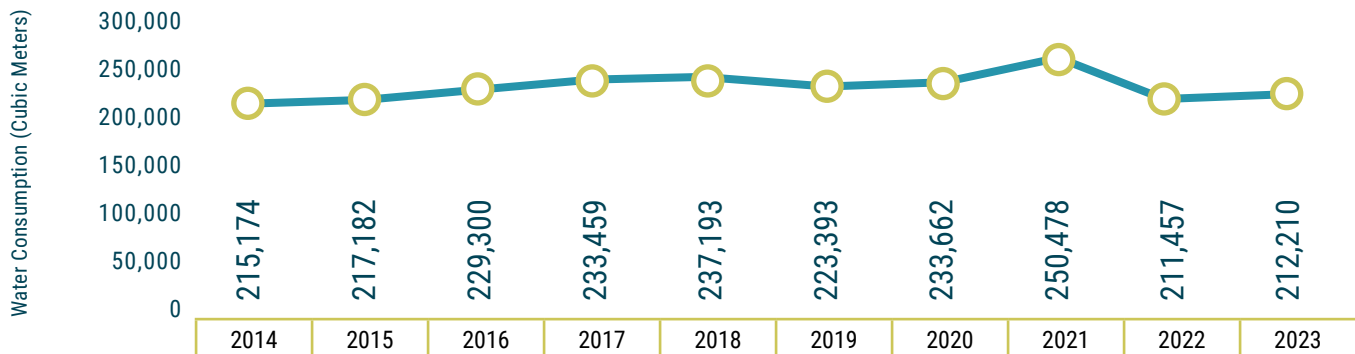
CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Annual Water Consumption (2014 - 2023)

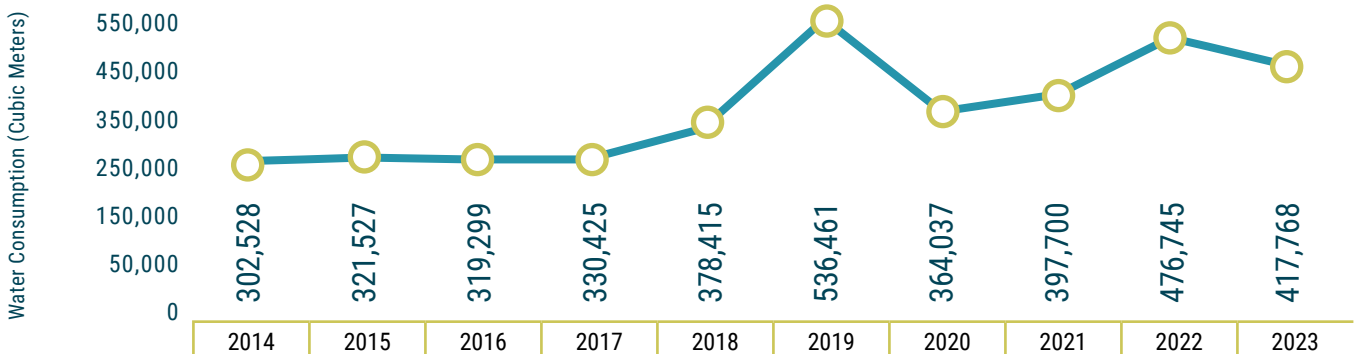
LEDUC COUNTY



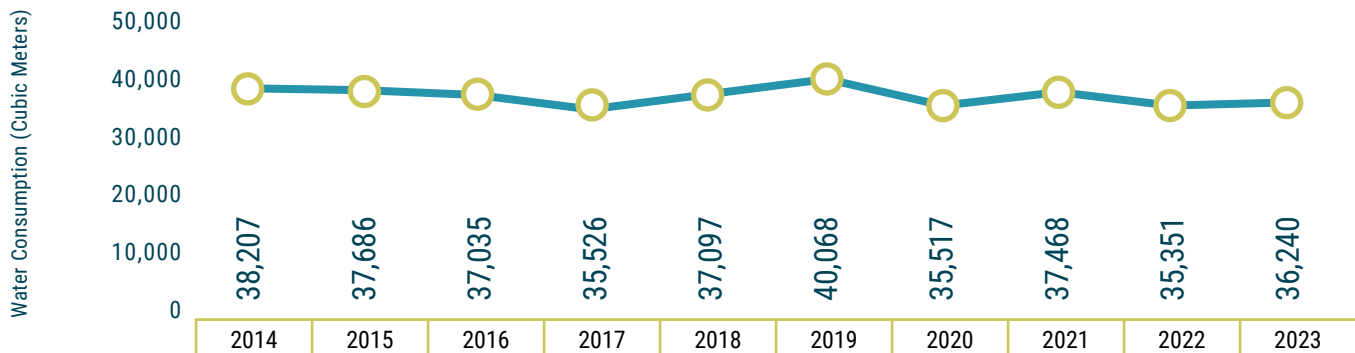
TOWN OF CALMAR



EDMONTON INTERNATIONAL AIRPORT

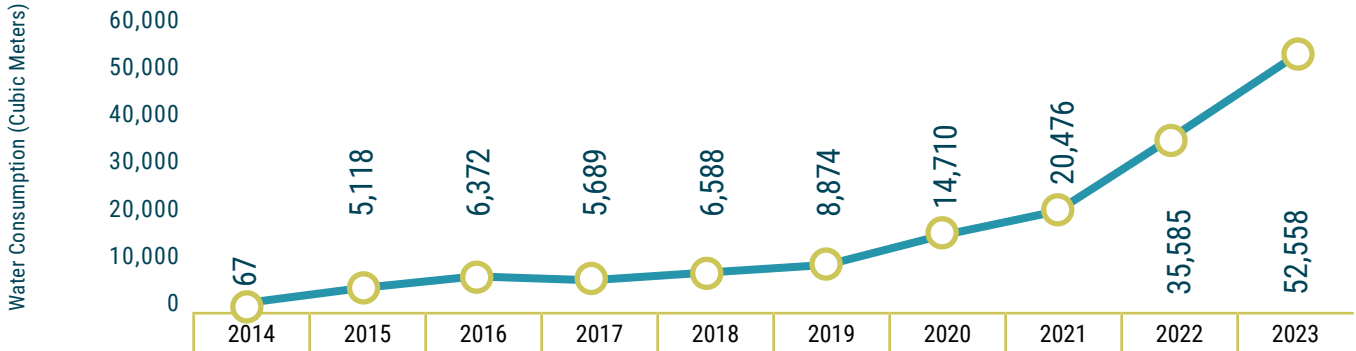


VILLAGE OF HAY LAKES

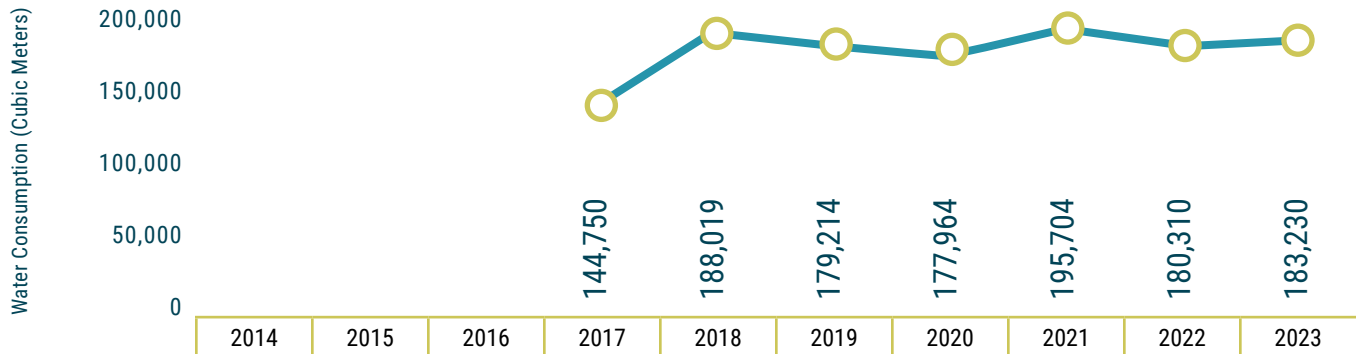


Annual Water Consumption (2014 - 2024)

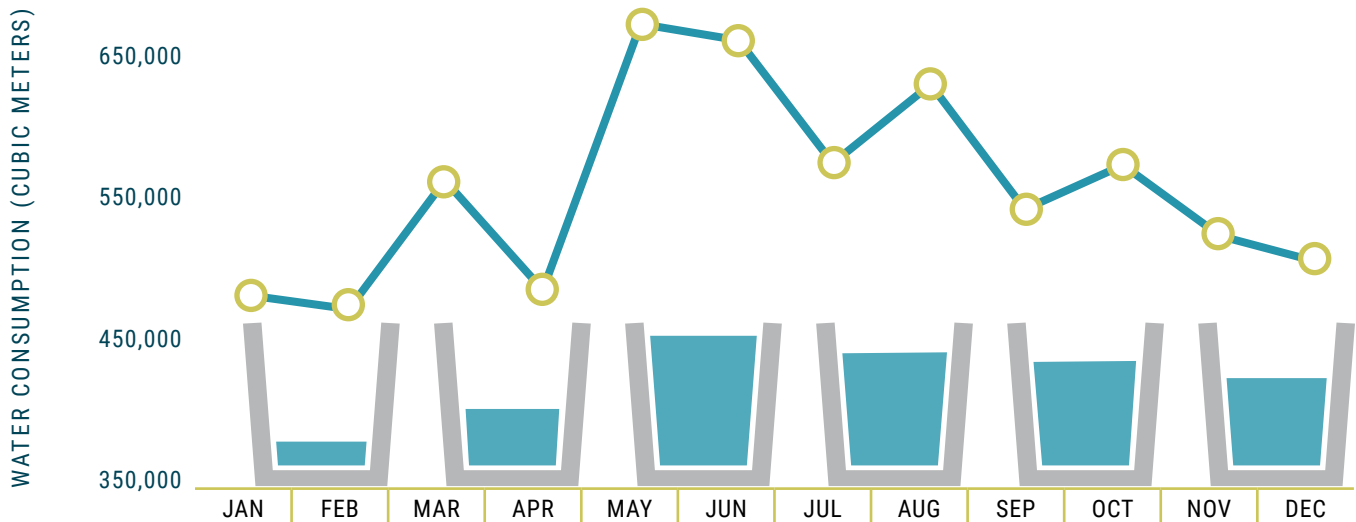
CAMROSE COUNTY



TOWN OF MILLET



Water Commission Consumption (2023) Water Demand

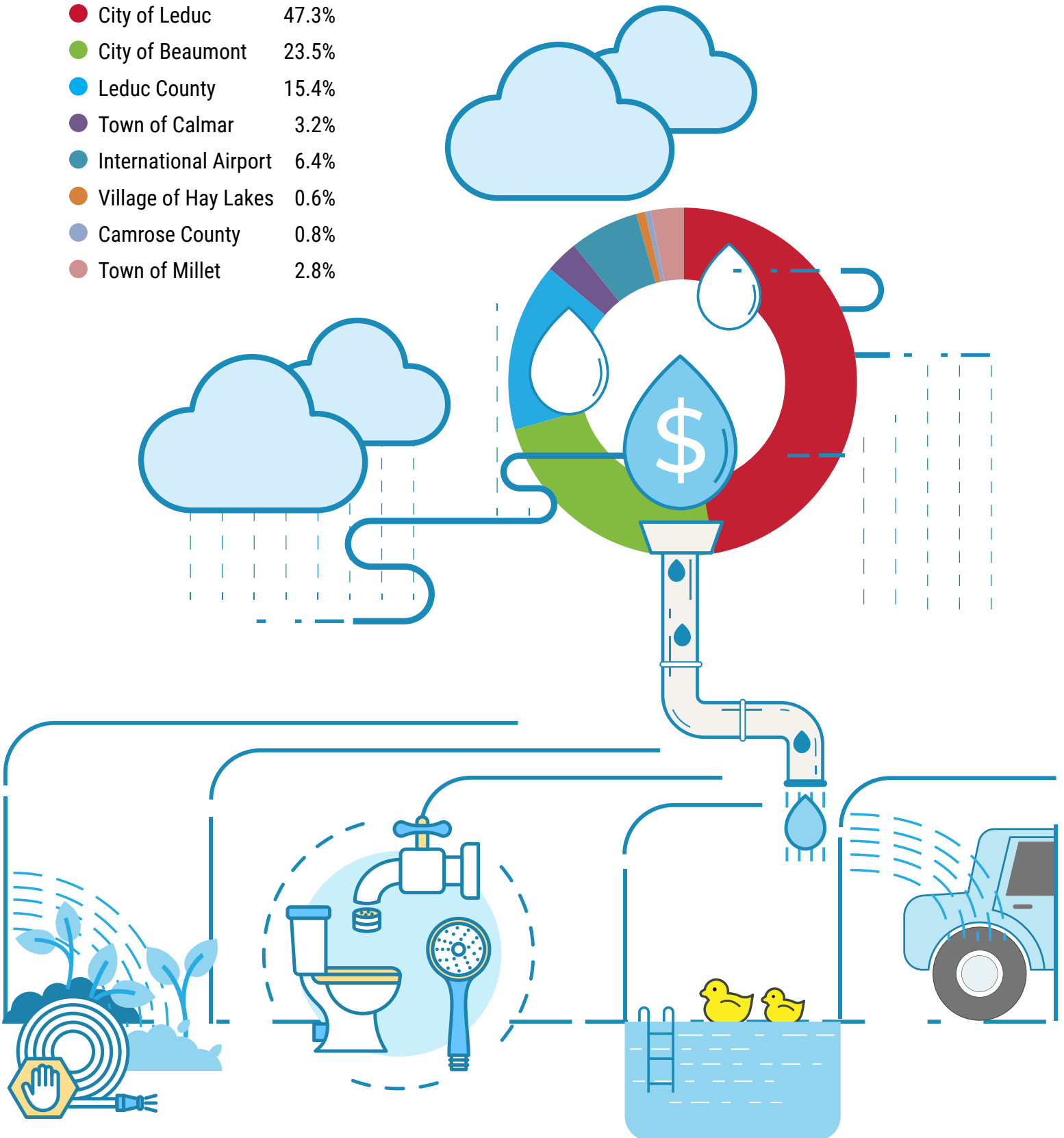


CRSWSC FINANCIAL REPORT

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

Customer Share of Water Sales (2023)

● City of Leduc	47.3%
● City of Beaumont	23.5%
● Leduc County	15.4%
● Town of Calmar	3.2%
● International Airport	6.4%
● Village of Hay Lakes	0.6%
● Camrose County	0.8%
● 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