



CRSWS

CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION

2020 ANNUAL REPORT

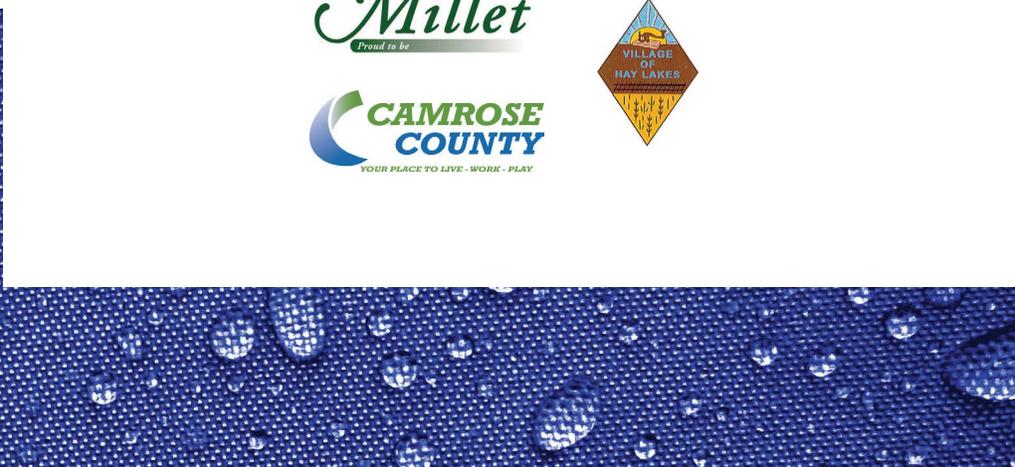


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BOARD

Chairman's Message

It is my honor to deliver the 2020 Chairman's Message, on behalf of the Capital Region Southwest Water Services Commission (CRSWSC) Board of Directors.

As I am sure all would agree, 2020 was an unprecedented year with the onset of the COVID-19 pandemic in March 2020. This required the Commission to rapidly adapt to performing business in a virtual environment. Board meetings were transitioned to a blend of virtual and socially distanced in person attendance (when permitted) in order to accommodate public health measures. The Commission also implemented additional COVID-19 protocols to protect the health and safety of our Board members, Management and Operations team, and to ultimately ensure operations smoothly continued throughout the pandemic. I am incredibly proud of our ability to quickly transition to this new environment and I am pleased to report that despite the pandemic and challenges it presented, we were still able to accomplish all of our goals in 2020.

One of the most noteworthy accomplishments of 2020 was the execution of the EPCOR Sale Agreement on January 9, 2020, after lengthy negotiations throughout 2019. The sale resulted in the transfer of Commission assets south of the Edmonton International Airport, including the Boundary Station, which were officially transferred to EPCOR on January 6, 2021. As a result of the sale, the Commission started working towards a new Booster Station which is required in 2023.

In 2020 the Commission completed 4 of the 10 high priority items identified in the Strategic Plan for the 2019 - 2023 period. This included aligning the Commission's Master Plan with members municipal plans, educating members on water conservation methods, providing a simplified utility rate

Continued on page 3...



RICK SMITH
BOARD CHAIR

structure, and most importantly, charging reasonable water rates to members. Fortunately, as a result of the Commission's improved financial position relating to the EPCOR sale, the Board was able to secure a stable water rate for 2020 – 2023, which is vital considering our current economic reality. I am proud of the substantial progress made on the Strategic Plan goals and look forward to continuing to work towards the remaining 6 high priority items throughout 2021 – 2023.

The Board invested considerable time on financial matters in 2020; welcoming CIBC Wood Gundy Hobson Chahal Advisory Group as the Commission's new investment advisors and adopting a revised Investment Policy. Further, the Commission selected MNP LLP as the new auditor for the next 5 year period (2020 – 2024) and implemented electronic funds processing (EFT) in late 2020, which increases efficiency and adapts to this new virtual work environment.

As outgoing Chair of the Commission, I would like to this opportunity to warmly welcome Mayor Wally Yachimetz as the incoming Chair, effective November 2020. On behalf of

the Board, we are confident that Chairman Yachimetz will provide excellent leadership to the Commission considering his dedication and wealth of experience as a CRSWSC Board member. Additionally, I would like to thank former Vice-Chair Beverly Beckett for her dedicated service from 2015 – 2020, which included contributing a significant amount of time to the EPCOR negotiation process in 2019. The Board now welcomes Councillor Bill Daneluik as the incoming Vice-Chair for the 2020 - 2021 term.

Lastly, I wish to thank our dedicated City of Leduc Management and Operations team for their continued hard work and resilience. In 2020, the Board was pleased to extend the City of Leduc contract for an additional 2 year term, now ending December 2022.

As we look forward to 2021, I am confident that the Commission will continue to overcome challenges relating to the ongoing pandemic and I am optimistic of another successful and rewarding year ahead.

Membership and 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 bylaws and Part 15.1 of the MGA.

The Capital Region Southwest Water Services Commission membership includes:

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





Organization and 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 2020, Councillor Rick Smith was chair and Councillor Beverly Beckett was vice-chair.

Back Row (L. to R.): Coun. Sam Munckhof-Swain (Beaumont), Coun. Dave Vallee (Village of Hay Lakes), Coun. Greg Gillespie (Camrose County), Coun. Steven vanNieuwkerk (alt.) (Beaumont), Coun. Rick Smith (Leduc County), Mayor Tony Wadsworth (Millet)
Middle Row (L. to R.): Coun. Lars Hansen (Leduc), Coun. Doug Lyseng (Camrose County), Coun. Mike Storey (Millet)
Front Row (L. to R.): Mayor Wally Yachimetz (Calmar), Coun. Beverly Beckett (Leduc), Coun. Don Faulkner (alt.) (Calmar), Coun. Kelly Vandenberghe (Leduc County)

2020 Board Members Alternates

City of Beaumont	Councillor Sam Munckhof-Swain	Councillor Bill Daneluik	Councillor Steven vanNieuwkerk
Town of Calmar	Mayor Wally Yachimetz	Councillor Krista Gardner	Councillor Don Faulkner
Camrose County	Councillor Doug Lyseng	Councillor Greg Gillespie	Councillor Cindy Trautman
Village of Hay Lakes	Mayor Dawn Pauls	Councillor Dave Vallee	Councillor Faye Leicht
City of Leduc	Councillor Beverly Beckett (vice chair)	Councillor Lars Hansen	Mayor Bob Young
Leduc County	Councillor Rick Smith (chair)	Councillor Kelly Vandenberghe	Mayor Tanni Doblanko Councillor Kelly-Lynn Lewis
Town of Millet	Mayor Tony Wadsworth	Councillor Mike Storey	Councillor Pat Garrett

Incoming Board Members Alternates

In November 2020, the incoming Board of Directors for the 2020 – 2021 term was appointed. Mayor Wally Yachimetz was elected as chair and Councillor Bill Daneluik was elected as vice-chair.

City of Beaumont	Councillor Sam Munckhof-Swain	Councillor Bill Daneluik (vice-chair)	Councillor Steven vanNieuwkerk
Town of Calmar	Mayor Wally Yachimetz (chair)	Councillor Krista Gardner	Councillor Don Faulkner
Camrose County	Councillor Doug Lyseng	Councillor Greg Gillespie	Reeve Cindy Trautman
Village of Hay Lakes	Deputy Mayor Dawn Pauls	Mayor Dave Vallee	Councillor Faye Leicht
City of Leduc	Councillor Beverly Beckett	Councillor Lars Hansen	Mayor Bob Young
Leduc County	Councillor Rick Smith	Councillor Kelly Vandenberghe	Mayor Tanni Doblanko Councillor Kelly-Lynn Lewis
Town of Millet	Mayor Tony Wadsworth	Councillor Mike Storey	Councillor Pat Garrett

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 <i>(Director, Engineering & Environment) City of Leduc</i>
Operations manager	Rick Sereda <i>(Director, Public Services) City of Leduc</i>
Treasurer	Carol Hounsell <i>(Manager, Accounting Services) City of Leduc</i>
Financial agency	Alberta Treasury Branch
Auditor	MNP LLP
Engineering services	Associated Engineering Alberta Ltd.
Solicitor	Brownlee LLP
Investment agency	CIBC Wood Gundy Hobson Chahal Advisory Group

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.

Associated Engineering 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 Engineers Chad Maki and Sean Nicoll.

The City of Camrose began attending CRSWSC Board meetings as observers in late 2019, as they are potentially interested in joining the Commission in the future. We would like to thank Councillor Kevin Hycha, Councillor David Ofrim and City Manager Malcolm Boyd for their involvement in Commission meetings. The Commission looks forward to continuing to work with the City of Camrose in the future.



Edmonton International Airport: Roger Steele *Associated Engineering (L. to R.): Chad Maki, Sean Nicoll*

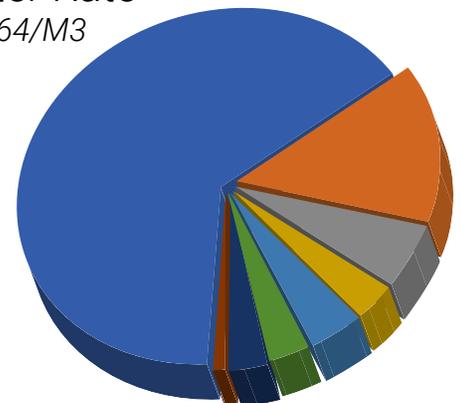
Water Rates

The 2020 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, the Village of Hay Lakes, Camrose County and the Town of Millet
- Wholesale water rates: \$1.64 per m³ (cubic metre) for all member communities

2020 Simplified Water Rate Based on Sales Rate of \$1.64/M³

Water Purchases - \$0.95
Reserve Contributions - \$0.44
Operating Contract - \$0.10
Professional Fees - \$0.03
Utilities - \$0.05
Repairs & Maintenance - \$0.03
Management Contract - \$0.03
Board Expenses - \$0.01



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.

Management & Operations Report

On behalf of the City of Leduc, we would like to thank the CRSWSC Board for their continued trust and support throughout 2020. This support is evident through the Board's recent decision to once again extend the City of Leduc contract for Management and Operation services for an additional 2 year term, until December 2022. We are grateful for this opportunity and look forward to continuing to serve the Commission.

When reflecting on 2020, the COVID-19 pandemic is forefront in the minds of many. Although the Commission was impacted by the pandemic, we are pleased to report that we were able to seamlessly adapt to this new environment, with Board meetings converting to a virtual format with limited in person attendance (as required) for the majority of 2020. The Commission also deferred the Annual General Meeting (AGM)

from April 16, 2020 to September 10, 2020, as permitted by the Province. This allowed time to modify the AGM to host a successful event in celebration of the Commission's landmark 35th year anniversary, which was hosted both virtually and in person while respecting public health measures.

The pandemic also resulted in decreased industrial/commercial water consumption, due to business closures and many people working from home. The Commission was concerned with potential penalties from EPCOR for reduced water consumption and proactively brought this forward to the Regional Water Customers Group (RWCG) and EPCOR for discussion. Surprisingly, at the end of 2020, the Commission had used 96% of our estimated overall water consumption, with water sales only 4% below budget. Fortunately, it appears that increased residential water demand balanced the impacts of reduced industrial/commercial use.

Although 2020 was challenging, the Commission still had a very successful year. We would like to take this opportunity to celebrate highlights from 2020.

- The EPCOR Sale Agreement was signed on January 9, 2020 and was approved by Municipal Affairs shortly thereafter. The Commission worked diligently throughout 2020 on closing conditions and impacts of the sale, such as utility transfers and amendments to the



(L. to R.): Shawn Olson (Commission Manager), Rick Sereda (Operations Manager)

Water Supply Agreement to reflect the new points of delivery and their respective minimum and maximum flows. We are proud to report that the asset transfer was completed on January 6, 2021 with no service interruptions. The sale of assets also resulted in an improved financial position for the Commission, which allowed the Board to secure stable water rates for 2020 – 2023. We would like to take this opportunity to thank Chairman Smith and Vice-Chair Beckett for their guidance and leadership in this endeavour.

- The Water Master Plan was finalized in early 2020 following the EPCOR Sale. Highlights of the Master Plan and Strategic Plan were presented to the CRSWSC Board in May 2020, which was approved to present to member municipal Councils upon request. Council presentations were provided to the City of Beaumont, City of Leduc, Leduc County and the Town of Calmar in Summer 2020.
- The Edmonton International Airport (EIA) reservoir # 2 was commissioned in Spring 2020 with assistance from CRSWSC operators.
- A security system was installed at the recently upgraded Highway 21 Booster Station, to prevent theft and vandalism.
- In coordination with the Regional Water Customers Group (RWCG), an application was submitted to transfer water allocations from EPCOR to the RWCG. In October 2020 the RWCG received a preliminary Water Diversion License, which helps guarantee our long term water requirements.
- The Commission was successful in resolving the claim for the Millet water supply line incident that took place in November 2018. The Commission was successful in pursuing cost recovery for this incident within the warranty period.
- A severe weather incident occurred on July 16, 2020, resulting in damage to the Commission's communication tower in the Town of Millet. The tower was replaced in November 2020 once debris had been removed, but the Commission was able to restore communications immediately after the incident. This incident was a demonstration of the collaborative working relationship and community mindset of Commission members, as the City of Leduc supplied resources (2 laborers, 1 arborist, 1 bucket truck, and 1 wood chipper) for two full days to assist the Town of Millet with cleaning up trees that had fallen in the storm.
- The design for Beaumont pipe upgrades was completed in 2020, with construction to take place in 2021.
- In December 2019 the Commission secured the option to purchase a parcel of land in Leduc County for the future construction of a new Booster Station,

required in 2023 as identified in the updated Master Plan. A phase 1 environmental assessment of the Leduc County parcel of land was completed in 2020, which identified environmental contaminants within the building that would need to be addressed prior to demolition. A request for proposal (RFP) was issued in December 2020 for land negotiations and design of the new Booster Station in 2021, with a goal to tender the project for construction in early 2022.

- In September 2020 Municipal Affairs advised of amendments to the Municipal Government Act (MGA) to streamline the legislative framework for Regional Service Commissions, including the CRSWSC. The changes permit service commissions to continue as incorporated entities and maintain all of their current powers and duties, while reducing the role of the province in approving many business decisions. These changes require an update to the Commission's Bylaws by September 1, 2021. Bylaw updates are currently underway and will include alignment with the revised Water Policy (which is a high priority item in the boards strategic plan), which is currently being updated in coordination with Associated Engineering.
- After serving as the Commission Treasurer from 2012 – 2020, Carol Hounsell warmly welcomed Lauren Padgham as the new Commission Treasurer, effective January 1, 2021. We would like to take this opportunity to thank Carol Hounsell for her expertise and dedicated long term service to the Commission!

Effective management and operations is essential to ensure that safe drinking water is effectively and efficiently delivered to member municipalities. The Commission continues to follow a preventative maintenance program that maximizes the endurance and longevity of CRSWSC assets, following engineering best practices. The CRSWSC operations team is pleased to once again report that no safety incidents occurred in 2020.

The continued success of the Commission, especially throughout the current health pandemic, is a result of the collaboration and commitment by everyone involved with the CRSWSC. Our Management and Operations team enjoy serving the Commission and we appreciate the opportunity to continue to do so for an additional 2 year term.



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 pump speeds to match required pressures.

The Supervisory Control and Data Acquisition (SCADA) control system is designed to provide operating information and control capability for the water transmission system. This is performed through a communication system link between the 14 Programmable Logic Controllers (PLC) located at each of the fill station sites, and the booster stations. The

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

Communication between all 14 water commission sites is performed by a UHF radio system installed within each station. There is a constant feedback of information occurring between the radios and host PLC. Examples of information being transmitted include:

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

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

Total flow received from Edmonton is compiled by EPCOR's master meters, which are situated within the Blackmud Creek pump station and the 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.

2020 Meeting Dates

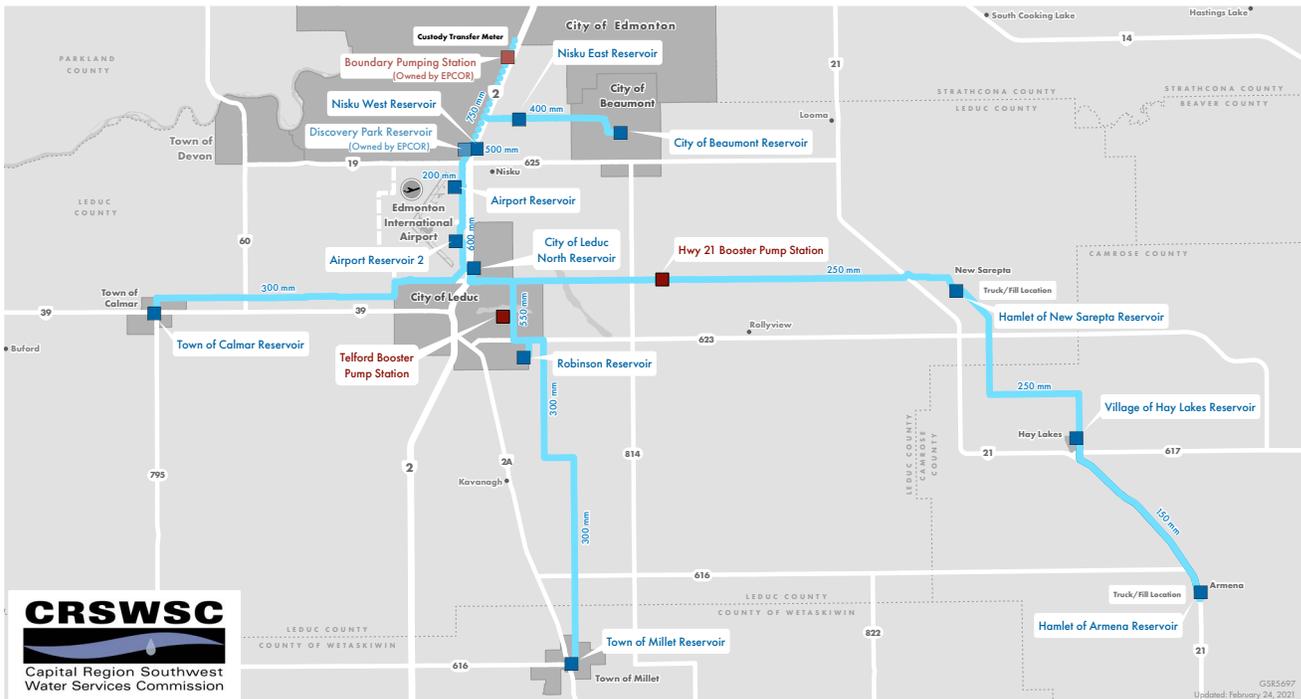
January 30, 2020	Regular Meeting
March 19, 2020	Regular Meeting
May 21, 2020	Regular Meeting
September 10, 2020*	Annual General Meeting (AGM)
September 17, 2020	Regular Meeting
November 19, 2020	Organizational & Regular Meeting

**The Annual General Meeting (AGM) was originally scheduled for April 16, 2020 but was deferred due to the COVID-19 pandemic.*



CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION (CRSWSC) TRANSMISSION SYSTEM

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

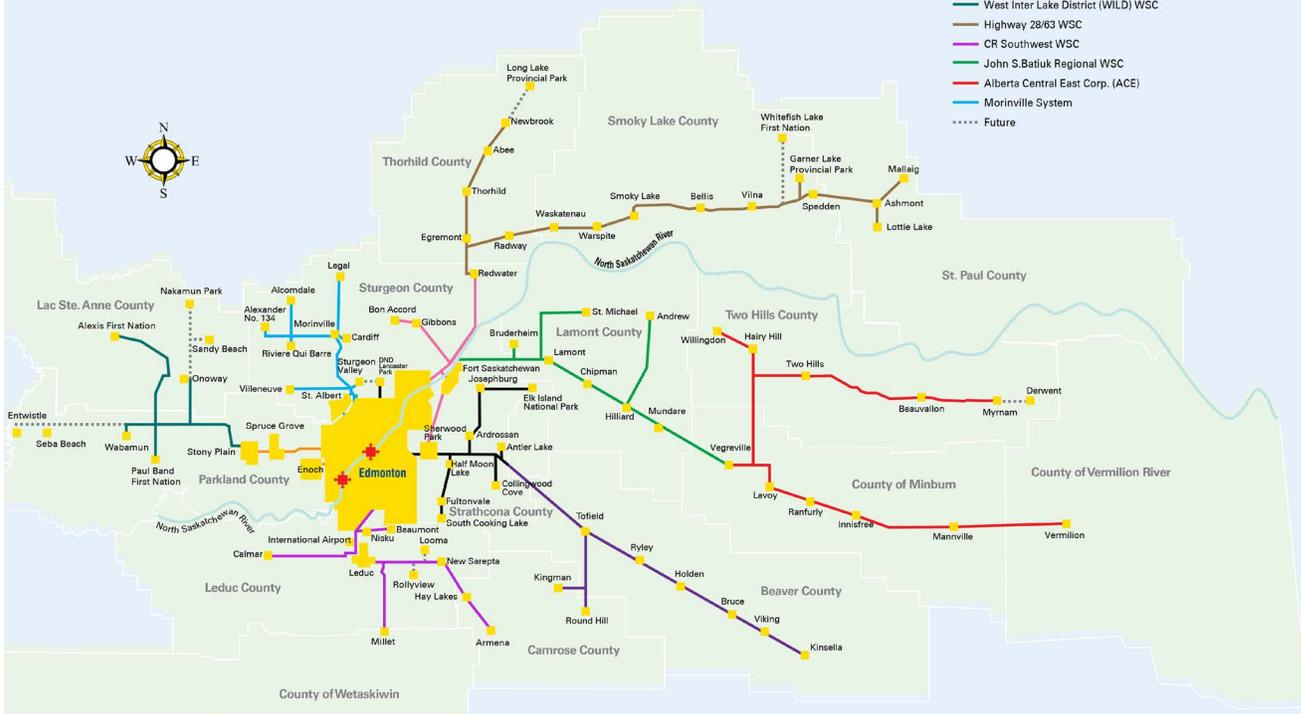


GS85697 Updated: February 24, 2021



EDMONTON REGION WATER SERVICE AREA

- #### 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
 - - - - Future



February 2020 (map not to scale)

History of the CRSWSC

💧 *April 6, 1959*

The Strathcona-Leduc Water Board originally formed as a partnership between the Municipal Districts of Strathcona and Leduc, and the Town of Leduc. Board formation was in response to the federal government's need for potable water to the then proposed Edmonton International Airport. The original Edmonton to Leduc water transmission system was constructed in 1959 – 60 due to the financial contributions of the federal government and debenture borrowing by the three municipalities.

The original waterline had a 300 mm diameter, asbestos cement from within the then City of Edmonton limits to the airport tie-in and a 250 mm diameter cast iron water main from the airport tie-in to the Town of Leduc. Two pump stations; No. 1 at 23 Avenue, in the City of Edmonton, and No. 2 at Nisku provided the transmission capability.

💧 *Late 1970s*

Capacity of the original system was reached.

💧 *1978 - 1979*

A new steel pipeline was constructed as Phase 1 with telescopic diameters; 750 mm, 600 mm and 500 mm, from the City of Edmonton (9 Avenue) to the City of Leduc.

💧 *1982 - 1983*

Phase 2 was constructed.

💧 *September 1, 1984*

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.

💧 *1985*

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.

💧 *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 300 mm water main to the county, with exception of Nisku Pump House No. 2. The 300 mm diameter main now serves as a county distribution main with pressurization from the county's Nisku reservoir.

💧 *1988*

The Commission completed the construction of a 400 mm diameter lateral from the Commission's main line to Beaumont and a fill station at the Beaumont reservoir. The original Nisku-to-Beaumont waterline was transferred to the County of Leduc.

💧 *1993 - 1995*

The Supervisory Control and Data Acquisition (SCADA) system was upgraded to new technology and radio communication with the five fill stations.

💧 *1994*

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 200 mm cast iron lateral was twinned with a 200 mm PVC line from the main line to the airport fill station.

💧 *2002*

The Beaumont 300 mm pipeline was twinned with a 400 mm line from the west edge of the town boundary into the Beaumont fill station.

💧 *2004*

Associated Engineering was hired to carry out a supply system review. Based on this study and the years of service of VSP 102, the Commission installed a new motor, pump, and Variable Frequency Drive.

💧 *2005*

Based on the 2004 review, VSP 102 and 103 were replaced. The computer was replaced and the SCADA system was updated. Landscaping with low maintenance and drought-resistant design was completed at the boundary pump station.

2006

The Commission upgraded its radio system for all fill stations to improve communications via the boundary pump station HMI (Human Machine Interface). Leduc County constructed a new reservoir and fill station. Ownership of the fill station was turned over to the water Commission.

2007

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

2008 - 2010

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 250 mm water line ties into the Commission's line within the City of Leduc boundary and heads east through Leduc County to New Sarepta and Hay Lakes. The line will eventually head into Camrose County.

2011 - 2012

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.

2013

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

Edmonton International Airport realigned a segment of the 600 mm steel main for commercial development on their property. The SCADA system was upgraded to replace the PLC's, programming and associated hardware modifications.

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

2014

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 Ave interchange.

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

2015

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.

2016 - 2018

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.

2019

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.

2020

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. The 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.



Operations Team
Back Row (L. to R.): Rick Cannon, Keung Lee, Jason Lindbeck, Darrell Claydon, Patrick Martin, Randy Plican
Front Row (L. to R.): Shawn Tooth, James Sew, Mark D'aoust



Management Team
Back Row (L. to R.): Shawn Olson, Shannon Bremner, Rick Sereda
Front Row (L. to R.): Carol Hounsell, Samantha Folster, Gerard Del Rosario
Regrets: Shawn Tooth, Pamela Regier, Lauren Padgham

Financial Reports



Commission Treasurers (L. to R.): Carol Hounsell, Lauren Padgham

Carol Hounsell served as the Commission Treasurer until the end of 2020. We would like to take the opportunity to thank Carol Hounsell for her wise and dedicated service as the Commission Treasurer from 2012 – 2020. Carol will be dearly missed and we wish her the best of luck in her future endeavors!

The Commission warmly welcomes Lauren Padgham as the incoming Treasurer, effective as of January 1, 2021.

**Capital Region Southwest Water
Services Commission
Financial Statements**

December 31, 2020



Capital Region Southwest Water Services Commission
C/O City of Leduc
#1 Alexandra Park
Leduc, AB T9E 4C4
Phone: (780) 980-7177 Fax: (780) 980-7127

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 15, 2021

Managing Partner

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

Opinion

We have audited the financial statements of the Capital Region Southwest Water Services Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets, cash flows and the related schedules I through III for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2020, 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.

Other Matter

The financial statements as at and for the year ended December 31, 2019 were audited by other auditors, who expressed an unqualified opinion on those statements in their report dated September 10, 2020.

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.



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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 15, 2021

MNP LLP
Chartered Professional Accountants

MNP

Capital Region Southwest Water Services Commission
Statement of Financial Position

As at December 31, 2020

	2020	2019
Financial assets		
Cash	3,858,746	2,935,662
Investments (Note 3)	8,173,571	5,923,223
Trade and other accounts receivable (Note 4)	2,546,143	944,679
	14,578,460	9,803,564
Liabilities		
Accounts payable and accrued liabilities	964,256	568,874
Deferred revenue (Note 5)	-	158,974
Long-term debt (Note 6)	873,243	928,400
	1,837,499	1,656,248
Net financial assets	12,740,960	8,147,316
Non-financial assets		
Tangible capital assets (Schedule II)	22,062,910	23,859,227
	34,803,870	32,006,543

Contingencies (Note 11)

Approved on behalf of the Board of Directors:


 _____ Chairperson

 _____ Treasurer

The accompanying notes are an integral part of these financial statements

Capital Region Southwest Water Services Commission
Statement of Operations and Accumulated Surplus

For the year ended December 31, 2020

	2020 Budget (Note 9)	2020	2019
Water revenue	9,726,371	9,320,038	9,292,696
Cost of sales	5,808,431	5,596,773	5,567,419
Gross profit	3,917,940	3,723,265	3,725,277
Other revenue			
Gain on disposal of tangible assets	-	269,028	-
Realized return on investments	60,000	168,139	112,060
Contributions from members	93,903	93,903	93,903
Other income	-	21,306	-
	153,903	552,376	205,963
Expenses			
Amortization	-	514,214	450,217
Operating contract	417,590	417,590	404,641
Repairs and maintenance	121,340	193,120	161,552
Utilities	205,855	177,170	183,733
Management contract	141,671	141,671	137,278
Professional fees	78,000	57,606	77,470
Interest on long-term debt	38,746	38,650	40,769
Engineering fees	65,000	35,653	67,209
Insurance	30,000	29,335	27,412
Honorarium and travel	97,780	20,199	25,088
Office and annual meeting	30,500	19,624	20,395
	1,226,482	1,644,832	1,595,764
Excess of revenue over expenses before other	2,845,361	2,630,809	2,335,476
Other			
Government transfers for capital (<i>Schedule III</i>)	288,848	53,812	2,287
Excess of revenue over expenses	3,134,209	2,684,621	2,337,763

The accompanying notes are an integral part of these financial statements

Capital Region Southwest Water Services Commission
Statement of Remeasurement Gains and Losses
For the year ended December 31, 2020

	2020	2019
Unrealized gains attributable to:		
Portfolio investments	249,574	-
Amounts reclassified to the statement of operations:		
Portfolio investments	(136,868)	-
Net remeasurement gains for the year	112,706	-
Accumulated remeasurement gains, beginning of year	-	-
Accumulated remeasurement gains, end of year	112,706	-

The accompanying notes are an integral part of these financial statements

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Capital Region Southwest Water Services Commission
Statement of Change in Net Financial Assets
For the year ended December 31, 2020

	2020 <i>Budget</i> <i>(Note 9)</i>	2020	2019
Excess of revenue over expenses	3,134,209	2,684,621	2,337,763
Acquisition of tangible capital assets	(740,428)	(31,110)	(166,547)
Proceeds on disposal of tangible capital assets	-	1,582,241	-
Amortization of tangible capital assets	-	514,214	450,216
Gain on disposal of tangible capital assets	-	(269,028)	-
Remeasurement gains	-	112,706	-
Increase in net financial assets	2,393,781	4,593,644	2,621,432
Net financial assets, beginning of year	8,147,316	8,147,316	5,525,884
Net financial assets, end of year	10,541,097	12,740,960	8,147,316

The accompanying notes are an integral part of these financial statements

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**Capital Region Southwest Water Services Commission
Statement of Cash Flows**

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	2,684,621	2,337,763
Non-cash items:		
Amortization of tangible capital assets	514,214	450,216
Gain on disposal of tangible capital assets	(269,028)	-
Net change in non-cash operating working capital balances:		
Decrease in deferred revenue	(158,974)	(2,287)
Increase (decrease) in accounts payable and accrued liabilities	395,382	(36,226)
Increase in trade and other accounts receivable	(19,222)	(212,632)
	3,146,993	2,536,834
Investing		
Acquisition of tangible capital assets	(31,110)	(166,547)
Net change in investments	(2,137,642)	(2,325,280)
	(2,168,752)	(2,491,827)
Financing		
Repayment of long-term debt	(55,157)	(53,042)
Increase (decrease) in cash	923,084	(8,035)
Cash, beginning of year	2,935,662	2,943,697
Cash, end of year	3,858,746	2,935,662

The accompanying notes are an integral part of these financial statements

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**Capital Region Southwest Water Services Commission
Schedule I - Schedule of Changes in Accumulated Surplus
*For the year ended December 31, 2020***

	Unrestricted Surplus	Restricted Operating Reserve	Restricted Capital Reserve	Equity in Tangible Capital Assets	Accumulated Remeasurement Gains	2020	2019
Balance, beginning of year	472,019	824,637	7,779,060	22,930,827	-	32,006,543	29,668,780
Excess of revenue over expenses	2,684,621	-	-	-	-	2,684,621	2,337,763
Unrestricted funds designated for future use	(4,167,983)	113,659	4,054,324	-	-	-	-
Restricted funds used	55,055	-	(86,165)	31,110	-	-	-
Disposal of tangible capital assets	1,313,213	-	-	(1,313,213)	-	-	-
Amortization of tangible capital assets	514,214	-	-	(514,214)	-	-	-
Unrealized gain on investments	-	-	-	-	249,574	249,574	-
Realized gain on investments	-	-	-	-	(136,868)	(136,868)	-
Repayment of long-term debt	(55,157)	-	-	55,157	-	-	-
Change in accumulated surplus	343,963	113,659	3,968,159	(1,741,160)	112,706	2,797,327	2,337,763
Balance, end of year	815,982	938,296	11,747,219	21,189,667	112,706	34,803,870	32,006,543

The accompanying notes are an integral part of these financial statements

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Capital Region Southwest Water Services Commission
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2020

	Land	Buildings	Engineered Structures	Equipment	2020	2019
Cost:						
Balance, beginning of year	221,637	1,784,247	27,992,259	41,507	30,039,650	29,873,103
Acquisition of tangible capital assets	-	-	31,110	-	31,110	166,547
Disposal of tangible capital assets	13,339	1,784,247	1,655,592	33,988	3,487,166	-
Balance, end of year	208,298	-	26,367,777	7,519	26,583,594	30,039,650
Accumulated amortization:						
Balance, beginning of year	-	1,467,047	4,671,869	41,507	6,180,423	5,730,207
Annual amortization	-	-	514,214	-	514,214	450,216
Accumulated amortization on disposals	-	1,467,047	672,918	33,988	2,173,953	-
Balance, end of year	-	-	4,513,165	7,519	4,520,684	6,180,423
Net book value	208,298	-	21,854,612	-	22,062,910	23,859,227
2019 net book value	221,637	317,200	23,320,390	-	23,859,227	

Cost includes construction in progress of \$22,218 (2019 - \$166,547). These amounts are not amortized until the asset is completed and in use. During the year, tangible capital assets were sold for aggregate proceeds of \$1,582,241 (2019 - nil) of which were \$1,582,241 (2019 - nil) in trade and other accounts receivable at year end.

The accompanying notes are an integral part of these financial statements

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Capital Region Southwest Water Services Commission
Schedule III - Schedule of Government Transfers
For the year ended December 31, 2020

	2020 Budget	2020	2019
Capital			
Provincial	259,721	39,719	2,058
Local	29,127	14,093	229
	288,848	53,812	2,287

The accompanying notes are an integral part of these financial statements

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Capital Region Southwest Water Services Commission Notes to the Financial Statements

For the year ended December 31, 2020

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, 2020. 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.

Capital Region Southwest Water Services Commission
Notes to the Financial Statements
For the year ended December 31, 2020

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 \$22,218 (2019 - \$166,547).

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.

Capital Region Southwest Water Services Commission
Notes to the Financial Statements

For the year ended December 31, 2020

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

Financial instruments

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

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

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

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

Future Accounting Standards

Effective on or after April 1, 2022:

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

Capital Region Southwest Water Services Commission
Notes to the Financial Statements

For the year ended December 31, 2020

3. Investments

	2020	2019
Bonds	8,128,410	5,815,836
Interest receivable	45,161	107,387
	8,173,571	5,923,223

Book value at December 31, 2020 is \$8,060,865 (2019 - \$5,923,223). Investments consist of a mix of bonds with a rate of return between 1.67% and 3.11%, maturing between 2022 and 2030. The income from these investments is being reinvested as received.

4. Trade and other accounts receivable

	2020	2019
Other trade receivables	1,582,241	32,546
Trade receivables due from member municipalities	951,671	900,756
Goods and Services Tax Receivables	12,231	11,377
	2,546,143	944,679

5. Deferred revenue

	2020	2019
Provincial contributions	-	130,145
Municipal contributions	-	28,829
	-	158,974

Included in the Commission's deferred revenue are government transfers which are restricted to eligible projects as approved under the funding agreements. These amounts are recognized as revenue in the period in which the related expenditures are incurred. During the year, unspent contributions in the amount of \$105,162 (2019 - nil) were repaid to government bodies.

Capital Region Southwest Water Services Commission
Notes to the Financial Statements

For the year ended December 31, 2020

6. Long-term debt

	2020	2019
Debenture held by the Alberta Government repayable in semi-annual installments of \$34,371 including interest at 4.589%, due December 15, 2034.	704,304	739,510
Debenture held by the Alberta Government repayable in semi-annual installments of \$12,580 including interest at 2.832%, due June 15, 2028.	168,939	188,890
	873,243	928,400

Payments of interest and principal are due as follows:

	Principal	Interest	Total
2021	57,360	36,543	93,903
2022	59,655	34,248	93,903
2023	62,046	31,856	93,902
2024	64,538	29,365	93,903
2025	67,134	26,769	93,903
To maturity	562,510	119,071	681,581
	873,243	277,852	1,151,095

Debenture debt is issued on the credit and security of the Commission at large. The Commission's payments for interest in 2020 were \$38,746 (2019 - \$40,861).

7. 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:

	2020	2019
Total debt limit	19,744,828	18,997,318
Total debt	873,243	928,400
Amount of debt limit unused	18,871,585	18,068,918
Service on debt limit	3,455,345	3,324,531
Service on debt	93,903	93,903
Amount of debt servicing limit unused	3,361,442	3,230,628

Capital Region Southwest Water Services Commission
Notes to the Financial Statements

For the year ended December 31, 2020

7. Debt limits (continued from previous page)

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.

8. 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:

	<i>2020</i>	<i>2019</i>
City of Leduc	4,557,963	4,406,900
City of Beaumont	2,265,722	2,068,867
Leduc County	1,141,893	1,245,994
Edmonton International Airport	597,021	852,972
Town of Calmar	383,206	355,195
Town of Millet	291,861	284,950
Village of Hay Lakes	58,248	63,708
Camrose County	24,124	14,110
	9,320,038	9,292,696

(b) Contributions from members

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

	<i>2020</i>	<i>2019</i>
Leduc County	46,482	46,482
Village of Hay Lakes	33,429	33,429
Camrose County	13,992	13,992
	93,903	93,903

(c) Management and operating contract fees

During the year, the Commission paid \$141,671 (2019 - \$137,278) in management fees and \$417,590 (2019 - \$404,641) 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 \$951,671 (2019 - \$900,756) receivable from member municipalities.

(e) Accounts payable and accrued liabilities

The year end accounts payable and accrued liabilities balance includes a total of nil (2019 - \$47,796) 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.

Capital Region Southwest Water Services Commission
Notes to the Financial Statements
For the year ended December 31, 2020

9. Budget information

The disclosed budget information was approved by the Board on January 30, 2020. The following is a reconciliation between the budget approved and that showing in the financial statements:

	Budget 2020
Approved budget operating surplus (<i>deficit</i>)	-
Acquisition of tangible capital assets	740,428
Transfer to accumulated surplus	2,338,624
Debenture principal repayments	55,157
<hr/>	
Excess of revenue over expenses (<i>Statement of Operations</i>)	3,134,209

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 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, 2020, three related parties (2019 - three) accounted for 88% (2019 - 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.

11. Contingencies

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

12. Comparative figures

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

Capital Region Southwest Water Services Commission
Notes to the Financial Statements
For the year ended December 31, 2020

13. Significant event

During the year, there was 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.

2020 Water Sales													
Customers	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	TOTAL
City of Leduc	257,387	210,285	222,485	222,146	234,868	230,782	255,019	241,938	234,202	241,505	215,466	213,163	2,779,246
City of Beaumont	123,267	95,272	104,713	109,173	131,246	122,289	124,094	120,552	116,060	121,958	107,350	105,564	1,381,538
Leduc County	58,071	65,259	63,349	48,751	48,387	57,468	65,080	60,241	64,637	56,710	48,192	60,131	696,276
Town of Calmar	20,364	16,341	18,351	18,528	20,299	21,881	22,706	20,243	18,523	20,844	17,771	17,811	233,662
International Airport	46,555	38,041	35,192	16,446	25,482	22,845	26,956	28,054	29,980	32,688	33,435	28,363	364,037
Village of Hay Lakes	3,315	2,439	2,580	2,832	3,323	3,525	3,152	2,765	2,769	3,147	2,904	2,766	35,517
Camrose County	272	884	1,024	1,395	1,047	1,318	1,203	1,493	1,543	1,597	1,371	1,563	14,710
Town of Millet	16,974	13,366	14,338	14,177	15,666	14,375	17,532	15,835	14,639	14,840	12,825	13,397	177,964
Total Sales	526,205	441,887	462,032	433,448	480,318	474,483	515,742	491,121	482,353	493,289	439,314	442,758	5,682,950
Master Meter Purchases	547,329	453,775	480,018	448,442	496,055	488,273	533,373	508,176	492,583	514,985	462,733	465,598	5,891,340
Water Differential	(21,124)	(11,888)	(17,986)	(14,994)	(15,737)	(13,790)	(17,631)	(17,055)	(10,230)	(21,696)	(23,419)	(22,840)	(208,390)

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

Water Sales Percent											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Purchases	4,757,052	5,053,510	5,176,772	5,431,052	5,622,537	5,884,617	5,538,887	5,650,987	6,001,894	5,986,472	5,682,950
City of Leduc	2,619,184	2,784,215	2,841,830	2,989,374	2,929,991	3,024,774	2,809,860	2,775,148	2,911,949	2,771,635	2,779,246
<i>percentage</i>	55.1%	55.2%	55.1%	55.2%	53.6%	52.9%	52.4%	50.7%	50.0%	47.4%	48.9%
City of Beaumont	1,018,321	1,071,211	1,103,036	1,148,384	1,205,832	1,307,363	1,285,008	1,277,175	1,326,824	1,301,174	1,381,538
<i>percentage</i>	21.4%	21.2%	21.4%	21.2%	22.1%	22.9%	23.9%	23.3%	22.8%	22.3%	24.3%
Leduc County	585,403	704,122	715,710	767,430	773,719	804,621	679,266	668,132	733,584	783,644	696,276
<i>percentage</i>	12.3%	14.0%	13.9%	14.2%	14.2%	14.1%	12.7%	12.2%	12.6%	13.4%	12.3%
Town of Calmar	203,572	190,481	194,065	204,777	215,174	217,182	229,300	233,459	237,193	223,393	233,662
<i>percentage</i>	4.3%	3.8%	3.8%	3.8%	3.9%	3.8%	4.3%	4.3%	4.1%	3.8%	4.1%
International Airport	275,431	262,791	271,026	266,433	302,528	321,527	319,299	330,425	378,415	536,461	364,037
<i>percentage</i>	5.8%	5.2%	5.3%	4.9%	5.5%	5.6%	6.0%	6.0%	6.5%	9.2%	6.4%
Village of Hay Lakes	22,737	31,397	34,498	35,760	38,207	37,686	37,035	35,526	37,097	40,068	35,517
<i>percentage</i>	0.5%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%
New Sarepta	32,404	n/a									
<i>percentage</i>	0.7%										
Camrose County					67	5,118	6,372	5,689	6,558	8,874	14,710
<i>percentage</i>					0.0%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%
Town of Millet								144,750	188,019	179,214	177,964
<i>percentage</i>								2.6%	3.2%	3.1%	3.1%
Total Sales	4,757,052	5,044,217	5,160,165	5,412,158	5,465,518	5,718,271	5,366,140	5,470,304	5,819,639	5,844,463	5,682,950
% Year Increase	-1.2%	6.0%	2.3%	4.9%	1.0%	4.6%	-6.2%	1.9%	6.4%	0.4%	-2.8%

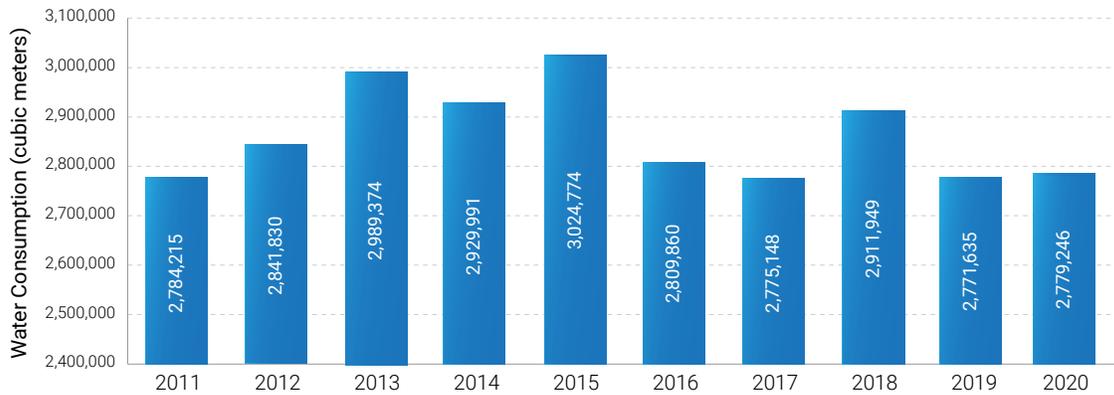
Average Increase of 1.60% Per Year Over Ten Year Period

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

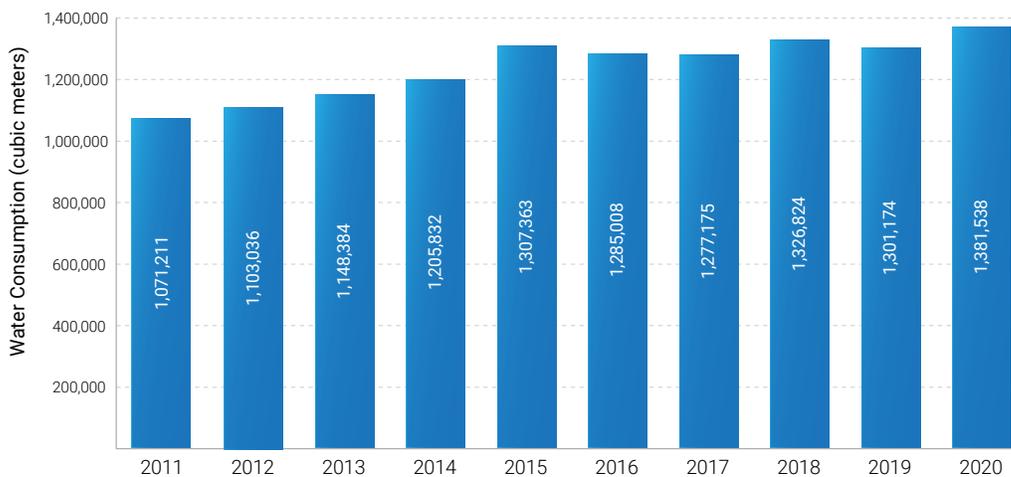
Regional Water Commission
Annual Water Consumption (2011-2020)



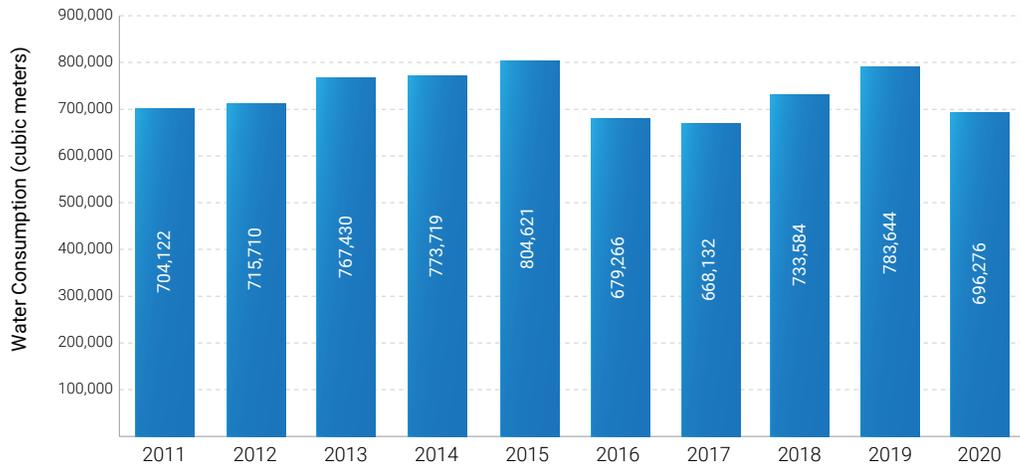
City of Leduc
Annual Water Consumption (2011-2020)



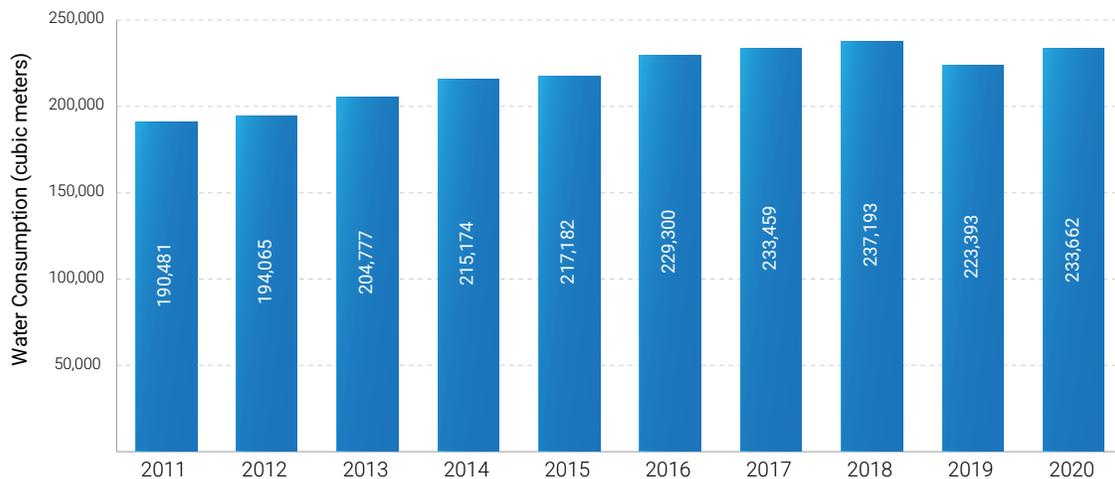
City of Beaumont
Annual Water Consumption (2011-2020)



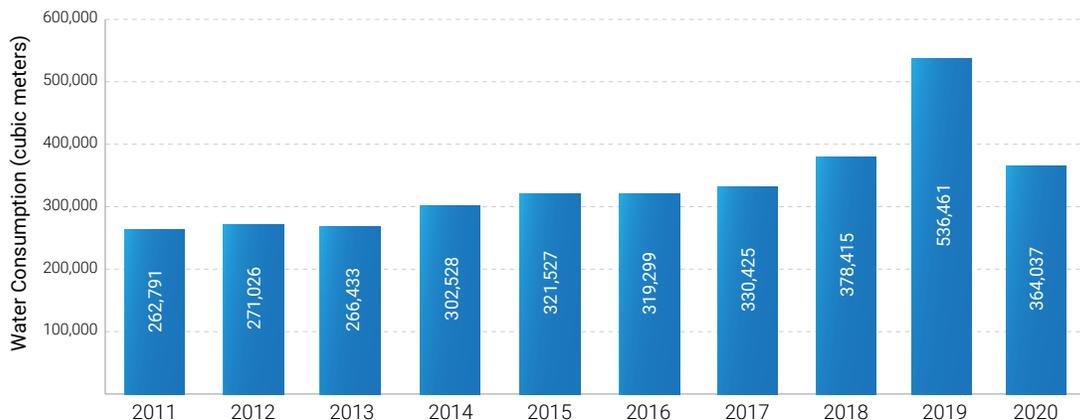
Leduc County
Annual Consumption (2011-2020)



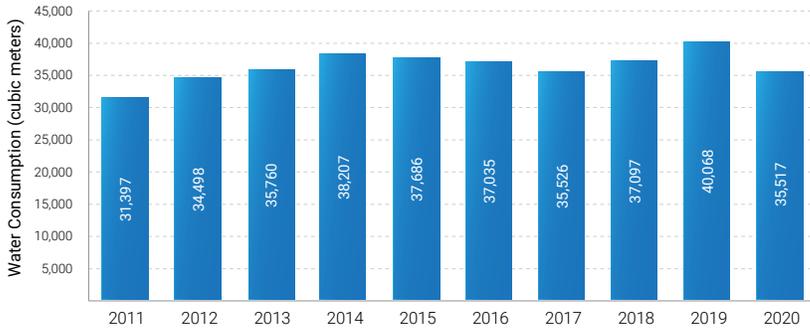
Town of Calmar
Annual Water Consumption (2011-2020)



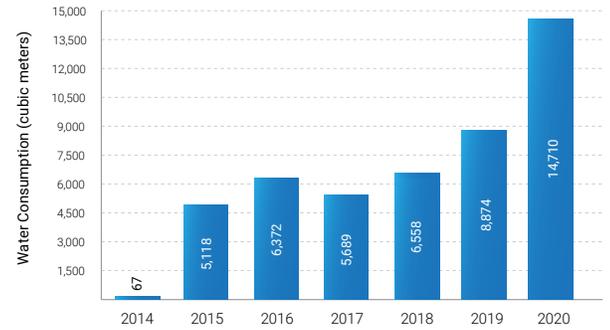
Edmonton International Airport
Annual Water Consumption (2011-2020)



Village of Hay Lakes
Annual Water Consumption (2011-2020)



Camrose County Annual
Water Consumption (2014-2020)



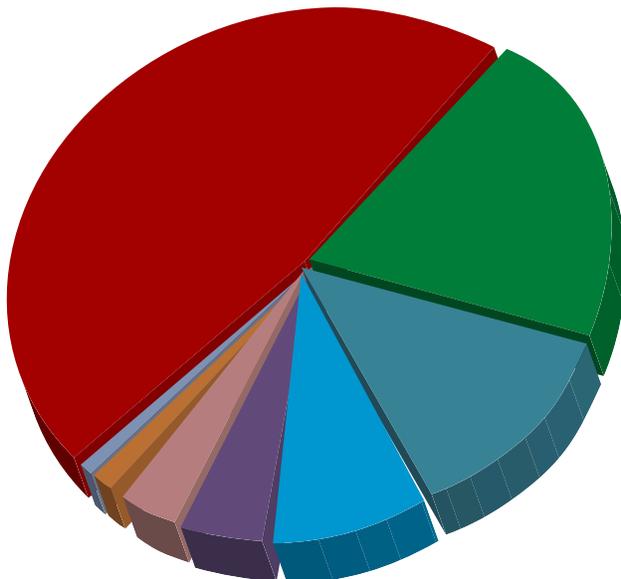
Town of Millet Annual
Water Consumption (2017-2020)



Water Commission Consumption
2020 Water Demand



2020 Customer Share of Water Sales



- City of Leduc - 48.9%
- City of Beaumont - 24.3%
- Leduc County - 12.3%
- International Airport - 6.4%
- Town of Calmar - 4.1%
- Town of Millet - 3.1%
- Village of Hay Lakes - 0.6%
- Camrose County - 0.3%

