

**CAPITAL REGION NORTHEAST
WATER SERVICES COMMISSION**

Financial Statements

For the Year Ended December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Capital Region Northeast Water Services Commission

Opinion

We have audited the financial statements of Capital Region Northeast Water Services Commission (the Commission), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows 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, 2024 and the results of its operations 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 *Auditors' 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 those 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 relating 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 (the Board) are responsible for overseeing the Commission's financial reporting process.

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Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

METRIX GROUP LLP

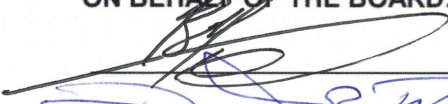
Chartered Professional Accountants

Edmonton, Alberta
April 7, 2025

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION**Statement of Financial Position****As at December 31, 2024**

	2024	2023 (Restated) (Note 14)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 6,210,609	\$ 13,043,421
Investments (Note 3)	13,013,467	4,000,000
Accounts receivable (Note 4)	2,302,499	1,532,687
Loan receivable (Note 5)	1,046,452	1,063,115
	<u>22,573,027</u>	<u>19,639,223</u>
LIABILITIES		
Accounts payable and accrued liabilities	588,697	519,327
Deferred revenue (Note 3)	275,000	-
Long-term debt (Note 6)	6,868,745	7,229,218
	<u>7,732,442</u>	<u>7,748,545</u>
NET FINANCIAL ASSETS	<u>14,840,585</u>	<u>11,890,678</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	39,357,863	40,105,089
Inventory for consumption	72,648	72,648
Prepaid expenses	23,061	23,279
	<u>39,453,572</u>	<u>40,201,016</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$ 54,294,157</u>	<u>\$ 52,091,694</u>

Contractual obligations (Note 9)

ON BEHALF OF THE BOARD:
Director
Director

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

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2024

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual) (Restated) (Note 14)
WATER SALES (Note 7)	\$ 8,876,500	\$ 9,353,109	\$ 9,267,987
WATER PURCHASES			
EPCOR water purchases (Note 10)	5,490,000	5,583,782	5,668,440
Strathcona water purchases (Note 7)	300,000	276,778	449,033
	5,790,000	5,860,560	6,117,473
GROSS PROFIT (37%, 2023 - 34%)	3,086,500	3,492,549	3,150,514
EXPENSES			
Amortization of tangible capital assets	555,000	759,153	735,953
Operating contract (Note 9)	372,000	381,548	344,582
Interest on long-term debt	284,278	281,616	298,211
Management wages	200,000	189,628	12,172
Contracted services	348,100	126,998	180,993
Legal fees	30,000	106,455	38,684
Utilities	101,900	92,935	87,101
Training and conferences	52,500	82,209	5,462
Honourariums	12,000	65,360	20,867
Engineering fees	80,000	46,331	337,902
Audit	14,000	44,694	11,500
Insurance	30,000	21,321	20,664
Other	44,100	11,528	14,321
Administration contract (Note 9)	-	4,328	159,434
Alberta One-Call maintenance	8,500	3,974	3,592
Records management supplies and storage	-	996	4,103
Bank charges	-	799	591
Bad Debt	-	-	1,000
	2,132,378	2,219,873	2,277,132
ANNUAL SURPLUS BEFORE OTHER REVENUE	954,122	1,272,676	873,382
OTHER REVENUE (EXPENSES)			
Interest income	240,000	929,787	890,010
Gain on disposal of tangible capital assets (Note 5)	-	-	1,125,091
Other	-	-	267,806
Legal settlement	-	-	(650,000)
	240,000	929,787	1,632,907
ANNUAL SURPLUS	1,194,122	2,202,463	2,506,289
ACCUMULATED SURPLUS, BEGINNING OF YEAR	52,091,694	52,091,694	49,585,405
ACCUMULATED SURPLUS, END OF YEAR	\$ 53,285,816	\$ 54,294,157	\$ 52,091,694

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

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2024

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual) (Restated) (Note 14)
ANNUAL SURPLUS	\$ 1,194,122	\$ 2,202,463	\$ 2,506,289
Acquisition of tangible capital assets	-	(11,927)	(262,922)
Amortization of tangible capital assets	555,000	759,153	735,953
	1,749,122	2,949,689	2,979,320
Acquisition (use) of prepaid expenses	-	218	(3,116)
INCREASE IN NET FINANCIAL ASSETS	1,749,122	2,949,907	2,976,204
NET FINANCIAL ASSETS - BEGINNING OF YEAR	11,890,678	11,890,678	8,914,474
NET FINANCIAL ASSETS - END OF YEAR	\$ 13,639,800	\$ 14,840,585	\$ 11,890,678

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

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION**Statement of Cash Flows****For the Year Ended December 31, 2024**

	2024	2023 <i>(Restated)</i> <i>(Note 14)</i>
OPERATING ACTIVITIES		
Annual surplus	\$ 2,202,463	\$ 2,506,289
Non-cash item not included in annual surplus:		
Amortization of tangible capital assets	<u>759,153</u>	<u>735,953</u>
	<u>2,961,616</u>	<u>3,242,242</u>
Changes in non-cash working capital balances related to operations:		
Accounts receivable	(769,812)	(614,981)
Accounts payable and accrued liabilities	69,370	(552,504)
Deferred revenue	275,000	-
Prepaid expenses	<u>218</u>	<u>(3,116)</u>
	<u>(425,224)</u>	<u>(1,170,601)</u>
Cash flow from operating activities	<u>2,536,392</u>	<u>2,071,641</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(11,927)</u>	<u>(262,922)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(360,473)</u>	<u>(346,540)</u>
INVESTING ACTIVITIES		
Purchase of investments	(9,013,467)	(4,000,000)
Loans advanced	-	(1,125,081)
Loan principal repayments received	<u>16,663</u>	<u>61,966</u>
	<u>(8,996,804)</u>	<u>(5,063,115)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(6,832,812)	(3,600,936)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>13,043,421</u>	<u>16,644,357</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,210,609</u>	<u>\$ 13,043,421</u>

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

C. ITAL REGION NORTHEAST WATER SERVICES COMMISSION

Schedule of Changes in Accumulated Surplus

For the Year Ended December 31, 2024

(Schedule 1)

	Equity in Tangible Capital Assets	Restricted Surplus (Note 8)	Unrestricted	2024	2023 (Restated) (Note 14)
BALANCE, BEGINNING OF YEAR	\$ 34,364,042	\$ 17,836,152	\$ (108,500)	\$ 52,091,694	\$ 49,585,405
Annual surplus	-	-	2,202,463	2,202,463	2,506,289
Amortization of tangible capital assets	(759,153)	-	759,153	-	-
Acquisition of tangible capital assets	11,927	-	(11,927)	-	-
Repayment of long-term debt	360,473	-	(360,473)	-	-
Net transfers to restricted surplus	-	791,649	(791,649)	-	-
BALANCE, END OF YEAR	\$ 33,977,289	\$ 18,627,801	\$ 1,689,067	\$ 54,294,157	\$ 52,091,694

C. TAL REGION NORTHEAST WATER SERVICES COMMISSION

Schedule of Tangible Capital Assets

For the Year Ended December 31, 2024

(Schedule 2)

	Pre-1996 Pooled Assets	Engineered Structures	Machinery & Equipment	Land	Work in Progress	2024	2023 (Restated) (Note 14)
COST							
Balance, beginning of the year	\$ 19,849,641	\$ 33,683,877	\$ 1,533,160	\$ 2,625,817	\$ 288,856	\$ 57,981,351	\$ 57,718,429
Additions	-	-	-	-	11,927	11,927	262,922
Transfers	-	-	300,783	-	(300,783)	-	-
Balance, end of year	19,849,641	33,683,877	1,833,943	2,625,817	-	57,993,278	57,981,351
ACCUMULATED AMORTIZATION							
Balance, beginning of year	13,104,486	3,842,355	929,421	-	-	17,876,262	17,140,309
Amortization	204,081	490,706	64,366	-	-	759,153	735,953
Balance, end of year	13,308,567	4,333,061	993,787	-	-	18,635,415	17,876,262
NET BOOK VALUE	\$ 6,541,074	\$ 29,350,816	\$ 840,156	\$ 2,625,817	\$ -	\$ 39,357,863	\$ 40,105,089
NET BOOK VALUE, 2023	\$ 6,745,155	\$ 29,841,522	\$ 603,739	\$ 2,625,817	\$ 288,856	\$ -	\$ 40,105,089

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

NATURE OF THE ORGANIZATION

The Capital Region Northeast Water Services Commission (the Commission) commenced operation on September 1, 1984. It was established by the Province of Alberta under Section 602.02 of the *Municipal Government Act* to replace the Northeast Water Board. The Commission's main purpose is to supply water to its members and customers. The Commission is exempt from income tax under Section 149(1)(d) of the *Income Tax Act*.

The Commission's members are: the City of Fort Saskatchewan, the Towns of Redwater, Bon Accord, and Gibbons, as well as Sturgeon and Strathcona Counties.

The Commission also provides water to non-members such as the John S. Batiuk Regional Water Commission and Highway 28/63 Regional Water Services Commission.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Capital Region Northeast Water Services Commission are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Commission are as follows:

(a) *Reporting Entity*

The financial statements reflect the assets, liabilities, revenues and expenses, and changes in financial position of Capital Region Northeast Water Services Commission.

(b) *Basis of Accounting*

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenses recognized in the period the goods and services are acquired and a liability is incurred.

(c) *Use of Estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions regarding significant items such as amounts relating to amortization, impairment assessments of tangible capital assets, government contributions for capital, deferred revenue, and allowances for uncollectible receivables that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized above. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(d) *Valuation of Financial Assets and Liabilities*

The Commission's financial assets and liabilities are measured as follows:

Cash	Cost and amortized cost
Accounts receivables	Lower of cost or net recoverable value
Loan receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

(continues)

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(e) *Cash and cash equivalents*

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(f) *Non-Financial Assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

(g) *Tangible Capital Assets*

Tangible capital assets are stated at cost less accumulated amortization and any provision for impairment. Where an asset is disposed of, the gain or loss recognized in the statement of operations is calculated as the difference between the net sale price and the carrying amount of the fixed asset. Contributed assets are recorded at fair value at the date of contribution. Assets under construction are not amortized until the asset is put into use.

The cost, less the residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Machinery & Equipment	
Pumping equipment, control valves, parking lots	15 years
Instrumentation equipment	10 - 20 years
Computers and software	3 years
Engineered Structures	
Pre 1996 engineered structures	75 years
Pump houses, buildings & reservoirs	20 - 50 years
Pipeline and appurtenances	75 years

The Commission regularly reviews its tangible capital assets to eliminate obsolete items. In the year of acquisitions, full year rates are applied. In the year of disposal, no amortization is applied.

(h) *Inventory for Consumption*

Inventories held for consumption are recorded at the lower of cost and replacement cost.

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CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Revenue Recognition

Sales of water are recognized as revenue in the period in which the water is supplied to the customer.

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.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Other revenues are recognized when earned.

(j) Restricted Surplus

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

The Commission maintains a Rate Stabilization Reserve to manage and mitigate the impact of change in revenue requirements and therefore reduce the impact on rates charged from year-to-year.

The Commission maintains a Capital Reserve Fund to support a portion of future capital acquisition and development requirements in order to maintain an appropriate ratio of equity in tangible capital assets.

Other reserves established at the discretion of the Board include a Board Development Reserve and a Waterline Infrastructure Failure Reserve.

(k) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Commission is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

2. CASH AND CASH EQUIVALENTS

	2024	2023
Chequing account	\$ 1,687,504	\$ 2,061,396
Savings account	5,533	1,891,055
90 day notice on amount account	4,517,572	4,290,970
Guaranteed Investment Certificate	-	4,800,000
	<u>\$ 6,210,609</u>	<u>\$ 13,043,421</u>

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

3. INVESTMENTS

Investments are comprised of Guaranteed Investment Certificates bearing interest at rates between 3.44% and 4.80% and maturing between April 2025 and October 2029.

4. RECEIVABLES

	2024	2023 (Restated) (Note 14)
Water sales (Note 7)	\$ 1,713,173	\$ 868,710
Accrued interest	595,502	647,778
Goods and Services Tax	(6,176)	16,199
	<u>\$ 2,302,499</u>	<u>\$ 1,532,687</u>

5. LOAN RECEIVABLE

As per the Water Supply Agreement dated April 26, 2023, the Commission sold Strathcona County the Southside Supply Line for the sale price of \$1,125,081. The sale price is to be paid through a volume consumption benefit of \$0.30 per cubic meter until the balance, plus fixed interest at a rate of 5.07%, has been paid in full which is currently estimated to be 18 years.

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

6. LONG-TERM DEBT

Government of Alberta debenture repayable in semi-annual installments of \$185,468 including interest at a fixed rate of 4.046% maturing in September 2038.

2024	2023
\$ 3,935,262	\$ 4,140,722

Government of Alberta debenture repayable in semi-annual installments of \$136,908 including interest at a fixed rate of 3.895% maturing in December 2038.

2,933,483	3,088,496
<u>\$ 6,868,745</u>	<u>\$ 7,229,218</u>

Principal repayment terms are approximately:

	Principal	Interest	Total
2025	\$ 374,966	\$ 269,785	\$ 644,751
2026	390,043	254,708	644,751
2027	405,726	239,025	644,751
2028	422,040	222,711	644,751
2029	439,010	205,741	644,751
Thereafter	4,836,960	1,104,831	5,941,791
	<u>\$ 6,868,745</u>	<u>\$ 2,296,801</u>	<u>\$ 9,165,546</u>

The Commission's total cash payments for interest in 2024 was \$284,278 (2023 - \$298,211).

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

7. RELATED PARTY TRANSACTIONS

The Commission's members are the City of Fort Saskatchewan, the Towns of Redwater, Bon Accord, and Gibbons, as well as Sturgeon and Strathcona Counties.

The Commission also provides water to non-members such as the John S. Batiuk Regional Water Commission and Hwy 28/63 Regional Water Services Commission.

	2024	2023
Water Sales		
<i>Members</i>		
City of Fort Saskatchewan	\$ 4,173,423	\$ 3,971,994
Sturgeon County	1,302,731	1,181,809
Town of Gibbons	424,827	417,462
Town of Redwater	331,588	328,785
Town of Bon Accord	206,771	204,626
Strathcona County	-	5,922
	<u>6,439,340</u>	<u>6,110,598</u>
<i>Non-Members</i>		
John S. Batiuk Regional Water Commission	2,205,370	2,455,065
Highway 28/63 Regional Water Services Commission	708,399	702,323
	<u>2,913,769</u>	<u>3,157,388</u>
	<u>\$ 9,353,109</u>	<u>\$ 9,267,986</u>

Water Purchases

The Commission also purchases water from Strathcona County as disclosed in the statement of operations and accumulated surplus.

Accounts Receivable

Accounts receivable includes \$1,027,134 (2023 - \$480,526) due from member municipalities.

Loan Receivable

The Commission has loan receivable due from Strathcona County (Note 5).

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities includes \$NIL (2023 - \$7,015) due to member municipalities.

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

8. RESTRICTED SURPLUS

The Board has internally restricted funds for future operating and capital purposes. These internally restricted amounts are not available for other purposes without the approval of the Board.

	2024	2023
Capital reserve	\$ 12,227,735	\$ 11,394,086
Rate stabilization reserve	6,200,066	6,200,066
Water line infrastructure failure reserve	200,000	200,000
Board development reserve	-	42,000
	<u>\$ 18,627,801</u>	<u>\$ 17,836,152</u>

9. CONTRACTUAL OBLIGATIONS

The Commission has entered into an operating contract which expires March 31, 2026. Future payments (excluding Goods and Services Tax) required under the terms of these agreements are as follows:

2025	\$ 320,709
2026	81,951
	<u>\$ 402,660</u>

10. ECONOMIC DEPENDENCE

The Commission purchases substantially all of its water from Epcor Water Services Inc. under a long-term supply agreement expiring May 12, 2038. Purchases for the year ended December 31, 2024 were \$5,583,782 (2023 - \$5,768,440).

11. FINANCIAL INSTRUMENTS

The Commission is exposed to the following risks in respect of its financial instruments:

Credit risk

The Commission is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The credit risk from accounts receivable is low as the majority of balances are due from Commission members and other governments.

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with its financial liabilities. The Commission maintains cash balances to ensure that funds are available to meet current and forecasted financial requirements. Management continues to monitor the Commission's liquidity position on a regular basis.

Interest rate risk

Interest rate risk is the risk that the Commission's earnings will be affected by the fluctuation and degree of volatility in interest rates. Interest rate risk on the Commission's long debt is managed through fixed rate debentures with the Province of Alberta (Note 6).

12. DEBT LIMITS

Section 602.29 of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 76/2000 for the Commission be disclosed as follows:

	<u>2024</u>	<u>2023</u>
Total debt limit	\$ 20,565,793	\$ 21,068,607
Total debt	<u>(6,868,745)</u>	<u>(7,229,218)</u>
Total debt limit remaining	\$ 13,697,048	\$ 13,839,389
Service on debt limit	\$ 3,599,014	\$ 3,687,006
Service on debt	<u>(644,751)</u>	<u>(644,751)</u>
Total service on debt limit remaining	\$ 2,954,263	\$ 3,042,255

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 limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Commission. Rather, the financial statements must be interpreted as a whole.

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2024

13. BUDGET FIGURES

	2024 (Budget)	2024 (Actual)
Annual surplus	\$ 1,194,122	\$ 2,202,463
Acquisition of tangible capital assets	-	(11,927)
Net transfers from (to) restricted surplus	(833,649)	(791,649)
Repayment of long-term debt	(360,473)	(360,473)
	<u>\$ -</u>	<u>\$ 1,038,414</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by the Commission Board on November 27, 2023. The table above reconciles the approved financial plan to the figures reported in these financial statements.

14. RESTATEMENT

The Commission recently discovered two waterlines had not been included in the accounting records. Furthermore, the Commission recently discovered that 2023 water revenue was overstated by \$108,500.

The Commission has corrected these matters retrospectively and comparative figures are restated.

The effect on the comparative figures has been to decrease accounts receivable and water sales by \$108,500, increase tangible capital assets and amortization by \$6,745,155 and \$204,081, decrease annual surplus by \$312,581 and increase accumulated surplus by \$6,949,236.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board and management.