

**CAPITAL REGION NORTHEAST
WATER SERVICES COMMISSION**

Financial Statements

For the Year Ended December 31, 2025

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, 2025, 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, 2025 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.

(continues)



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

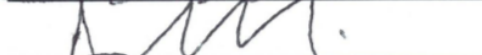
March 30, 2026

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION**Statement of Financial Position****As at December 31, 2025**

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 5,049,790	\$ 6,210,609
Investments (Note 3)	14,501,283	13,013,467
Accounts receivable (Note 4)	3,102,608	2,302,499
Loan receivable (Note 5)	1,048,402	1,046,452
	<u>23,702,083</u>	<u>22,573,027</u>
LIABILITIES		
Accounts payable and accrued liabilities	934,631	588,697
Deferred revenue (Note 3)	-	275,000
Long-term debt (Note 6)	6,493,778	6,868,745
	<u>7,428,409</u>	<u>7,732,442</u>
NET FINANCIAL ASSETS	<u>16,273,674</u>	<u>14,840,585</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	39,856,743	39,357,863
Inventory for consumption	72,648	72,648
Prepaid expenses	20,103	23,061
	<u>39,949,494</u>	<u>39,453,572</u>
ACCUMULATED SURPLUS (Schedule 1)	<u>\$ 56,223,168</u>	<u>\$ 54,294,157</u>

Contractual obligations

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, 2025

	2025 (Budget) (Note 13)	2025 (Actual)	2024 (Actual)
WATER SALES (Note 7)	\$ 9,265,500	\$ 9,260,765	\$ 9,353,109
WATER PURCHASES			
EPCOR water purchases (Note 10)	6,300,000	5,880,009	5,583,782
Strathcona water purchases (Note 7)	247,500	615,191	276,778
	6,547,500	6,495,200	5,860,560
GROSS PROFIT (30%, 2024 - 37%)	2,718,000	2,765,565	3,492,549
EXPENSES			
Amortization of tangible capital assets	521,443	773,887	759,153
Engineering fees	912,700	762,592	46,331
Operating contract	373,000	388,012	381,548
Legal fees	110,000	280,448	106,455
Interest on long-term debt	269,785	267,014	281,616
Management wages	215,600	211,447	189,628
Contracted services	650,000	91,719	126,998
Utilities	95,400	85,238	92,935
Honourariums (Note 9)	84,000	46,819	65,360
Audit	42,000	44,180	44,694
Insurance	24,000	24,212	21,321
Other	15,000	13,223	11,528
Training and conferences	40,000	5,675	82,209
Records management supplies and storage	1,000	2,612	996
Bank charges	1,100	980	799
Administration contract	-	-	4,328
Alberta One-Call maintenance	5,500	-	3,974
	3,360,528	2,998,058	2,219,873
ANNUAL SURPLUS BEFORE OTHER REVENUE	(642,528)	(232,493)	1,272,676
OTHER REVENUE (EXPENSES)			
Contracted services	789,700	1,336,433	-
Interest income	922,000	825,071	929,787
	1,711,700	2,161,504	929,787
ANNUAL SURPLUS	1,069,172	1,929,011	2,202,463
ACCUMULATED SURPLUS, BEGINNING OF YEAR	54,294,157	54,294,157	52,091,694
ACCUMULATED SURPLUS, END OF YEAR	\$ 55,363,329	\$ 56,223,168	\$ 54,294,157

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, 2025

	2025 (Budget) (Note 13)	2025 (Actual)	2024 (Actual)
ANNUAL SURPLUS	\$ 1,069,172	\$ 1,929,011	\$ 2,202,463
Acquisition of tangible capital assets	-	(1,272,767)	(11,927)
Amortization of tangible capital assets	521,443	773,887	759,153
	1,590,615	1,430,131	2,949,689
Acquisition (use) of prepaid expenses	-	2,958	218
INCREASE IN NET FINANCIAL ASSETS	1,590,615	1,433,089	2,949,907
NET FINANCIAL ASSETS - BEGINNING OF YEAR	14,840,585	14,840,585	11,890,678
NET FINANCIAL ASSETS - END OF YEAR	\$ 16,431,200	\$ 16,273,674	\$ 14,840,585

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, 2025**

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	\$ 1,929,011	\$ 2,202,463
Non-cash item not included in annual surplus:		
Amortization of tangible capital assets	773,887	759,153
	<u>2,702,898</u>	<u>2,961,616</u>
Changes in non-cash working capital balances related to operations:		
Accounts receivable	(800,109)	(769,812)
Accounts payable and accrued liabilities	345,934	69,370
Deferred revenue	(275,000)	275,000
Prepaid expenses	2,958	218
	<u>(726,217)</u>	<u>(425,224)</u>
Cash flow from operating activities	<u>1,976,681</u>	<u>2,536,392</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(1,272,767)</u>	<u>(11,927)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(374,967)</u>	<u>(360,473)</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,487,816)	(9,013,467)
Loan principal repayments received	(1,950)	16,663
	<u>(1,489,766)</u>	<u>(8,996,804)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR	(1,160,819)	(6,832,812)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,210,609	13,043,421
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,049,790	\$ 6,210,609

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

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Schedule of Changes in Accumulated Surplus

(Schedule 1)

For the Year Ended December 31, 2025

	Equity in Tangible Capital Assets	Restricted Surplus (Note 8)	Unrestricted	2025	2024
BALANCE, BEGINNING OF YEAR	\$ 33,977,289	\$ 18,627,801	\$ 1,689,067	\$ 54,294,157	\$ 52,091,694
Annual surplus	-	-	1,929,011	1,929,011	2,202,463
Amortization of tangible capital assets	(773,887)	-	773,887	-	-
Acquisition of tangible capital assets	1,272,767	-	(1,272,767)	-	-
Repayment of long-term debt	374,967	-	(374,967)	-	-
Net transfers to restricted surplus	-	-	-	-	-
BALANCE, END OF YEAR	\$ 34,851,136	\$ 18,627,801	\$ 2,744,231	\$ 56,223,168	\$ 54,294,157

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Schedule of Tangible Capital Assets

(Schedule 2)

For the Year Ended December 31, 2025

	Pre-1996 Pooled Assets	Engineered Structures	Machinery & Equipment	Land	Work in Progress	2025	2024
COST							
Balance, beginning of the year	\$ 19,849,641	\$ 33,683,877	\$ 1,833,943	\$ 2,625,817	\$ -	\$ 57,993,278	\$ 57,981,351
Additions	-	1,272,767	-	-	-	1,272,767	11,927
Transfers	-	-	-	-	-	-	-
Balance, end of year	19,849,641	34,956,644	1,833,943	2,625,817	-	59,266,045	57,993,278
ACCUMULATED AMORTIZATION							
Balance, beginning of year	13,308,567	4,333,061	993,787	-	-	18,635,415	17,876,262
Amortization	204,081	507,676	62,130	-	-	773,887	759,153
Balance, end of year	13,512,648	4,840,737	1,055,917	-	-	19,409,302	18,635,415
NET BOOK VALUE	\$ 6,336,993	\$ 30,115,907	\$ 778,026	\$ 2,625,817	\$ -	\$ 39,856,743	\$ 39,357,863
NET BOOK VALUE, 2024	\$ 6,541,074	\$ 29,350,816	\$ 840,156	\$ 2,625,817	\$ -		\$ 39,357,863

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2025

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, 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, 2025

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, 2025

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.

(l) New Accounting Standards not yet Adopted

The following standards are effective for fiscal years beginning on or after April 1, 2026.

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

A new presentation standard, PS 1202, will be adopted at the same time that includes changes to the presentation of the statements of financial position, net financial assets or net debt, net assets, including a reconciliation of each component of net assets, and cash flows.

Management is currently assessing the impact of the conceptual framework and the standard on the financial statements

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION**Notes to Financial Statements****For the Year Ended December 31, 2025**

2. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Chequing account	\$ 2,126,688	\$ 1,687,504
Savings account	399,502	5,533
Guaranteed Investment Certificate	2,523,600	-
90 day notice on amount account	-	4,517,572
	<u>\$ 5,049,790</u>	<u>\$ 6,210,609</u>

The Guaranteed Investment Certificate bears interest at 4.80% and matures January 2026.

3. INVESTMENTS

Investments are comprised of Guaranteed Investment Certificates bearing interest at rates between 3.28% and 4.60% and maturing between January 2027 and January 2030.

4. RECEIVABLES

	<u>2025</u>	<u>2024</u>
Water sales (<i>Note 7</i>)	\$ 2,451,282	\$ 1,713,173
Accrued interest	655,162	595,502
Goods and Services Tax	(3,836)	(6,176)
	<u>\$ 3,102,608</u>	<u>\$ 2,302,499</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, 2025

6. LONG-TERM DEBT

	2025	2024
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.	\$ 3,721,405	\$ 3,935,262
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.	2,772,373	2,933,483
	<u>\$ 6,493,778</u>	<u>\$ 6,868,745</u>

Principal repayment terms are approximately:

	Principal	Interest	Total
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
2030	456,662	188,089	644,751
Thereafter	4,380,297	916,742	5,297,039
	<u>\$ 6,493,778</u>	<u>\$ 2,027,016</u>	<u>\$ 8,520,794</u>

The Commission's total cash payments for interest in 2025 was \$269,785 (2024 - \$284,278).

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2025

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.

	2025	2024
Water Sales		
<i>Members</i>		
City of Fort Saskatchewan	\$ 3,717,290	\$ 4,173,423
Sturgeon County	1,085,817	1,302,731
Town of Gibbons	387,775	424,827
Town of Redwater	323,055	331,588
Town of Bon Accord	190,276	206,771
	<u>5,704,213</u>	<u>6,439,340</u>
<i>Non-Members</i>		
John S. Batiuk Regional Water Commission	2,895,474	2,205,370
Highway 28/63 Regional Water Services Commission	661,078	708,399
	<u>3,556,552</u>	<u>2,913,769</u>
	<u>\$ 9,260,765</u>	<u>\$ 9,353,109</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 \$576,514 (2024 - \$1,027,134) 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 (2024 - \$NIL) due to member municipalities.

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION**Notes to Financial Statements****For the Year Ended December 31, 2025**

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.

	2025	2024
Future capital reserve	\$ 18,228,299	\$ 12,227,735
Operating reserve	399,502	-
Rate stabilization reserve	-	6,200,066
Water line infrastructure failure reserve	-	200,000
	\$ 18,627,801	\$ 18,627,801

9. HONORARIUMS

	2025	2024
Bill Tonita (Chair, Jan - Oct)	\$ 5,915	\$ 11,591
T. Larson	4,305	5,597
N. Sandahl	3,980	3,948
D. McRae (Chair, Nov - Dec)	3,179	3,623
N. Comeau	2,680	794
G. Harris	2,680	700
D. Derouin	2,275	3,370
K. Berghofer	650	-
R. Simonowits	650	-
A. Hnatiw	650	-
P. Noyen	650	-
B. Holden	325	325
B. Kelly	-	2,900
Subtotal	27,939	32,848
Board travel and meals	18,880	32,512
	\$ 46,819	\$ 65,360

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, 2025 were \$5,880,009 (2024 - \$5,583,782).

CAPITAL REGION NORTHEAST WATER SERVICES COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2025

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:

	2025	2024
Total debt limit	\$ 22,844,538	\$ 20,565,793
Total debt	(6,493,778)	(6,868,745)
Total debt limit remaining	\$ 16,350,760	\$ 13,697,048
Service on debt limit	\$ 3,997,794	\$ 3,599,014
Service on debt	(644,751)	(644,751)
Total service on debt limit remaining	\$ 3,353,043	\$ 2,954,263

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, 2025

13. BUDGET FIGURES

	2025 (Budget)	2025 (Actual)
Annual surplus	\$ 1,069,172	\$ 1,929,011
Acquisition of tangible capital assets	-	(1,272,767)
Net transfers from (to) restricted surplus	(760,000)	-
Repayment of long-term debt	(374,966)	(374,967)
	<u>\$ (65,794)</u>	<u>\$ 281,277</u>

The budget data presented in these financial statements is based on the operating and capital budgets approved by the Commission Board on December 13, 2024. The table above reconciles the approved financial plan to the figures reported in these financial statements.

14. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board and management.

Capital Region Northeast Water Services Commission

Year End: December 31, 2025

Trial balance

Account	Prelim	Adj's	Reclass	Rep	Rep 12/24 %Chg	Budget 12/25 %Chg	L/S
1060 Royal Bank- Chequing	2,103,097.15	0.00	23,590.95	2,126,688.10	1,687,503.58	26	0.00 0 A
1080 ATB Public Sector Savings **0900	399,501.76	0.00	0.00	399,501.76	5,532.65	7121	0.00 0 A
1200 Accounts Receivable	2,451,282.32	0.00	0.00	2,451,282.32	1,713,173.34	43	0.00 0 C. 1
1202 Accounts Receivable - Southside SL	1,046,451.84	1,950.16	0.00	1,048,402.00	1,046,451.84	0	0.00 0 E
1205 Allowance for Doubtful Accounts	(1,000.00)	0.00	0.00	(1,000.00)	(1,000.00)	0	0.00 0 C
1320 Prepaid Expenses	20,102.51	0.00	0.00	20,102.51	23,060.82	(13)	0.00 0 L
1350 Notice on Amount 90 days***1379	0.00	0.00	0.00	0.00	4,517,572.60	(100)	0.00 0 A
1351 ATB Term/GIC Investment	17,024,883.23	0.00	(14,501,283.23)	2,523,600.00	0.00	0	0.00 0 A
1352 ATB Term/GIC Investment	0.00	0.00	14,501,283.23	14,501,283.23	13,013,466.75	11	0.00 0 B
1355 Accrued Interest on Investments	647,680.00	8,481.51	0.00	656,161.51	596,502.24	10	0.00 0 C
1520 Inventory:Hyprescon Enclosure Kit Contents	48,481.83	0.00	0.00	48,481.83	48,481.83	0	0.00 0 D
1525 Inventory:Repair Transition Kit Contents	24,166.00	0.00	0.00	24,166.00	24,166.00	0	0.00 0 D
1806 Online Station Communication Tower	300,783.51	0.00	0.00	300,783.51	300,783.51	0	0.00 0 U. 3
1820 Pre 96 & Engineering Structures	53,533,517.71	0.00	0.00	53,533,517.71	53,533,517.71	0	0.00 0 U. 2
1825 Accum. Amort -Pre 96 & Eng Struct	(18,336,412.49)	(16,969.58)	0.00	(18,353,382.07)	(17,641,625.45)	4	0.00 0 U. 2
1830 Waterline upgrade	1,383,265.85	(110,498.49)	0.00	1,272,767.36	0.00	0	0.00 0 U. 2
1840 Machinery & Equipment	1,533,159.11	0.00	0.00	1,533,159.11	1,533,159.11	0	0.00 0 U. 3
1845 Accum. Amort.-Machinery & Equipment	(1,058,154.25)	2,235.59	0.00	(1,055,918.66)	(993,788.29)	6	0.00 0 U. 3
1860 Land	2,625,816.88	0.00	0.00	2,625,816.88	2,625,816.88	0	0.00 0 U. 1
2100 Accounts Payable	(527,453.51)	0.00	(23,590.95)	(551,044.46)	(523,696.18)	5	0.00 0 BB
2101 Accrued Accounts Payable	(207,590.97)	(107,336.00)	0.00	(314,926.97)	(13,758.11)	2189	0.00 0 BB
2105 Accrued Debenture interest	(48,750.68)	586.36	0.00	(48,164.32)	(50,935.02)	(5)	0.00 0 BB
2232 Payroll liabilities:Federal Taxes	(8,826.73)	0.00	0.00	(8,826.73)	0.00	0	0.00 0 BB
2235 Payroll liabilities:Vacation Pay	(11,203.76)	0.00	0.00	(11,203.76)	0.00	0	0.00 0 BB
2315 GST/HST Payable (unfiled)	9,230.14	0.00	0.00	9,230.14	(15,159.34)	(161)	0.00 0 C. 2
2320 GST/HST Suspense (filed)	100,309.71	0.00	0.00	100,309.71	22,244.72	351	0.00 0 C. 2
2325 GST Adjustments	(113,375.38)	0.00	0.00	(113,375.38)	(13,261.54)	755	0.00 0 C. 2
2350 RBC Visa Busines***6433	(464.57)	0.00	0.00	(464.57)	(307.34)	51	0.00 0 BB
2635 Debenture Debt:Debenture 4001647	(2,772,372.78)	0.00	0.00	(2,772,372.78)	(2,933,482.51)	(5)	0.00 0 KK
2645 Debenture Debt:Debenture 4001564	(3,721,405.44)	0.00	0.00	(3,721,405.44)	(3,935,262.51)	(5)	0.00 0 KK
2750 Deferred revenues- Wolfe NLG Inc.	0.00	0.00	0.00	0.00	(275,000.00)	(100)	0.00 0 GG
3010 Equity - Fixed Assets	(33,977,289.88)	(873,847.17)	0.00	(34,851,137.05)	(33,977,289.88)	3	0.00 0 SS. 2
3015 Restricted Surplus:Rate Stabilization Reserve	(6,200,065.48)	6,200,065.48	0.00	0.00	(6,200,065.48)	(100)	0.00 0 SS. 1
3017 Restricted Surplus:WL Infrastructure Failure Reser	(200,000.00)	200,000.00	0.00	0.00	(200,000.00)	(100)	0.00 0 SS. 1
3020 Restricted Surplus:Capital Reserve	(12,227,734.39)	(6,000,563.72)	0.00	(18,228,298.11)	(12,227,734.39)	49	0.00 0 SS. 1
3025 Restricted Surplus:operating Reserve	0.00	(399,501.76)	0.00	(399,501.76)	0.00	0	0.00 0 SS. 1
3560 Accumulated Surplus	(1,689,067.53)	873,847.17	0.00	(815,220.36)	(320,252.28)	155	0.00 0 SS. 4
4010 City of Fort Sask. Water Sales	(3,717,289.81)	0.00	0.00	(3,717,289.81)	(4,173,423.07)	(11)	(3,639,360.00) 2 20. 1
4020 Sturgeon County Water Sales	(1,085,817.02)	0.00	0.00	(1,085,817.02)	(1,302,730.70)	(17)	(1,158,006.00) (6) 20. 1
4025 Town of Bon Accord Water Sales	(190,276.31)	0.00	0.00	(190,276.31)	(206,770.90)	(8)	(180,485.00) 5 20. 1
4030 Town of Gibbons Water Sales	(387,774.85)	0.00	0.00	(387,774.85)	(424,827.65)	(9)	(371,056.00) 5 20. 1
4035 Town of Redwater Water Sales	(323,055.24)	0.00	0.00	(323,055.24)	(331,588.05)	(3)	(286,190.00) 13 20. 1
4040 Hwy 28/63 Regional Water Serv	(661,078.39)	0.00	0.00	(661,078.39)	(708,398.69)	(7)	(628,492.00) 5 20. 1
4050 John S. Batiuk Regional Water Comm	(2,895,473.50)	0.00	0.00	(2,895,473.50)	(2,205,370.09)	31	(3,001,911.00) (4) 20. 1
4055 Connector Charges	0.00	0.00	0.00	0.00	0.00	0	(2,000.00) (100) 20. 4
4060 Crossing Agreements	(13,500.00)	0.00	0.00	(13,500.00)	0.00	0	(30,000.00) (55) 20. 4
4070 WOLF Project - Construction	(1,540,717.20)	217,834.49	0.00	(1,322,882.71)	0.00	0	(757,700.00) 75 20. 4
4440 Interest Income:Interest on bank acct- Chequing	(76,939.90)	0.00	0.00	(76,939.90)	(94,799.74)	(19)	(110,000.00) (30) 20. 2
4445 Interest Income:Interest on bank acct- Savings	(22,574.39)	0.00	0.00	(22,574.39)	(81,991.50)	(72)	(32,000.00) (29) 20. 2
4450 Interest Income:Interest on Investments	(666,486.31)	(59,070.51)	0.00	(725,556.82)	(752,995.94)	(4)	(780,000.00) (7) 20. 2
4460 Other Miscellaneous Revenue	(50.00)	0.00	0.00	(50.00)	0.00	0	0.00 0 20. 4
4915 Transf fm operating Reserve	0.00	0.00	0.00	0.00	0.00	0	(650,000.00) (100) SS. 4
5510 Water Purchase - Strathcona	566,552.31	48,638.84	0.00	615,191.15	276,778.07	122	247,500.00 149 40. 1
5520 Water Purchase - EPCOR	5,880,009.10	0.00	0.00	5,880,009.10	5,583,781.74	5	6,300,000.00 (7) 40. 1
5605 Contracted Services	91,718.50	0.00	0.00	91,718.50	126,997.60	(28)	650,000.00 (86) 40. 4
5606 Cathodic Protection	0.00	0.00	0.00	0.00	4,696.30	(100)	10,000.00 (100) 40.18
5607 Website Contract/Maintenance	780.00	0.00	0.00	780.00	1,067.81	(27)	2,200.00 (65) 40. 3
5610 Bookkeeping services/ Audits	44,180.00	0.00	0.00	44,180.00	44,693.50	(1)	42,000.00 5 40.15
5615 Legal Fees	280,447.73	0.00	0.00	280,447.73	106,455.37	163	110,000.00 155 40.10
5625 Business Fees & Licenses	4,728.36	0.00	0.00	4,728.36	4,427.51	7	5,000.00 (5) 40. 3
5630 Accounting Software	0.00	0.00	0.00	0.00	0.00	0	1,200.00 (100) 40. 3
5635 Operating Contract	388,012.42	0.00	0.00	388,012.42	381,548.49	2	373,000.00 4 40.23
5636 Management Contract	0.00	0.00	0.00	0.00	4,328.30	(100)	0.00 0 40.11
5640 Courier & Postage	498.00	0.00	0.00	498.00	96.90	414	500.00 0 40. 3
5641 Office Expenses	7,216.96	0.00	0.00	7,216.96	4,046.26	78	3,500.00 106 40. 3
5645 Honorarium / Per Diem	27,939.00	0.00	0.00	27,939.00	36,368.63	(23)	32,000.00 (13) 40. 9
5646 Catering & Venue Rentals	2,680.84	0.00	0.00	2,680.84	1,584.45	69	1,500.00 79 40. 9
5647 Training & Conferences	5,675.00	0.00	0.00	5,675.00	82,209.23	(93)	40,000.00 (86) 40.12
5660 Amortization Expense	759,153.00	14,733.99	0.00	773,886.99	759,152.90	2	521,443.00 48 40.28
5665 Engineering	36,955.99	0.00	0.00	36,955.99	41,634.55	(11)	245,000.00 (85) 40.18

4/9/2026

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Prepared by	Reviewed by	Partner
SDW 2/9/2026		PJD 2/11/2026

Capital Region Northeast Water Services Commission

Year End: December 31, 2025

Trial balance

Account	Prelim	Adj's	Reclass	Rep	Rep 12/24 %Chg	Budget 12/25 %Chg	L/S
5666 Engineering - Smartball Inspection	725,636.08	0.00	0.00	725,636.08	0.00	0	657,700.00 10 40.18
5675 Utility Safety Partners AB 1 Call	0.00	0.00	0.00	0.00	3,973.90	(100)	5,500.00 (100) 40.5
5685 Insurance	24,211.78	0.00	0.00	24,211.78	21,320.70	14	24,000.00 1 40.6
5690 Bank Charges and processing fees	580.21	0.00	0.00	580.21	799.12	(27)	1,100.00 (47) 40.7
5692 Bank Charges and processing fees:QuickBooks Paymen	234.87	0.00	0.00	234.87	0.00	0	0.00 0 40.7
5695 Debenture Interest	267,600.35	(586.36)	0.00	267,013.99	281,615.95	(5)	269,785.00 (1) 40.30
5696 Debenture Principal	0.00	0.00	0.00	0.00	0.00	0	374,966.00 (100) SS. 4
5700 TELUS:Telus 472-6266	1,185.00	0.00	0.00	1,185.00	1,185.00	0	6,200.00 (81) 40.8
5705 TELUS:Telus 998-0171	2,166.49	0.00	0.00	2,166.49	2,166.48	0	0.00 0 40.8
5710 TELUS:Telus 998-3738	1,395.00	0.00	0.00	1,395.00	1,395.00	0	0.00 0 40.8
5715 TELUS:Telus 998-2026	1,359.00	0.00	0.00	1,359.00	1,359.00	0	0.00 0 40.8
5730 ENMAX:ENMAX - Power NW26-54-23-W4	1,744.95	0.00	0.00	1,744.95	2,090.67	(17)	84,000.00 (98) 40.8
5735 ENMAX:ENMAX - Power SE18-56-21-W4	1,032.81	0.00	0.00	1,032.81	1,190.17	(13)	0.00 0 40.8
5740 ENMAX:ENMAX - Power NW 09-55-22-4	71,098.89	0.00	0.00	71,098.89	76,044.91	(7)	0.00 0 40.8
5771 DIRECT ENERGY:Direct Energy NW 26-54-23-W4	2,373.15	0.00	0.00	2,373.15	2,197.51	8	2,000.00 19 40.8
5774 Bell Mobility 587-341-3673	2,882.45	0.00	0.00	2,882.45	5,306.07	(46)	3,200.00 (10) 40.8
5776 Records Mgmt Supplies & Storage Fee	2,612.46	0.00	0.00	2,612.46	996.08	162	1,000.00 161 40.13
5780 Misc Expenses	0.00	0.00	0.00	0.00	874.69	(100)	1,500.00 (100) 40.3
5784 Travel & Subsistance	16,199.14	0.00	0.00	16,199.14	27,406.51	(41)	50,500.00 (68) 40.9
5795 RWCG Plan & Consulting Fees	0.00	0.00	0.00	0.00	1,015.00	(100)	1,100.00 (100) 40.3
5810 Interest and penalty-CRA	164.85	0.00	0.00	164.85	0.00	0	0.00 0 40.7
5815 WCB	2,289.44	0.00	0.00	2,289.44	2,900.74	(21)	15,000.00 (85) 40.2
5820 Payroll Expenses:Wages and Salaries	200,643.77	0.00	0.00	200,643.77	186,726.96	7	186,000.00 8 40.2
5824 Payroll Expenses:Taxes (CPP & EI- employer portion	6,803.65	0.00	0.00	6,803.65	0.00	0	14,600.00 (53) 40.2
5830 Payroll Expenses:Employee benefits	1,709.66	0.00	0.00	1,709.66	0.00	0	0.00 0 40.2
5915 PCCP Inspection Contribution to Capital	0.00	0.00	0.00	0.00	0.00	0	300,000.00 (100) SS. 4
5920 Transf to Capital Reserves	0.00	0.00	0.00	0.00	833,649.00	(100)	1,110,000.00 (100) SS. 4
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0</u>	<u>65,794.00</u>
Net Income (Loss)	2,150,561.71			1,929,011.26	2,202,464.26	(12)	1,069,172.00 80

Prepared by	Reviewed by	Partner
SDW 2/9/2026		PJD 2/11/2026

Capital Region Northeast Water Services Commission

Year End: December 31, 2025

Adjusting journal entries

Date: 1/1/2025 To 12/31/2025

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	12/31/2025	Accrued Debenture interest	2105	KK10/KK20	586.36			
1	12/31/2025	Debenture Interest	5695	KK10/KK20		586.36		
		To adjust long term debt to actual based on confirmations						
2	12/31/2025	Accounts Receivable - Southside SL	1202	E/40	1,950.16			
2	12/31/2025	Interest Income:Interest on Investments	4450	E/40		50,589.00		
2	12/31/2025	Water Purchase - Strathcona	5510	E/40	48,638.84			
		To record currnet year volume consumption benefit and interest						
3	12/31/2025	Waterline upgrade	1830	U10-1/20		217,834.49		
3	12/31/2025	WOLF Project - Construction	4070	U10-1/20	217,834.49			
		To adjust Wolf water line refund to proper account						
4	12/31/2025	Waterline upgrade	1830	U10-1/	107,336.00			
4	12/31/2025	Accrued Accounts Payable	2101	U10-1/		107,336.00		
		To accrue Sureway holdback on capital project						
5	12/31/2025	Accum. Amort -Pre 96 & Eng Struct	1825	U10/40		16,969.58		
5	12/31/2025	Accum. Amort.-Machinery & Equipment	1845	U10/40	2,235.59			
5	12/31/2025	Amortization Expense	5660	U10/40	14,733.99			
		To adjust amortization to actual						
6	12/31/2025	Equity - Fixed Assets	3010	SS20		873,847.17		
6	12/31/2025	Accumulated Surplus	3560	SS20	873,847.17			
		To adjust equity in TCA to actual						
7	12/31/2025	Accrued Interest on Investments	1355	C20	8,481.51			
7	12/31/2025	Interest Income:Interest on Investments	4450	C20		8,481.51		
		To adjust accrued interest to actual						
8	12/31/2025	Restricted Surplus:Rate Stabilization Reserve	3015	SS50	6,200,065.48			
8	12/31/2025	Restricted Surplus:WL Infrastructure Failure Re	3017	SS50	200,000.00			
8	12/31/2025	Restricted Surplus:Capital Reserve	3020	SS50		6,000,563.72		
8	12/31/2025	Restricted Surplus:operating Reserve	3025	SS50		399,501.76		
		To adjust reserves to new format						
					7,675,709.59	7,675,709.59		
Net Income (Loss)			1,929,011.26					

Prepared by	Reviewed by	Partner
SDW 2/9/2026		PJD 2/14/2026

Capital Region Northeast Water Services Commission

Year End: December 31, 2025

Reclassifying journal entries

Date: 1/1/2025 To 12/31/2025

Number	Date	Name	Account No	Reference	Debit	Credit
RJE1	12/31/2025	ATB Term/GIC Investment	1351	A20/B		14,501,283.23
RJE1	12/31/2025	ATB Term/GIC Investment	1352	A20/B	14,501,283.23	
		To reclass GIC's maturing in greater than 90 days to investments				
RJE2	12/31/2025	Royal Bank- Chequing	1060	A10/BB	23,590.95	
RJE2	12/31/2025	Accounts Payable	2100	A10/BB		23,590.95
		To reclass back dated cheque to payables				
					14,524,874.18	14,524,874.18
Net Income (Loss)			1,929,011.26			

Prepared by	Reviewed by	Partner
SDW 2/9/2026		PJD 2/14/2026

Capital Region Northeast Water Services Commission

Year End: December 31, 2025

Unadjusted differences

Date: 1/1/2025 To 12/31/2025

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
					0.00	0.00		
Net Income (Loss)			1,929,011.26					

Prepared by	Reviewed by	Partner
SDW 2/9/2026		PJD 2/14/2026

Capital Region Northeast Water Services Commission
Year End: December 31, 2025
Summary of unadjusted differences

Refno	Description	Assets	Liabilities	Equity	Income	Expenses
	Understated/(Overstated)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

4/9/2026 1:30 PM	Prepared by	Reviewed by	Partner
	SDW 2/9/2026		PJD 2/14/2026

COMMISSION FINANCIAL INFORMATION RETURN

For the Year Ending December 31, 2025

Commission Name:

SERVICES COMMISSION

Auditor:

Metrix Group LLP

Address:

12840 St. Albert Trail, Edmonton, AB T5L 4H6

Phone:

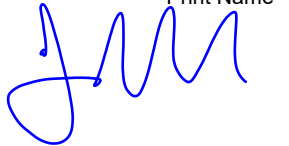
780.489.9606

CERTIFICATION

The information contained in this Financial Information Return is presented fairly to the best of my knowledge.

Gene Sobolewski

Print Name



April 09, 2026

Date

**REPORT OF THE INDEPENDENT AUDITORS'
ON ALBERTA MUNICIPAL AFFAIRS – COMMISSION FINANCIAL INFORMATION RETURN**

To the Members of Capital Region Northeast Water Services Commission

Opinion

The Alberta Municipal Affairs - Commission Financial Information Return (Commission Financial Information Return), which comprise the statement of financial position as at December 31, 2025 and the statements of change in accumulated surplus, financial activities by type / object, remeasurement gain and loss, tangible capital assets supplementary detail, change in tangible capital assets, long term debt support, long term debt sources, future long term debt repayments, and debt limits for the year then ended are derived from the audited financial statements of the Capital Region Northeast Water Services Commission for the year ended December 31, 2025.

In our opinion, the accompanying Commission Financial Information Return is consistent, in all material respects, with the audited financial statements, in accordance with the requirements of Section 602.32 of the *Municipal Government Act*.

Commission Financial Information Return

The Commission Financial Information Return does not contain all the disclosures required by Canadian public sector accounting standards. Reading the Commission Financial Information Return and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements and the auditors' report thereon. The Commission Financial Information Return and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 30, 2026.

Managements' Responsibility for the Commission Financial Information Return

Management is responsible for the preparation of the Commission Financial Information Return in accordance with the requirements of Section 602.32 of the *Municipal Government Act*.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the Commission Financial Information Return is a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
March 30, 2026



FINANCIAL POSITION

Schedule 9A

		Total 1
Assets	0010	
Cash and Temporary Investments	0020	5,049,790
Receivable From Commission Members	0070	2,451,282
Loans Receivable	0080	1,048,402
Trade and Other Receivables	0090	651,326
Inventory for Consumption	0120	
Inventories Held for Resale	0130	
. Land	0140	
. Other	0150	
Long Term Investments	0170	
. Federal Government	0180	
. Provincial Government	0190	
. Local Governments	0200	
. Other	0210	14,501,283
Other Current Assets	0230	
Other Long Term Assets	0240	
	0250	
Total Financial Assets	0260	23,702,083
Liabilities	0270	
Temporary Loans Payable	0280	
Payable To Other Governments	0290	
Accounts Payable & Accrued Liabilities	0300	934,631
Deposit Liabilities	0310	
Deferred Revenue	0340	
Long Term Debt	0350	6,493,778
Other Current Liabilities	0360	
Asset Retirement Obligations	0365	
Other Long Term Liabilities	0370	
	0380	
Total Liabilities	0390	7,428,409
	0395	
Net Financial Assets (Net Debt)	0395	16,273,674
Non Financial Assets		
Tangible Capital Assets	0400	39,856,743
Intangible Equity	0402	
Inventory for Consumption	0410	72,648
Prepaid Expenses	0420	20,103
Other	0430	
	0440	
Total Non-Financial Assets	0440	39,949,494
	0450	
Accumulated Surplus	0450	56,223,168

CHANGE IN OPERATING ACCUMULATED SURPLUS

Schedule 9B

		Unrestricted	Restricted	Equity in TCA	Total
		1	2	3	4
Accumulated Operating Surplus - Beginning of Year	0500	1,689,067	18,627,801	33,977,289	54,294,157
Net Revenue (Expense)	0505	1,929,011			1,929,011
Funds Designated For Future Use.....	0511				
Restricted Funds - Used for Operations.....	0512				
Restricted Funds - Used for TCA.....	0513				
Current Year Funds Used for TCA	0514	-1,272,767		1,272,767	
Donated and Contributed TCA.....	0516				
Disposals of TCA.....	0517				
Annual Amortization Expense.....	0518	773,887		-773,887	
Asset retirement obligation accretion expense	0515				
Long Term Debt - Issued.....	0519				
Long Term Debt - Repaid.....	0521	-374,967		374,967	
Capital Debt - Used for TCA.....	0522				
	0523				
Other Adjustments.....	0524				
Accumulated Operating Surplus - End of Year.....	0525	2,744,231	18,627,801	34,851,136	56,223,168

FINANCIAL ACTIVITIES BY TYPE / OBJECT

Schedule 9D

		Total 1
Revenues	1700	
Service Fees Charged to Commission Members	1790	9,260,765
Other Fees and User Charges	1800	
Licenses and Permits	1820	
Franchise and Concession Contracts	1840	
Returns on Investments	1850	825,071
Rentals	1860	
Insurance Proceeds	1870	
Net Gain on Sale of Tangible Capital Assets	1880	
Contributed and Donated Assets	1885	
Federal Government Operating Transfers	1892	
Federal Government Capital Transfers	1902	
Provincial Government Operating Transfers	1912	
Provincial Government Capital Transfers	1922	
Local Government Operating Transfers	1931	
Local Government Capital Transfers	1932	
Other Revenues	1970	1,336,433
Total Revenue	1980	11,422,269
Expenses	1990	
Salaries, Wages, Benefits, and Contracts of Employment	2000	239,386
Contracted and General Services	2010	1,628,941
Purchases from Other Governments	2020	615,191
Materials, Goods, Supplies, and Utilities	2030	5,967,859
Provision for Allowances	2040	
Transfers to Governments	2050	
Bank Charges and Short Term Interest	2080	980
Interest on Operating Long Term Debt	2090	
Interest on Capital Long Term Debt	2100	267,014
Accretion of Asset Retirement Obligations	2105	
Amortization of Tangible Capital Assets	2110	773,887
Net Loss on Sale of Tangible Capital Assets	2125	
Write Down of Tangible Capital Assets	2127	
Other Expenditures	2130	
Total Expenses	2140	9,493,258
Net Revenue (Expense)	2150	1,929,011

REMEASUREMENT GAINS AND LOSSES

Schedule 9Q

Accumulated remeasurement gains (losses) at beginning of the year	2171	
Gains	2172	
Losses	2174	
Amounts reclassified to Statement of Operations	2176	
Net Remeasurement gains (losses) for the year	2178	
Accumulated remeasurement gains (losses) at end of year	2180	

TANGIBLE CAPITAL ASSETS SUPPLEMENTARY DETAIL

Schedule 9F

		Capital Long Term Debt	
		Principal	Principal
		Additions	Reductions
		1	2
General Government	2700		
Council and Other Legislative	2710		
General Administration	2720		
Other General Government.....	2730		
Protective Services	2740		
Police	2750		
Fire	2760		
Disaster and Emergency Measures	2770		
Ambulance and First Aid	2780		
Bylaws Enforcement	2790		
Other Protective Services.....	2800		
Transportation	2810		
Common and Equipment Pool	2820		
Roads, Streets, Walks, Lighting	2830		
Airport	2840		
Public Transit	2850		
Storm Sewers and Drainage	2860		
Other Transportation	2870		
Environmental Use and Protection	2880		
Water Supply and Distribution	2890		374,967
Wastewater Treatment and Disposal	2900		
Waste Management	2910		
Other Environmental Use and Protection	2920		
Public Health and Welfare	2930		
Family and Community Support	2940		
Day Care	2950		
Cemeteries and Crematoriums	2960		
Other Public Health and Welfare	2970		
Planning and Development	2980		
Land Use Planning, Zoning and Development	2990		
Economic/Agricultural Development	3000		
Subdivision Land and Development	3010		
Public Housing Operations	3020		
Land, Housing and Building Rentals	3030		
Other Planning and Development.....	3040		
Recreation and Culture	3050		
Recreation Boards	3060		
Parks and Recreation	3070		
Culture: Libraries, Museums, Halls	3080		
Convention Centres	3090		
Other Recreation and Culture.....	3100		
Utilities	3105		
Gas	3106		
Electric	3107		
Other Utilities.....	3108		
Other	3110		
Total	3120		374,967

CHANGE IN TANGIBLE CAPITAL ASSETS

Schedule 9G

		Balance at Beginning of Year 1	Additions 2	Reductions 3	Balance at End of Year 4
Tangible Capital Assets - Cost					
Engineered Structures	3210	53,533,518	1,272,767		54,806,285
Construction In Progress.....	3219				
Buildings	3220				
Machinery and Equipment	3230	1,833,943			1,833,943
Land	3240	2,625,817			2,625,817
Land Improvements.....	3245				
Vehicles	3250				
Total Capital Property Cost					
	3260	57,993,278	1,272,767		59,266,045
Accumulated Amortization					
Engineered Structures	3280	17,641,628	711,757		18,353,385
Buildings	3290				
Machinery and Equipment	3300	993,787	62,130		1,055,917
Land	3310				
Land Improvements.....	3315				
Vehicles	3320				
Total Accumulated Amortization					
	3330	18,635,415	773,887		19,409,302
Net Book Value of Capital Property					
	3340	39,357,863			39,856,743
Capital Long Term Debt (Net)					
	3350	5,380,574			5,005,607
Asset Retirement Obligation					
	3355				
Equity in Tangible Capital Assets					
	3400	33,977,289			34,851,136
Intangible Equity					
	3402				

LONG TERM DEBT SUPPORT

Schedule 9H

		Operating Purposes 1	Capital Purposes 2	Total 3
Long Term Debt Support	3405			
Supported by Utility Rates	3430	1,488,171	5,005,607	6,493,778
Other	3440			
Total Long Term Debt Principal Balance	3450	1,488,171	5,005,607	6,493,778

LONG TERM DEBT SOURCES

Schedule 9I

		Operating Purposes 1	Capital Purposes 2	Total 3
Alberta Capital Finance Authority.....	3500	1,488,171	5,005,607	6,493,778
Other	3610			
Total Long Term Debt Principal Balance	3620	1,488,171	5,005,607	6,493,778

FUTURE LONG TERM DEBT REPAYMENTS

Schedule 9J

		Operating Purposes 1	Capital Purposes 2	Total 3
Principal Repayments by Year	3700			
Current + 1	3710	58,506	331,534	390,040
Current + 2	3720	60,859	344,868	405,727
Current + 3	3730	63,306	358,734	422,040
Current + 4	3740	65,852	373,161	439,013
Current + 5	3750	68,499	388,163	456,662
Thereafter	3760	1,171,149	3,209,147	4,380,296
Total Principal	3770	1,488,171	5,005,607	6,493,778
Interest by Year	3780			
Current + 1	3790	38,206	216,501	254,707
Current + 2	3800	35,854	203,173	239,027
Current + 3	3810	33,407	189,306	222,713
Current + 4	3820	30,861	174,879	205,740
Current + 5	3830	28,213	159,876	188,089
Thereafter	3840	137,510	779,230	916,740
Total Interest	3850	304,051	1,722,965	2,027,016

DEBT LIMIT

Schedule 9AA

		1	
Debt Limit	5700	22,844,538	22,844,538.0
Total Debt	5710	6,493,778	
Debt Service Limit	5720	3,997,794	3,997,794.2
Total Debt Service Costs	5730	644,751	

Enter prior year Line 3450 Column 2 balance here:

5,380,574.0

EDIT LIST - PLEASE REVIEW AND CORRECT ANY ERRORS NOTED BELOW

March 30, 2026

Capital Region Northeast Water Services Commission
P.O. Box 3438
Sherwood Park, AB T8H 2T3

Attention: Board Members

Dear Board Members:

RE: 2025 AUDIT FINDINGS REPORT

The purpose of this report is to summarize certain matters arising from the audit that we believe would be of interest to the Board. Additionally, during the course of our audit we identified matters that may be of interest to management and the Board.

The objective of our audit was to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Our audit was not designed for the sole purpose of identifying matters to communicate. Accordingly, our audit would not necessarily identify all such matters that may be of interest to the Board and management, and it is inappropriate to conclude that no such matters exist.

This communication should be read in conjunction with the financial statements and our report thereon, and it is intended solely for the use of the Board and should not be distributed to external parties without our prior consent. Metrix Group LLP accepts no responsibility to a third party who uses this communication.

SIGNIFICANT FINDINGS FROM THE AUDIT

Our objective is to communicate appropriately to the Board deficiencies in internal control that we have identified during the audit and that, in our professional judgment, are of sufficient importance to merit being reported to the Board.

The audit findings contained in this letter did not have a material effect on the Commission's financial statements, and as such, our audit report is without reservation with respect to these matters.

Significant Deficiencies in Internal Control

Our audit procedures did not reveal any significant deficiencies in internal control.

.../2

Significant Qualitative Aspects of Accounting Practices

Management is responsible for determining significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of the Commission. The application of those policies often involves significant estimates and judgments by management.

Accounting Estimates

The Commission has made the following significant accounting estimates in preparing its financial statements.

Amortization of Tangible Capital Assets - \$773,887 (2024 - \$759,153)

The number of years the Commission's tangible capital assets are being amortized over are estimates.

Regional Water Customer Group (RWCG)

We understand the RWCG acts on behalf of several municipalities and commissions in dealing with rate issues with EPCOR. We understand the RWCG holds significant funds on behalf of these organizations with the Commission's share be approximately 18%.

Currently the Commission's share of this, or the annual transactions, is not reported in its financial statements. Public sector accounting standards generally require the consolidation of entities that an organization controls either jointly or on its own. We continue to recommend that management investigate this further to determine if the Commission has joint control of the RWCG.

John S. Batiuk Regional Water Commission Accounts Receivable -\$1,458,317 (2024 -\$293,199)

Since January 2024, John S. Batiuk Regional Water Commission (JSB) has been disputing the consumption rate the Commission has been charging and, as a result, have been making payments that are less than the amount they have been charged. The matter has been filed with the Alberta Utilities Commission (AUC) and a ruling is expected in the spring of 2026. In the meantime, based on extensive research and review of historical precedents, management believes that the Commission will fully recover the disputed amount of \$1,458,317 and additional charges management estimates to be \$120,682 plus interest on the overdue balance. To be conservative, the \$120,682 has **not** been recorded.

We are of the opinion that the significant accounting policies, estimates and judgments made by management do not materially misstate the financial statements taken as a whole.

Adjusted and Unadjusted Differences

Adjusted Differences

During the course of the audit, we identified eight (8) adjustments that were communicated to management and subsequently adjusted in the financial statements.

Unadjusted Differences

There were no significant unadjusted differences aggregated by our Firm for the year ended December 31, 2025.

After considering both quantitative and qualitative factors with respect to the unadjusted differences we accumulated during the audit, we agree with management that the financial statements are not materially misstated.

Significant Difficulties Encountered During the Audit

We encountered no difficulties during our audit that should be brought to the attention of the Board. We had the full co-operation of Commission management and staff throughout our work, and we received full access to all necessary records and documentation.

Management Representations

Management representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management's representations in writing to support the content of our report.

OTHER MATTERS

Goods and Services Tax (GST)

During the 2023 audit an invoice to the John S. Batiuk Regional Water Services Commission, for work completed on the Southside and Lamoureux Drive capital projects, was recorded in the amount of \$281,196 which included GST in the amount of \$13,390. In 2025 additional GST has been collected in the amount of \$100,114 in relation to the Wolfe NLG project.

As we noted previously, this GST collected continues to remain in the general ledger (account 2325). This should be reported and remitted on the next GST return the Commission files.

We understand management has been trying to register the Commission for GST but have been experiencing difficulties accessing the Commission's CRA account.

Budget

During our review of the 2025 budget, we noted that interest revenue and the related reserve transfers were not being included in the operating budget.

We recommend future budgets include an allocation for interest revenue, regardless of which account, and any associated reserve transfers be included in the general operating budget.

AUDITOR INDEPENDENCE

We believe it is important to communicate, at least annually, with you regarding all relationships between the Commission and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by CPA Alberta and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the Commission and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from January 1, 2025 to March 30, 2026.

We appreciate the opportunity to be of service to the Commission.

Yours truly,

METRIX GROUP LLP

A handwritten signature in black ink, appearing to read "P. Dirks", is positioned below the company name.

Philip J. Dirks, CPA, CA
Partner

January 30, 2026

Capital Region Northeast Water Services Commission
P.O. Box 3438
Sherwood Park, AB T8H 2T3

Sent via e-mail : sobo5021@outlook.com

Attention: Commission Board Members

Dear Board Members:

Re: 2025 AUDIT PLAN

A. INTRODUCTION

The objectives of this audit plan are as follows:

- a) To communicate clearly with the Board of Directors (the "Board") our responsibilities in relation to the financial statement audit, and provide an overview of the planned scope and timing of the audit;
- b) To obtain from the Board information relevant to the audit;
- c) To provide the Board with timely observations arising from the audit that are significant and relevant to the Board's responsibility to oversee the financial reporting process; and
- d) To promote effective two-way communication between the auditor and the Board.

Clear two-way communication between the auditor and those charged with governance (the "Board") is an integral part of every audit. After reviewing the audit plan, please advise us whether there are additional areas of concern to the Board which we should consider.

This letter should not be distributed without the prior consent of Metrix Group LLP and Metrix Group LLP accepts no responsibility to a third party who uses this communication.



B. SERVICES TO BE PROVIDED

We have been engaged by the Capital Region Northeast Water Services Commission (the "Commission") to perform the following services:

a) Audit services

- Audit of the Commission's financial statements.
- Audit of the Commission's *Financial Information Return*.

b) Non-audit services

- We have not been engaged to provide any non-audit services.

C. AUDITOR INDEPENDENCE

At the core of the provision of external audit services is the concept of independence. Canadian Auditing Standards (CAS) recommends that we communicate to the Board, at least annually, all relationships between our firm and the Commission that, in our professional judgment, may reasonably be thought to bear on our independence.

We are currently not aware of any relationships between the Commission and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence. We will provide our annual letter confirming our independence up to the date of our report at the conclusion of the audit.

D. AUDITOR RESPONSIBILITIES

It is important for the Board to understand the responsibilities that rest with the Commission and its management and those that belong to the auditor in relation to the financial statement audit.

Our audit of the Commission's financial statements will be conducted in accordance with CAS. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole present fairly, in all material respects, the financial position, results of operations and cash flows of the Commission in accordance with **Canadian public sector accounting standards**. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

CAS does not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate to the Board.

E. MANAGEMENT RESPONSIBILITIES

Management is responsible for the preparation 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.

F. PLANNED SCOPE AND TIMING OF THE AUDIT

In gathering our audit evidence, we will utilize an approach to the audit of the Commission that allows us to issue an audit opinion on the financial statements in the most cost-effective manner, while still obtaining the assurance necessary to support our audit opinion. In performing our audit, our work will be focused on, but not limited to, areas that we believe have a higher risk of being materially misstated.

To assess risk correctly, we will require a clear understanding of the Commission's business and the environment it operates in. We will gain this understanding primarily through discussions with management and staff. We welcome any insights the Board would like to provide to us regarding what you perceive to be risky.

Audit Strategy

In gathering our audit evidence, we will utilize a substantive approach to the audit of the Commission's financial statements. A substantive approach is more appropriate when an entity processes a relatively low volume of transactions and may not have strong internal controls due to limited segregation of duties. In obtaining the required audit evidence to support our report, we do not plan to place reliance on any internal controls that may exist.

Significant Risks

Significant risks are identified and assessed risks of material misstatement that, in the auditors' judgment, require special audit consideration. We have identified the following significant risks.

Management Override of Controls

Canadian Auditing Standards stipulates that management override of controls is considered a significant risk in every financial statement audit. To reduce this risk to an acceptable level, our audit approach will include substantive procedures including testing of manual journal entries, reviews of irregular transactions, and assessing key estimates for potential bias.

Materiality

Materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating misstatements found (if any) and determining the appropriate audit opinion to express.

A misstatement, or the aggregate of all misstatements in financial statements, is considered to be material if, in the light of surrounding circumstances, it is probable that the decision of a person who is relying on the financial statements, and who has a reasonable knowledge of business and economic activities (the user), would be changed or influenced by such misstatement or the aggregate of all misstatements. The materiality decision ultimately is based on the auditors' professional judgment.

Canadian Auditing Standards require the use of both quantitative and qualitative factors in determining materiality. In planning our audit, we have concluded that a materiality level of 2% of total estimated operating revenue is appropriate. We anticipate that management will record any adjustments that we propose that are of a non-trivial nature.

We may update our materiality calculation if actual amounts differ significantly from the estimates or circumstances suggest particular balances, results or disclosures may impact users' decisions.

Audit Team

Our team includes skilled professionals who have experience working on local government and Commission audits. We will provide the following team:

Philip J. Dirks, CPA, CA	Engagement Partner
Stephen Webber, CPA, CA	Engagement Manager
Alina De Cremer	CPA student
Curtis Friesen, CPA, CA	Concurring Partner

Timing of the Audit

The year-end audit work is scheduled to start January 30, 2026.

We anticipate presenting audited financial statements to the Board at the April 2026 meeting.

Management Representations

Management representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management's representations in writing to support the content of our report.

G. NEW PUBLIC SECTOR ACCOUNTING BOARD STANDARDS

The following is a summary of recently issued *Public Sector Accounting Board* pronouncements. We encourage the Commission's accounting staff to review these to determine the potential impact on the Commission.

Effective Fiscal Years Beginning on or After April 1, 2026

PS 1000 – The Conceptual Framework of Financial Reporting in the Public Sector

- The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.
- Earlier adoption is permitted.

PS 1202 – Financial Statement Presentation

- Sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.
- Earlier adoption is permitted.

H. AUDIT FEES

We understand that the Commission demands value and we strive to provide the highest quality services while working with the Commission to control costs.

We estimate our audit fees for the 2025 fiscal year in the amount of \$12,000 plus Goods and Services Tax. This estimate, which does not include Goods and Services Tax or out-of-pocket expenses, is based on the assumption that our responsibilities will be limited to the expression of an opinion on the Commission's financial statements and that minimal adjusting journal entries will be required. We will not be required to perform accounting work, prepare working papers, or provide any other non-audit responsibilities.

I. REQUESTS OF THE BOARD

During the course of your duties as Board members, you may become aware of additional areas of concern from an audit perspective that you would like us to address. We welcome discussion on any areas of audit concern that you may have.

Additionally, we request that you inform us (prior to the commencement of our year-end work) whether the Board has knowledge of any actual, suspected, or alleged fraud affecting the Commission.

J. COMMUNICATION OF THE RESULTS

At the completion of our audit, we will communicate to the Board matters arising from the financial statement audit. Our communication will include the following:

- Matters required to be communicated to the Board under CAS including possible fraudulent activities, possible illegal acts, significant weaknesses in internal control and certain related party transactions;
- Our views about significant qualitative aspects of the Commission's accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Other matters, if any, arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process; and
- Any other matters previously agreed to with the Board.

We trust this communication will provide you with an update on the current developments within the accounting profession, as well as clarify our responsibility and audit approach.

Please do not hesitate to contact us about any of the above items or other matters of concern to the Board.

Yours truly,

METRIX GROUP LLP



Philip J. Dirks, CPA, CA
Partner