

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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## Independent Auditor's Report

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**To the Members of the Board of the  
North Red Deer Regional Wastewater Services Commission**

*Report on the Consolidated Financial Statements*

We have audited the accompanying financial statements of North Red Deer Regional Wastewater Services Commission, which comprise the Consolidated Statement of Financial Position as at December 31, 2013, and the Consolidated Statements of Operations, Change in Net Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of North Red Deer Regional Wastewater Services Commission as at December 31, 2013, and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

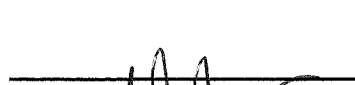
Red Deer, Alberta  
April 14, 2014

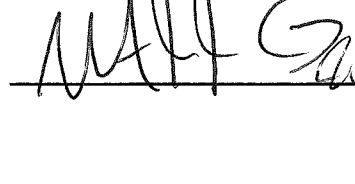
CHARTERED ACCOUNTANTS

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	1,539	10,000
Accounts receivable	477	237
<b>Total Assets</b>	<b>2,016</b>	<b>10,237</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	1,339	4,978
Deferred income	677	5,259
<b>Total Liabilities</b>	<b>2,016</b>	<b>10,237</b>

Approved on Behalf of the Commission


  
\_\_\_\_\_  
Chairperson


  
\_\_\_\_\_  
Administrator

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

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget	2013	2012
	\$	\$	\$
<b>REVENUE</b>			
Government Transfers	-	4,582	4,741
Interest Income	-	224	-
Total revenue	-	4,806	4,741
<b>OPERATING EXPENSES</b>			
Accounting fees	-	1,550	1,000
Travel & Subsistence	-	22	-
Office Supplies	-	3,234	2,881
Communication	-	-	860
Total expense	-	4,806	4,741
EXCESS OF REVENUES OVER EXPENSES	-	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-	-
ACCUMULATED SURPLUS, END OF YEAR	-	-	-

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

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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	Budget	2013	2012
	\$	\$	\$
EXCESS OF REVENUE OVER EXPENSES	-	-	-
(DECREASE) INCREASE IN NET ASSETS	-	-	-
NET ASSETS, BEGINNING OF YEAR	-	-	-
NET ASSETS, END OF YEAR	-	-	-

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

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Non-cash items included in excess of revenues over expenses:		
Increase (Decrease) in Trade and Other Receivables	(240)	(237)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(3,639)	4,978
Increase (Decrease) in Deferred Grants	(4,582)	5,259
Net changes in non-cash working capital balances:		
	<u>(8,461)</u>	<u>10,000</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(8,461)</b>	<b>10,000</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>10,000</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>1,539</u></b>	<b><u>10,000</u></b>

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

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**1. Significant Accounting Policies**

**a. Management's Responsibility for the Financial Statements**

Management's Responsibility for the Financial Statements - The financial statements of the North Red Deer River Wastewater Services Commission (the "Commission") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board. The Commission is constituted under the Municipal Government Act and was approved by the Minister of Municipal Affairs on June 8, 2012, for the purpose of constructing, maintaining, controlling, and managing a regional Wastewater system. The members of the Commission are the City of Lacombe, Lacombe County, Ponoka County, Town of Blackfalds, and the Town of Ponoka.

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**b. Revenue Recognition**

Revenue Recognition - The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Government transfers are received from third parties pursuant to agreement and may only be used for the completion of specific work or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, or the tangible capital assets are acquired.

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**c. Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenditure during the period. Actual results could differ from those estimates.

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**d. Inventories**

Inventories of materials and supplies for consumption are valued at the lower of cost or net replacement cost.

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**e. Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution and are also recorded as revenue.



**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**1. Significant Accounting Policies continued**

**e. Tangible Capital Assets continued**

The cost, less residual value, of the tangible capital asset are amortized on a straight line basis over the estimated useful life as follows:

<u>ASSET CLASS</u>	<u>YEARS</u>
Buildings	25-50
Engineered structures	0
Wastewater systems	45-75
Machinery, equipment and furnishings	5-30
Vehicles	10-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**2. DEFERRED GRANTS AND RESTRICTED CASH**

The Commission received a \$10,000 Regional Collaboration Grant for the costs of setting up the Commission during the 2012 Year End. Funds unspent at the end of the year are deferred and all the cash received is restricted.

**3. DEBT LIMITS**

Section 3 of Alberta Regulation No. 76/2000 and requires that debt and debt limits for the Commission to be disclosed. The debt limit and debt service limit otherwise determined are as follows:

	2013	2012
	\$	\$
Total debt limit	<u>9,612</u>	-
Debt servicing limit	<u>1,682</u>	-

The debt limit is calculated at 2 times the revenue of the Commission (as defined in Alberta Regulation 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Commission. Rather, the financial statements must be represented as a whole.

**NORTH RED DEER REGIONAL WASTEWATER SERVICES COMMISSION**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2013**

**4. APPROVAL OF FINANCIAL STATEMENTS**

Commission Board and Administration have approved these financial statements.

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