

**NORTH RED DEER RIVER WASTEWATER SERVICES COMMISSION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**



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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, 2012, 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, 2012, 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 8, 2013

*BDO Canada LLP*

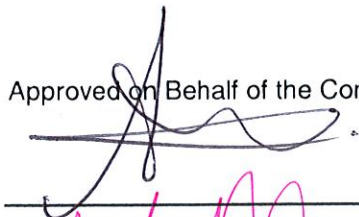
CHARTERED ACCOUNTANTS

**NORTH RED DEER RIVER WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012**

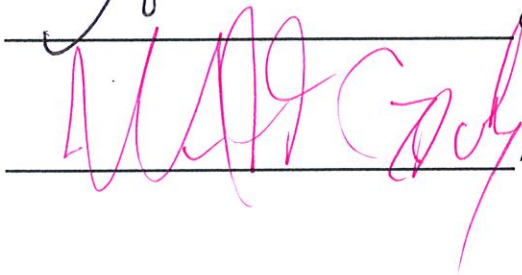
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	2012 \$
<b>Financial assets</b>	
Cash (Note 2)	10,000
Trade and other receivables	<u>237</u>
	<u>10,237</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	4,978
Deferred grants (Note 2)	<u>5,259</u>
	<u>10,237</u>
<b>Net assets and accumulated surplus</b>	<u><u>-</u></u>

Approved on Behalf of the Commission



Chairperson



Administrator

The accompanying notes are an integral part of these financial statements

**NORTH RED DEER RIVER WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<b>2012</b>
	<u>\$</u>
<b>REVENUE</b>	
Operating grant	<u>4,741</u>
<b>OPERATING EXPENSES</b>	
Accounting and audit fees	1,000
Communication	860
Office	<u>2,881</u>
	<u>4,741</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	-
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>-</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u><u>-</u></u>

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**NORTH RED DEER RIVER WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<u>2012</u> <u>\$</u>
Excess of revenue over expenses	-
Net assets, beginning of year	<u>-</u>
Net assets, end of year	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

**NORTH RED DEER RIVER WASTEWATER SERVICES COMMISSION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Excess of revenues over expenses	-
Decrease (increase) in trade and other receivables	(237)
Increase (decrease) in accounts payable and accrued liabilities	4,978
Increase (decrease) in deferred grants	5,259
	<u>10,000</u>
 <b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	 10,000
<b>CASH POSITION AT BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH POSITION AT END OF YEAR</b>	<u><u>10,000</u></u>

The accompanying notes are an integral part of these financial statements

**NORTH RED DEER RIVER WASTEWATER SERVICES COMMISSION  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

- a) **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 October 22, 2008, 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, and Town of Blackfalds.
- b) **Budget Amounts** - The operating budget amounts presented on the Statement of Operations are taken from the Commission's annual budget. The Commission did not approve a formal capital budget for 2012
- c) **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.
- d) **Inventory of Supplies** - Inventories of materials and supplies for consumption are valued at the lower of cost or replacement cost.
- 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.

The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life commencing once the asset is available for productive use as follows:

	YEARS
Buildings	25 - 50
Engineering Structures	
Wastewater system	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.

- f) **Use of Estimates** - The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

**2. DEFERRED GRANTS AND RESTRICTED CASH**

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

**NORTH RED DEER RIVER WASTEWATER SERVICES COMMISSION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**3. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Commission Board and Administration.