



North Red Deer Regional Wastewater Services Commission

Regular Meeting Agenda

Date:	April 22, 2025	Time:	10:00 am
Location:	COUNCIL CHAMBERS, CITY OF LACOMBE, AB		
Invitees:	<p>Members: Mayor Grant Creasey, City of Lacombe – Chair Mayor Jamie Hoover, Town of Blackfalds – Vice Chair Councillor John Ireland, Lacombe County – Director</p> <p>Others: Jordan Thompson, NRDRWWSC CAO CAO Kim Isaak, Town of Blackfalds CAO Matthew Goudy, City of Lacombe County Manager, Tim Timmons, Lacombe County Director Preston Weran, Town of Blackfalds Director Michael Minchin, Lacombe County Director Doug Halldorson, City of Lacombe Manager Tracey McKinnon, City of Lacombe Engineering Manager Amber Mitchell, City of Lacombe Manager Chris Huston, City of Lacombe Manager Angela Smith, City of Lacombe Financial Analyst Michael Levia, City of Lacombe Legislative Coordinator Denise Bellabono, City of Lacombe</p> <p>Guests: Mitchell Kennedy, Senior Manager, BDO Canada LLP Rebecca Marcotte, Manager, BDO Canada LLP</p>		
Recorded by:	Iwalani Post - Administrative Assistant NRDRWWSC		
1. Call to Order by Chair			
2. Adoption of Agenda			
3. Adoption of Minutes:			
3.1 Regular Meeting Minutes – December 16, 2024			
4. Presentations			
4.1 2024 Financial Audit – BDO Canada LLP			
5. Reports:			
5.1 Administration			
5.2 Chair			
6. New Business / Emergent Items:			

6.1	2024 Financial Audit – Manager McKinnon
6.2	Lacombe Lift Station Harmonic Filter Replacement
6.3	2025 Amended Schedule of Meetings
7.	Correspondence
8.	In Camera
9.	Next Meeting Date: June (TBD), 2025 at 10:00 am in Council Chambers, City of Lacombe
10.	Adjournment

**REGIONAL WASTEWATER MEETING MINUTES
December 16, 2024**

In Attendance:

- Members:** Mayor Grant Creasey, NRDRWWSC Chair, City of Lacombe
Mayor Jamie Hoover, NRDRWWSC Vice-Chair, Town of Blackfalds
Councillor John Ireland, NRDRWWSC Director, Lacombe County
- Others:** Jordan Thompson, NRDRWWSC CAO
Matthew Goudy, CAO, City of Lacombe
Tim Timmons, County Manager, Lacombe County
Preston Weran, Director of Infrastructure and Planning Services, Town of Blackfalds
Chris Huston, Utilities Manager, City of Lacombe
Amber Mitchell, Engineering Manager, City of Lacombe
Matt Sawitsky, Operator, City of Lacombe (Remote)
Iwalani Post, NRDRWWSC Executive Assistant
- Guests:**
- Regrets:** Kim Isaak, CAO, Town of Blackfalds
Michael Minchin, Director of Corporate Services, Lacombe County
Tracey McKinnon, Manager of Finance, City of Lacombe
Angela Smith, Regional Utilities Foreman, City of Lacombe
Denise Bellabono, Legislative Coordinator, City of Lacombe

1. Call to Order:

Chair Creasey called the meeting to order at 9:51 am.

2. Adoption of Regular Meeting Agenda:

MOVED by Councillor Ireland that the Regular Meeting Agenda for December 16, 2024, be adopted as presented.

CARRIED UNANIMOUSLY

3. Adoption of Minutes:

3.1. Regular Meeting Minutes of November 4, 2024

MOVED by Councillor Ireland that the minutes from June 17, 2024, be adopted as amended.

CARRIED UNANIMOUSLY

4. Presentations

5. Reports:

5.1. H₂S Landowner Communications

Manager Huston gave a verbal report on the follow-up actions regarding a landowner's complaint about occasional offensive odours emanating from CAV#3. The landowner expressed to Manager Huston that they would like to thank the Commission for the ongoing monitoring of the site. Manager Huston noted that no anomalies have been discovered since monitoring began.

6. New Business / Emergent Items

6.1. Second/Third Reading 2025 Utility Rate Bylaw

CAO Thompson presented for second and third reading of Bylaw 4.3, an amendment to the Commission's Wastewater Bylaw 4, for the 2025 Wastewater Rate to members be set to \$2.02/m³ and Septage Receiving Station customers be set to \$16.86/m³, consistent with the 2025 Operating Budget.

MOVED by Vice-Chair Hoover that the Commission give second reading to Bylaw 4.3.

CARRIED UNANIMOUSLY

MOVED by Councillor Ireland that the Commission give third reading to Bylaw 4.3.

CARRIED UNANIMOUSLY

6.2. Office Election Policy

Manager Thompson presented the Office Elections Policy 3 (2024) for adoption.

MOVED by Councillor Ireland that the Commission adopt the Officer Elections Policy 3 (2024) as presented.

CARRIED UNANIMOUSLY

7. Correspondence

8. In Camera

9. Next Meeting:

Thursday, February 20, 2025, at 10:00am, City of Lacombe Council Chambers.

10. Adjournment:

MOVED by Vice-Chair Hoover that the meeting be adjourned at 9:57 am.

CARRIED UNANIMOUSLY

Chair

Chief Administrative Officer

North Red Deer Regional Wastewater Services Commission

Audit communication to the Members of the
Board for the year ended December 31, 2024

START



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

We are pleased to provide you with this communication to highlight and explain key issues which we believe to be relevant to the audit of North Red Deer Regional Wastewater Services Commission (the “Commission”) financial statements for the year ended December 31, 2024.

The enclosed communication includes our approach to your audit, including: significant risks identified, the nature, extent, timing, and results of our audit work, and the terms of our engagement. We will also communicate any significant internal control deficiencies identified during our audit and confirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

We look forward to discussing our communication with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
April 22, 2025



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For the year ended December 31, 2024



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Audit Team

Your dedicated BDO audit team:



Lorraine Walker, CPA, CA
Partner

T: 403-213-2592
E: lwalker@bdo.ca



Rebecca Marcotte, CPA
Manager

T: (403)-309-1621
E: rmarcotte@bdo.ca



Mitchell Kennedy, CPA, CA
Senior Manager

T: 403-342-8078
E: mikennedy@bdo.ca

Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter, is set out below:

- ▶ Present significant findings to the Members of the Board including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.
- ▶ Provide timely and constructive management letters. This includes deficiencies in internal control identified during our audit.
- ▶ Consult regarding accounting, and reporting matters as requested throughout the year.
- ▶ Work with management to issue financial statements in a timely manner.
- ▶ Identify and assess the risks of material misstatement due to fraud.
- ▶ Obtain sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses.
- ▶ Respond appropriately to fraud or suspected fraud identified during the audit.

For the year ended December 31, 2024



Auditor's responsibilities: fraud risks

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your financial statements

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Auditor's responsibilities: fraud risks

During the audit, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Commission's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the Commission, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in North Red Deer Regional Wastewater Services Commission ; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not aware of any fraud affecting the Commission. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.

Audit at a glance

Materiality

We determined materiality to be \$271,000 for the year ended December 31, 2024.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

We communicated all corrected and uncorrected misstatements identified during our audit to the Members of the Board, other than those which we determined to be “clearly trivial.”

We encouraged management to correct any misstatements identified throughout the audit process.

Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between North Red Deer Regional Wastewater Services Commission and our Firm that may reasonably be thought to bear on our independence.



Status of the audit

We have substantially completed our audit of the year ended December 31, 2024 financial statements.

The following are the remaining steps to complete the audit:

- ▶ Board approval of the draft financial statements
- ▶ Management to sign the Representation Letter
- ▶ BDO to confirm with management and those charged with governance if there have been any subsequent events that have occurred from January 1st to today that relate to the 2024 fiscal year or would have a significant impact on the Commission's financials

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement.

Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Commission's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Revenue Recognition	There is an inherent risk related to revenue recognition and ensuring it is recorded in the correct period. A new standard was also adopted this year for revenue recognition under PS 3400, increasing the risk of revenue recognition.	<ul style="list-style-type: none">• Review revenue recognition policy for consistency with the professional standards.• For a sample of grants and other revenues we agreed to source documentation and ensured they were reported in line with PSAS.• Review the design and implementation of controls around revenue recognition.• Management’s position on PS 3400 was obtained with no issues noted.
Management Override of Controls	As in all organizations, management is in a unique position where they could override or circumvent the controls in order to change financial results.	<ul style="list-style-type: none">• Manual journal entries were reviewed using analytical procedures and vouching to supporting documentation as required.• We reviewed the design and implementation of controls surrounding the posting of adjusting entries.• Significant estimates were also reviewed to ensure no bias.• No issues were noted.
P3 Relationships	There is a risk that the new Public Private Partnerships standard PS 3160 is not adopted correctly.	<ul style="list-style-type: none">• We reviewed the scoping process performed by management to identify P3 relationships.• Management’s position on PS 3160 was obtained with no issues noted.• Management concluded there were no P3 relationships.



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Internal control matters

During the audit, we performed the following procedures regarding the Commission's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Commission's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.



Adjusted and unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

Summary of adjusted differences

There were no differences that were corrected by management during the course of our audit engagement.



How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

COMMUNICATION

Communicate our opinion and details of matters on which we are required to communicate





How the firm's system of quality management (SoQM) supports the consistent performance of quality audit engagements

The firm is committed to maintaining high standards of audit quality that meet stakeholders' expectations and serve the public interest. We foster a culture where audit quality is at the center of our strategy and priorities. All partners and staff are accountable for performing quality engagements and upholding professional ethics, values, and attitudes.

The firm invested significant time and resources to establish and operate a SoQM that complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB). The SoQM ensures the firm and its personnel meet professional standards, legal and regulatory requirements, and conduct engagements accordingly, with reports issued appropriately for the circumstances.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:



Standard for Audit Quality



CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.



Establishing and improving the firm's SoQM

In establishing and continuously improving our firm's SoQM, we carried out the following for each of the SoQM components:

OBJECTIVES

We established the quality objectives required by CSQM1 in the core components of our SoQM and any additional quality objectives as appropriate.

QUALITY RISKS

We identified the quality risks that may adversely affect achieving these objectives. These consider the nature and circumstances of the firm and the engagements it performs and the conditions, events or circumstances that may impact its SoQM.

RESPONSES

We designed and implemented appropriate responses (policies, procedures and controls) to mitigate the assessed quality risks to an acceptable level.

MONITORING

We monitor the design, implementation and operating effectiveness of the firm's SoQM to identify areas for improvement. Root cause analysis is performed on deficiencies identified and remedial actions are implemented on a timely basis. This robust monitoring and remediation process is important for continuous improvement in quality processes.

On at least an annual basis the firm evaluates whether these deficiencies have a severe and/or pervasive impact on the achievement of the quality objectives in the SoQM.

We identify emerging developments and changes in the circumstances of the firm or its engagements and adapt the SoQM to respond to such changes.

Evaluating SoQM:

Our annual SoQM evaluation involves reviewing information about the system's design, implementation, and operation through monitoring activities. It includes testing response effectiveness, reviewing findings from inspections, and other relevant SoQM information. Using professional judgment, we assess whether identified findings represent deficiencies in the SoQM, investigating their root causes and evaluating their severity and pervasiveness.

Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your Commission.

Our audit process differs from the typical audit in our use of in-field reviews. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly.

We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)



BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.

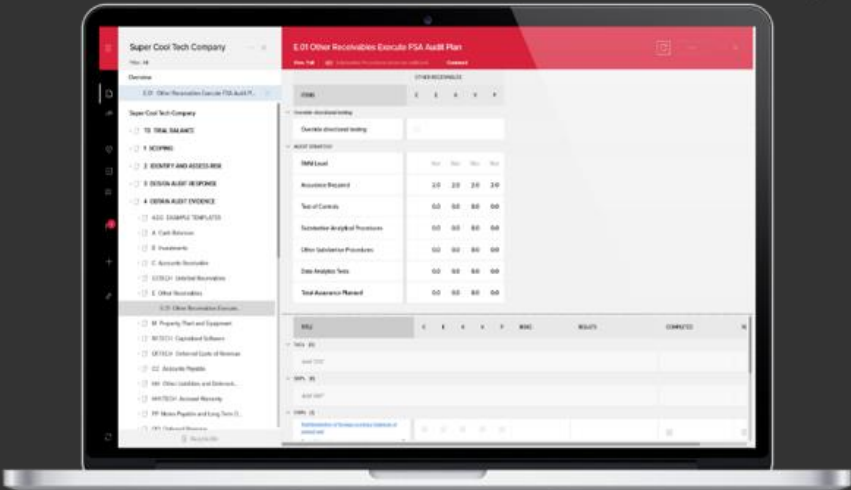
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your Commission—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

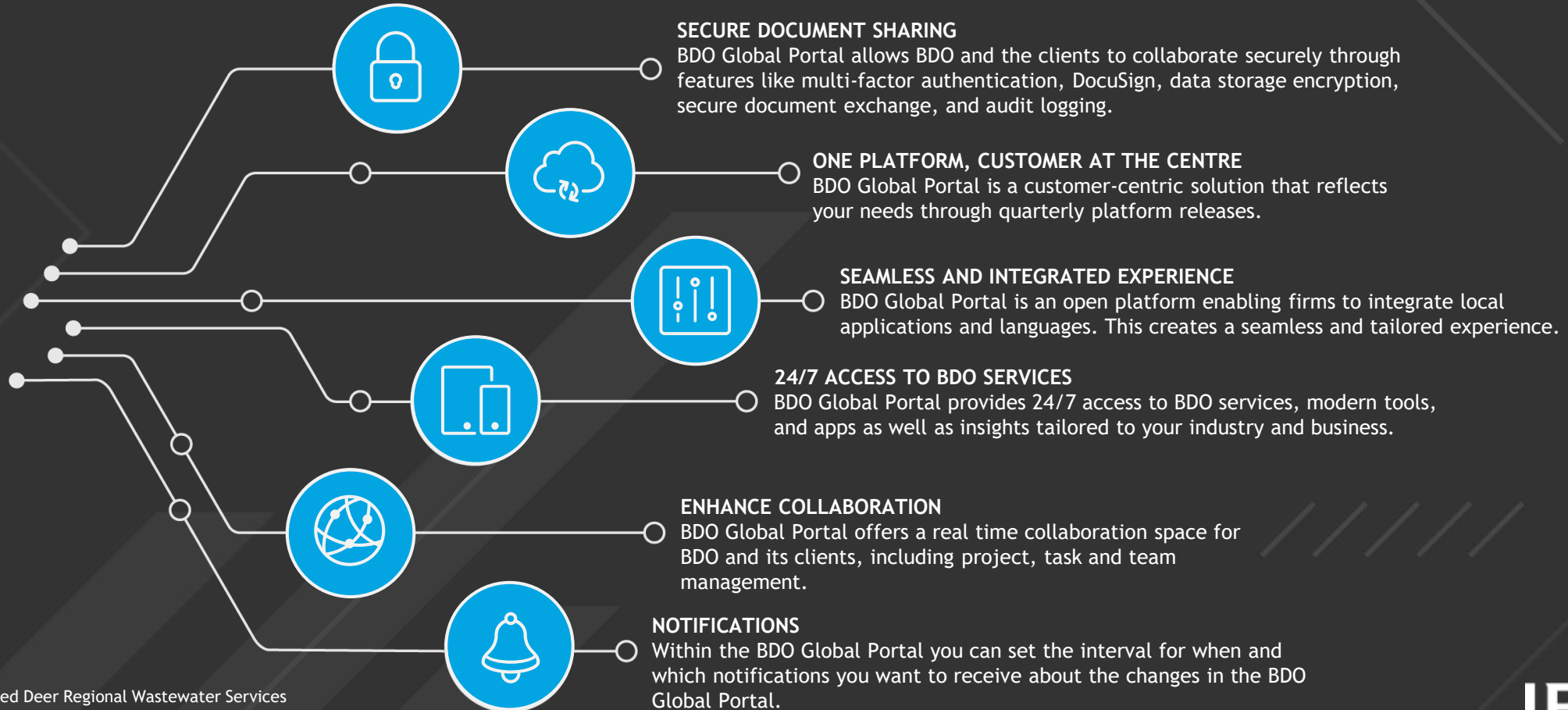
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Global Portal

BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.





Recommended Resource

Staying in the know with knowledge and perspective

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the Commission.

ACCESS OUR
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The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the Commission's bottom line. Our tax collection keeps you current.

STAY ON TOP OF TAXES

Trending topics



As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

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Spotlight on ESG



Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all of your stakeholders. Commissions, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

ESG Insights



Sector insights at your convenience

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Spotlight on public sector



Industry insights to shape your business

At BDO, we help governments create efficient ways of working to achieve better outcomes for their citizens and public servants. From technology-based solutions to program development, advisory and audit, our team can guide you through critical strategic decisions to ensure you deliver on your vision, goals, and accountability expectations.

Public sector Insights



Resources to support your business

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ADMINISTRATION REPORTS

Administrative, Financial & Operational

Date: April 22, 2025

Created by: CAO, Finance Manager, Operations Supervisor

ADMINISTRATIVE

Joint Steering Committee (JSC): Rate Model Review

The City of Red Deer hosted an information session with Regional Services Commissions and Red Deer County. The session helped us further understand the City's rate setting process. We appreciated the open conversation and the City sharing detailed information about cost allocations. The City invited participants to follow up with questions. The City responded to information requests from NRDRWSC and NRDRWWSC. The information provided has helped us begin to understand the rate structure. To support our continued assessment of the data provided, we have sent follow-up questions to the City and requested a response by April 25th.

Audited Financial Statements - 2024 Year End

BDO will be presenting the Audited Financial Statements (AFS) for the North Red Deer Regional Wastewater Services Commission (NRDRWWSC). The Commission has concluded its operating year with a deficit for the third consecutive period, requiring the use of reserve funds to support ongoing operations.

Several factors have contributed to these deficits, including sustained increases in chemical costs over multiple years and elevated expenditures on parts and equipment repairs. For context, the approved 2025 Operating Budget allocates \$365K for chemicals - an increase of \$100K over the 2024 budget - and the equipment repair budget has doubled compared to the 2023 budget. To ensure chemical costs are competitive, Administration will be issuing a request for proposal in 2025.

Still, the most significant contributor to the recurring deficits, has been the overestimation of wastewater volumes in the Operating Budget. Despite a gradual reduction in budgeted volumes since 2022, actual volumes have consistently trailed projections. In response, Administration will revise its volume estimation methodology for the 2026 budget to reduce the risk of future shortfalls.

The Board should also note that the 2025 budget includes an anticipated 150,000 m³ of additional volume from the new DIW milk concentration facility, expected to commence operations in Spring/Summer 2025.

FINANCIAL

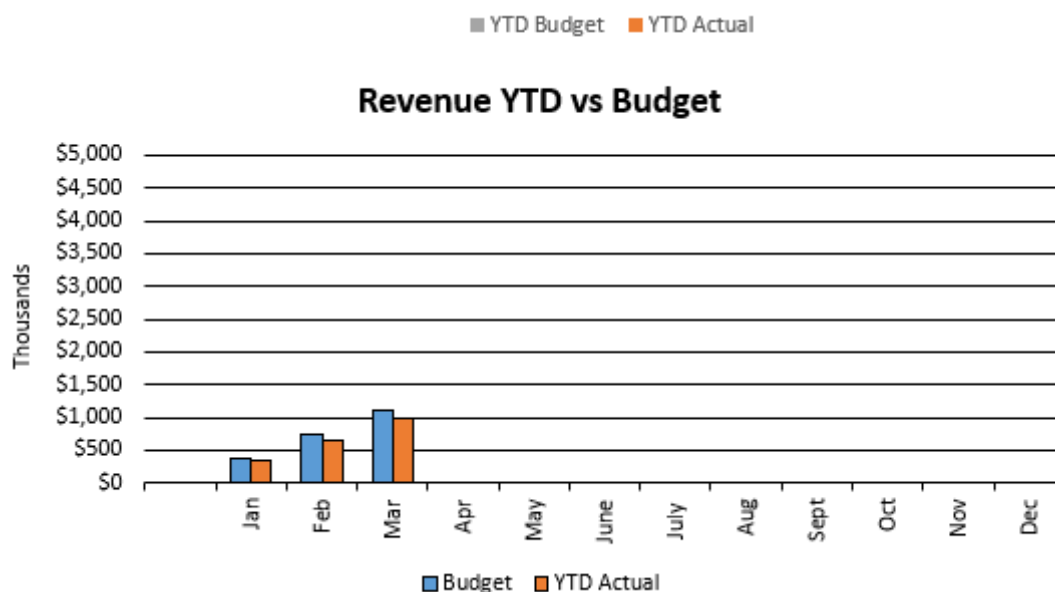
Table 1 - Wastewater volumes (in cubic meters) - January to March

Member	2024	2025
City of Lacombe	301,588	304,449
Town of Blackfalds	169,377	170,840
Lacombe County	11,614	12,296
Septic Receiving Station	223	193
Total	482,802	487,778

Wastewater volumes have increased slightly over the prior year by 4,976 cubic meters or 1%.

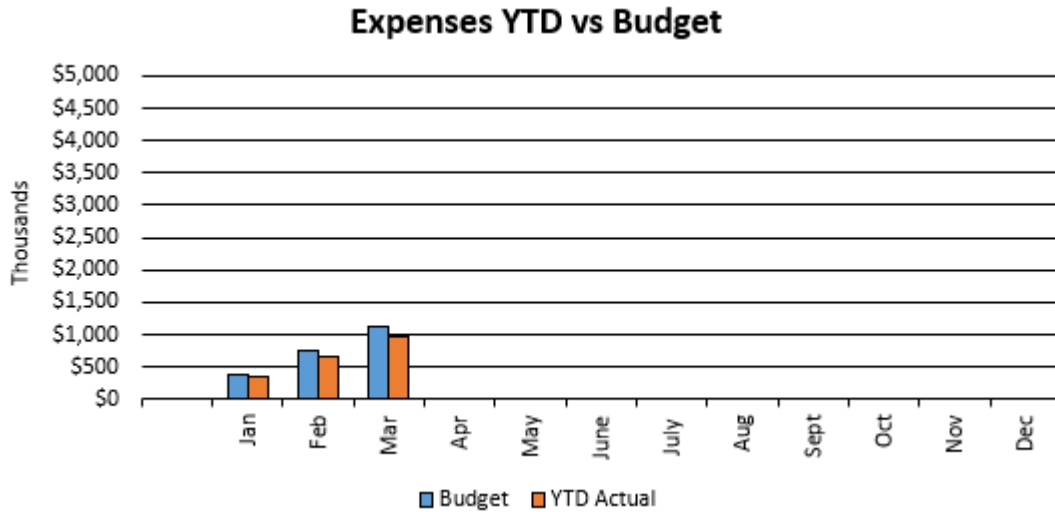
Revenue

As of March 2025, actual revenues are lower than YTD (Year to Date) budgeted revenues by \$133,379 or 12%, due to lower-than-expected usage. Usage is expected to increase in the spring and summer months to offset this current deficit.



Expenses

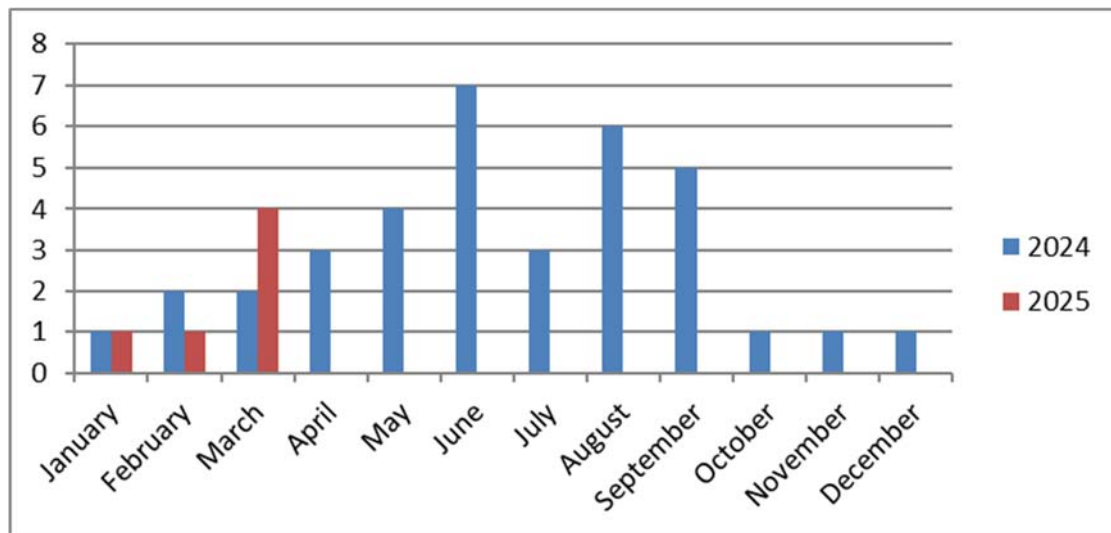
As of March 2025, actual expenses are lower than YTD budget by \$151K or 13%. A shortfall of expected usage in the first 3 months make up \$98K of the deficit. Timing of certain expenses such as insurance and utilities make up the remaining variance (\$53K).



YTD Surplus/Deficit

As of March 2025, the YTD net surplus is approximately \$18K.

OPERATIONAL



2024 = 36 locates completed

2025 to date = 6 requests

Notable activities since the last report:

Blackfalds & Lacombe:

- Lacombe and Blackfalds VFD issues were repaired by Articulate Technologies. Both drives are operational.

Previous update - Two VFDs displayed faults pointing to a possible monitoring board issue. Both VFDs will be removed and sent for repair.

Lacombe:

- Grinder inspection completed with no issues noted.
- Three quotes received to replace both harmonic filters in Lacombe. See RFD Harmonic Filter Replacement.

Blackfalds:

- Flexible gasket replaced.
Previous Update - A leak was found on one of the flexible gaskets on the main discharge line at the station. Operations is working with contractors to order a replacement and schedule the repair.

OMF:

- TDH is scheduling a Sulzer 'Health' check for the two blowers. This health check will inspect the blowers for any issues. This will become an annual check.

H₂S Monitoring:

- Operations contacted the homeowner in close vicinity to the chamber. They noted that they could occasionally catch a faint smell of sewer gas when getting close to the chamber, but nothing concerning. Operations will continue to monitor and replace the odour scrubbing media at regular intervals to help mitigate the odours.

Previous ROW Pipeline Concerns:

- Township Road 40-2 – This area was flagged last year by Lacombe County for being in dire need of roadway rehabilitation. Spring 2025 is showing no concerns in this area for road degradation:



- Otto Road – Previous concerns raised by the owner of a wet area that never dries. Area shows no ponding:



Planned spring maintenance activities:

- Spring – Contracted air release valve inspections.
- Install of the Harmonic filters in Lacombe TBD

ATTACHMENTS: N/A



REQUEST FOR DECISION

2024 Financial Audit

Date: April 22, 2025

Prepared by: Tracey McKinnon, Finance Manager

Presented by: Tracey McKinnon, Finance Manager

PURPOSE:

To present the 2024 Audited Financial Statement for the North Red Deer Regional Wastewater Services Commission for the Board's approval.

ACTION/RECOMMENDATION:

1. THAT the Commission approve the North Red Deer Regional Wastewater Services Commission 2024 Audited Financial Statement as presented.

AND

2. THAT the Commission approve a transfer from the Operating Reserve of \$225,240 to offset the 2024 deficit.

ISSUE ANALYSIS:

The NRDRWWSC 2024 draft audited financial statement is now complete and ready for the Board's review and approval. Representatives from BDO LLP will present the 2024 audited Financial Statement at the Board meeting on April 22nd, 2025.

Audited Financial Statements must be completed, approved, and submitted to Alberta Municipal Affairs by May 1st, 2025.

The 2024 audited statement presentation presents the operating surplus slightly differently than the Annual Budget. Chart 1 shows the reconciliation of the deficit reported on the Audited Financial Statement to the operating Budget deficit.

Chart 1 – Audit Statements to Operating Budget

Explanation	2024 Actuals	2024 Budget
2024 Audited Statement Deficit	-\$982,536	-\$738,191
Less 2024 Debt Principal Payments	-181,944	-181,945
Plus Amortization	\$1,157,144	\$1,158,040
Less Transfer to Reserves	-\$ 217,904	-\$ 217,904
2024 Adjusted Deficit	-\$225,240	\$20,000

Wastewater Commission – 2024 Operating Deficit Explanation

The Wastewater Commission ended 2024 with an operating deficit of \$225,240. The following factors contributed to this shortfall:

- \$70K – Lower-than-anticipated wastewater usage. This is net of revenue shortfall of \$219K and expense shortfall of \$149K. The shortfall in cubic meters was 111K.
- \$141K – Increased chemical costs. Chemical expenses were also over budget by \$99K in 2023, which establishes a trend of significantly rising costs for chemicals. Although the 2025 Operating Budget increases chemical costs by nearly 100K over 2024 budget, additional action is required. A competitive RFP for chemical supply is planned for 2025 to ensure the Commission's chemicals costs are competitive. The current chemical provider produces and delivers the product from the United States. It is unknown if the bulk chemical will be subjected to tariffs in 2025.
- \$42K - Parts and Equipment. This includes the installation of the H₂S sensor near the residents outside Blackfalds, and other unplanned equipment replacements including a PLC controller, the starter for the backup generator, and the grinder cutting gears.
- \$24K – Audit fees over budget, due to increased requirements related to significant accounting standard changes (Asset Retirement Obligations). Significant accounting standard changes are generally done every 3 years. The approved 2025 Operating Budget has already adjusted to account for additional auditing effort related to new standards.

Recommendation

To offset the 2024 deficit, a transfer of \$225,240 from the Operating Reserve is recommended.

Debt Limit

The Commission maintains a healthy financial position, with an estimated \$3.4M remaining debt capacity, providing flexibility for future capital needs.

ALTERNATIVES:

The Commission may choose to:

1. **[Recommended]** THAT the Commission approve the North Red Deer Regional Wastewater Services Commission 2024 Audited Financial Statement as presented.

AND

2. ***[Recommended]*** THAT the Commission approve a transfer from the Operating Reserve for \$225,240 to offset the 2024 Deficit.

OR

3. ***[Alternate]*** THAT the Commission directs Administration on how it wishes to proceed.

ATTACHMENTS:

- Draft 2024 Audited Financial Statement – North Red Deer Regional Wastewater Services Commission.

**North Red Deer Regional Wastewater
Services Commission
the Financial Statements
For the year ended December 31, 2024**

North Red Deer Regional Wastewater Services Commission
the Financial Statements
For the year ended December 31, 2024

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the North Red Deer Regional Wastewater Services Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2024, and the statement of operations, statement of changes in net debt, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants,
Red Deer, Alberta

North Red Deer Regional Wastewater Services Commission
the Statement of Financial Position

December 31, 2024	2024	2023
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,901,538	\$ 1,919,008
Accounts receivable (Note 8)	1,010,719	921,691
	<u>2,912,257</u>	<u>2,840,699</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	454,558	356,652
Current portion of long-term debt (Note 3)	188,452	181,945
	<u>643,010</u>	<u>538,597</u>
Long-term Debt, Net of Current Portion (Note 3)	<u>5,427,780</u>	<u>5,616,232</u>
	<u>6,070,790</u>	<u>6,154,829</u>
Net debt	<u>(3,158,533)</u>	<u>(3,314,130)</u>
Non-financial assets		
Tangible capital assets (Note 5)	64,819,656	65,976,801
Prepaid expenses	79,878	60,866
	<u>64,899,534</u>	<u>66,037,667</u>
Accumulated surplus (Note 7)	<u>\$ 61,741,001</u>	<u>\$ 62,723,537</u>

North Red Deer Regional Wastewater Services Commission

the Statement of Operations

For the year ended December 31, 2024	Budget 2024	2024	2023
Revenue			
Wastewater sales to Commission members (Note 8)	\$ 3,974,678	\$ 3,755,822	\$ 3,754,252
Interest income	109,000	105,401	100,173
Other revenue	1,000	61,210	500
Service fees to Commission members (Note 8)	578,064	578,064	575,285
Total revenue	4,662,742	4,500,497	4,430,210
Expenses			
Accounting and audit fees	11,293	35,861	13,255
Board travel & subsistence	2,678	-	58
General material and supplies	291,354	434,304	377,223
Insurance	60,346	72,790	69,580
Interest on long-term debt	217,815	215,925	222,268
Contract fees	42,000	103,032	37,477
Legal fees	1,000	-	-
Operator costs (Note 8)	407,204	398,701	387,858
Other expenses	15,417	12,258	13,484
Repairs and maintenance	149,500	197,266	101,850
Treatment charges	2,693,653	2,544,373	2,449,189
Utilities	350,633	311,378	335,935
Amortization of capital assets	1,158,040	1,157,145	1,157,897
Total expenses	5,400,933	5,483,033	5,166,074
Excess of revenue over expenses	(738,191)	(982,536)	(735,864)
Accumulated surplus, beginning of year	62,723,537	62,723,537	63,459,401
Accumulated surplus, end of year	\$ 61,985,346	\$ 61,741,001	\$ 62,723,537

North Red Deer Regional Wastewater Services Commission
the Statement of Change in Net Debt

For the year ended December 31, 2024	Budget 2024	2024	2023
Excess of revenue over expenses	\$ (738,191)	\$ (982,536)	\$ (735,864)
Amortization of tangible capital assets	1,158,040	1,157,145	1,157,897
	419,849	174,609	422,033
Increase in prepaid expenses	-	(19,012)	(3,196)
Net change in net debt	419,849	155,597	418,837
Net debt, beginning of year	(3,314,130)	(3,314,130)	(3,732,967)
Net debt, end of year	\$ (2,894,281)	\$ (3,158,533)	\$ (3,314,130)

North Red Deer Regional Wastewater Services Commission
the Statement of Cash Flows

For the year ended December 31, 2024	2024	2023
Operating transactions		
Excess of revenue over expenses	\$ (982,536)	\$ (735,864)
Items not involving cash		
Amortization	1,157,145	1,157,897
Changes in non-cash operating balances		
Accounts receivable	(89,028)	(16,117)
Prepaid expenses	(19,012)	(3,196)
Accounts payable and accrued liabilities	97,906	(67,221)
	<u>164,475</u>	<u>335,499</u>
Financing transactions		
Repayment of long-term debt	(181,945)	(175,669)
Net change in cash and cash equivalents	(17,470)	159,830
Cash and cash equivalents, beginning of year	<u>1,919,008</u>	<u>1,759,178</u>
Cash and cash equivalents, end of year	<u>\$ 1,901,538</u>	<u>\$ 1,919,008</u>

North Red Deer Regional Wastewater Services Commission

Summary of Significant Accounting Policies

December 31, 2024

Management's Responsibility for the Financial Statements

The financial statements of 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 of the Chartered Professional Accountants of Canada. The North Red Deer Regional Wastewater Services Commission (the "Commission") was established for the purposes of constructing, maintaining, controlling, and managing a regional Wastewater system. The Commission is made up of member municipalities and requisitions funds from its members. The members of the Commission are City of Lacombe, Lacombe County, Town of Blackfalds.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided, or the tangible capital assets are acquired.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Engineered Structures - Wastewater System	45 to 75 years
Equipment	5 to 45 years

Long-term Debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

Revenue Recognition	<p>Revenue from transactions with no performance obligation is recognized at realizable value when the Commission has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.</p> <p>Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.</p> <p>Where funds are received in advance of services or with specific restrictions, they are recorded as deferred revenue and recognized in the period when the performance obligation is satisfied.</p>
Financial Instruments	<p>Accounts receivable and accounts payable are measured at cost. Investments and long-term debt is measured at amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.</p>
Liability for Contaminated Sites	<p>A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries. There is no known contaminated site effective year December 31, 2024.</p>
Asset Retirement Obligation	<p>A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Commission to incur retirement costs, the past transaction has or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle an asset retirement obligation are expected to occur over extended future periods.</p>

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. At each financial reporting date, the Commission reviews the carrying amount of the liability. The Commission recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Commission continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Use of Estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Areas of the financial statements that contain estimates are as located in amortization and interest expenses.

Public Private

Partnerships

The Commission accounts for public private partnerships in accordance with PS 3160. Infrastructure procured through a P3 arrangement is recognized as a tangible capital asset when the Commission controls the asset. A liability is recognized for any amounts owing to the private sector partner under the agreement. As at year-end, the Commission had not entered into any public private partnership arrangements.

New Accounting Policies Adopted During the Year

PS 3400 Revenue, the Commission recognizes revenue in accordance with Public Sector Accounting Standard PS 3400 - Revenue, which differentiates between exchange transactions (where both parties receive goods/services of approximately equal value) and non-exchange transactions (where one party receives goods/services without directly giving equal value in return).

PS 3160 Public Private Partnerships, the Commission has adopted Public Sector Accounting Standard (PS) 3160 - Public Private Partnerships as part of its accounting policies. At the reporting date, the Commission does not have any Public-Private Partnership arrangements, and therefore, this standard does not impact the financial statements for the current period. If the Commission enters into a P3 arrangement in the future, it will be accounted for in accordance with PS 3160.

Future Accounting Standard Pronouncements

The Conceptual Frameworks for Financial Reporting - The conceptual framework is the foundation for principles-based standards. It is a coherent set of interrelated objectives and fundamentals leading to consistent standards or application of consistent concepts in the absence of specific standards. The Commission is expected to adopt this standard beginning December 31, 2027.

PS 1202 Financial Statement Presentation - PS 1202 will replace PS 1201 and sets out the general and specific requirements of the presentation of financial information and is based on the concepts in the conceptual framework. The Commission is expected to adopt this standard beginning December 31, 2027.

North Red Deer Regional Wastewater Services Commission

Notes to the Financial Statements

December 31, 2024

1. Cash and Cash Equivalents

	2024	2023
Cash and cash equivalents	\$ 1,901,538	\$ 1,919,008

The Commission has an unused overdraft protection agreement with a maximum overdraft of \$2,000,000 (2023 - \$2,000,000) and interest charged at lender prime. Collateral is comprised of a general security agreement specifically pledging all grant proceeds and debenture products. As at year end December 31, 2024 the prime rate was 5.45% (2023 - 7.20%).

2. Financial Instruments

The Commission is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Commission's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements. There have been no changes to these risks from prior year.

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission is exposed to credit risk through its cash and cash equivalents and accounts receivable.

The Commission manages its credit risk by credit approval process and holding cash at federally regulated chartered banks and cash accounts insured up to \$100,000. The Commission measures its exposure to credit risk based on historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and cash equivalents and accounts receivable. Accounts receivable arise primarily as a result of sales receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to liquidity risk through its accounts payable and long-term debt.

The Commission manages this risk by planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Commission measures its exposure to liquidity risk based on extensive budgeting.

North Red Deer Regional Wastewater Services Commission

Notes to the Financial Statements

December 31, 2024

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is exposed to interest rate risk through its long-term debt.

The Commission manages interest rate risk on its long-term debt by holding all debt through MFA at a fixed rate, with refinancing typically being completed at the ten or fifteen year mark. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to long-term debt. See Note 3 for interest rates and maturity dates for long term debt.

3. Long-term Debt

Long-term debt reported on the statement of financial position is comprised of the following:

	2024	2023
3.30% (2023 - 3.30%) debenture, repayable \$147,701 (2023 - \$147,701), semi-annually, due March 15, 2043.	\$ 4,064,505	\$ 4,221,709
5.07% (2023 - 5.07%) debenture, repayable \$52,179 (2023 - \$52,179), semi-annually, due September 15, 2052.	\$ 1,551,727	\$ 1,576,468
	<u>5,616,232</u>	<u>5,798,177</u>
Current portion	<u>188,452</u>	<u>181,945</u>
Long term portion	<u>5,427,780</u>	<u>5,616,232</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
2025	\$ 188,452	\$ 211,307	\$ 399,759
2026	195,199	204,561	399,760
2027	202,195	197,565	399,760
2028	209,448	190,311	399,759
2029	216,971	182,789	399,760
Thereafter	<u>4,603,967</u>	<u>1,784,188</u>	<u>6,388,155</u>
	<u>\$ 5,616,232</u>	<u>\$ 2,770,721</u>	<u>\$ 8,386,953</u>

Debenture debt is issued on the credit of the Commission at large. The Commission has agreed to levy upon the member municipalities, a cubic meter Wastewater service fee based on actual use sufficient to provide for annual funds to pay principal and interest due each year on debentures and annual operating costs.

North Red Deer Regional Wastewater Services Commission

Notes to the Financial Statements

December 31, 2024

4. Debt Limits

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

	2024	2023
Total debt limit	\$ 9,000,994	\$ 8,860,420
Total debt	5,616,232	5,798,177
Total debt limit remaining	<u>3,384,762</u>	<u>3,062,243</u>
Debt servicing limit	1,575,174	1,550,574
Debt servicing	<u>399,760</u>	<u>399,760</u>
Total debt servicing limit remaining	<u>1,175,414</u>	<u>1,150,814</u>

The debt limit is calculated at two times the revenue of the Commission (as defined in Alberta Regulation No. 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 alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

North Red Deer Regional Wastewater Services Commission
Notes to the Financial Statements

December 31, 2024

5. Tangible Capital Assets

	2024			
	Engineered Structures	Land	Equipment	Total
Cost, beginning of year	\$ 69,105,610	\$ 3,157,505	\$ 7,518	\$ 72,270,633
Additions	-	-	-	-
Cost, end of year	\$ 69,105,610	\$ 3,157,505	\$ 7,518	\$ 72,270,633
Accumulated amortization, beginning of year	\$ 6,286,314	\$ -	\$ 7,518	\$ 6,293,832
Amortization	1,157,145	-	-	1,157,145
Accumulated amortization, end of year	\$ 7,443,459	\$ -	\$ 7,518	\$ 7,450,977
Net carrying amount, end of year	\$ 61,662,151	\$ 3,157,505	\$ -	\$ 64,819,656

	2023			
	Engineered Structures	Land	Equipment	Total
Cost, beginning of year	\$ 69,105,610	\$ 3,157,505	\$ 7,518	\$ 72,270,633
Additions	-	-	-	-
Cost, end of year	\$ 69,105,610	\$ 3,157,505	\$ 7,518	\$ 72,270,633
Accumulated amortization, beginning of year	\$ 5,129,167	\$ -	\$ 6,768	\$ 5,135,935
Amortization	1,157,147	-	750	1,157,897
Accumulated amortization, end of year	\$ 6,286,314	\$ -	\$ 7,518	\$ 6,293,832
Net carrying amount, end of year	\$ 62,819,296	\$ 3,157,505	\$ -	\$ 65,976,801

North Red Deer Regional Wastewater Services Commission
Notes to the Financial Statements

December 31, 2024

6. Equity in Tangible Capital Assets

	2024	2023
Tangible capital assets	\$ 72,270,633	\$ 72,270,633
Accumulated amortization	(7,450,977)	(6,293,832)
Total long-term debt	(5,616,232)	(5,798,177)
	<u>\$ 59,203,424</u>	<u>\$ 60,178,624</u>

7. Accumulated Surplus

Unrestricted Surplus	13,475	130,566
Operating Reserve	591,851	700,000
Capital Reserve	1,932,251	1,714,347
Equity in tangible capital assets	<u>\$ 59,203,424</u>	<u>\$ 60,178,624</u>
	<u>\$ 61,741,001</u>	<u>\$ 62,723,537</u>

North Red Deer Regional Wastewater Services Commission

Notes to the Financial Statements

December 31, 2024

8. Related Party Transactions

City of Lacombe, Town of Blackfalds, and Lacombe County are members of the Commission and, as such, have been identified as related parties.

Wastewater sales charged to Commission members are as follows:

	2024	2023
City of Lacombe	\$ 2,416,945	\$ 2,389,671
Lacombe County	86,634	98,566
Town of Blackfalds	1,241,036	1,241,220
Septic Rec Station	11,207	24,795
	\$ 3,755,822	\$ 3,754,252

During the year the Town of Blackfalds paid for the treatment of 31,775 m3 (2023 - 33,105 m3) of wastewater from Lacombe County to service the Aspelund Business Park. The cost of wastewater treatment attributed to the Town of Blackfalds, above, includes the wastewater treatment service it resold to Lacombe County.

During the year the City of Lacombe paid for the treatment of 791 m3 (2023 - 1,620 m3) of wastewater from Lacombe County to service the Wildrose Business Park. The cost of wastewater treatment attributed to the City of Lacombe, above, includes the wastewater treatment service it resold to Lacombe County.

Service fees are based on the actual net operating costs of the Commission and are allocated among various Commission members based on earlier agreement. Service fees charged to Commission members are as follows:

	2024	2023
City of Lacombe	226,607	225,608
Town of Blackfalds	226,024	225,208
County of Lacombe	125,433	124,469
	\$ 578,064	\$ 575,285

The Commission receives accounting, management and operations services by the City of Lacombe for a total cost of \$342,883 (2023 - \$333,558).

Included in accounts receivable are \$905,050 (2023 - \$878,111) due from various members municipalities.

Included in accounts payable is \$1,306 (2023 - \$1,913) due to various member Municipalities.

North Red Deer Regional Wastewater Services Commission
Notes to the Financial Statements

December 31, 2024

9. Asset Retirement Obligation

The Commission does not have any asset retirement obligations as defined by PS 3280 (Property and Equipment) during the reporting period. As of March 6, 2025, management has determined that no such obligations exist for the Commission's tangible long-lived assets.

10. Approval of Financial Statements

The Board and Management approved these financial statements.



REQUEST FOR DECISION

Lacombe Harmonic Filter Replacement

Date: April 22, 2025

Prepared by: Chris Huston, Operations Manager

Presented by: Jordan Thompson, CAO

PURPOSE:

To request approval from the Commission to award the Harmonic Filter replacement at the Lacombe Lift Station.

ACTION/RECOMMENDATION:

1. THAT the Commission directs Administration to replace one failed harmonic filter at the Lacombe Lift Station fully funded by proceeds from the insurance claim.

ISSUE ANALYSIS:

An insurance claim was initiated by Administration to investigate and potentially settle an equipment failures involving two of the harmonic filters at the Lacombe Lift Station. The failures occurred at separate times approximately 2 years apart.

The first filter unit shut down in 2022 with a critical alarm code and a repair was deemed required at a cost of \$39,492. Given the troubling history of these units failing at the Blackfalds lift station, operations held off initiating the repair to explore replacement options. Their goal was to receive credit for the repair cost under a manufactures warranty toward a new, equivalent unit. The filter supplier was not responsive to our consultant's or our own inquiries but ultimately denied warranty coverage for the repair the unit and provided a quote of \$47.5K to replace the unit.

Meanwhile, in 2024, the second harmonic filter suffered a catastrophic failure, damaging internal components including fuses and circuit boards. At this time an insurance claim was filed for both units. The insurer agreed to cover the replacement cost of the second failed unit but denied coverage on the first unit due to the time elapsed between when the issue initially occurred and the claim. With our insurers confirmation of coverage for the second unit and the difference in repair/replacement cost for the first unit being \$8K, Administration opted to place the order for two replacement units in May 2024. In August 2024 the supplier advised operations that the manufacturer is no longer making the units and our consultant determined the supplier's recommended alternatives do not carry Canadian electrical certifications. The supplier has since ceased communication with the Commission.

The Lacombe Lift Station has been operating for over a year without any harmonic filters and has not experienced obvious adverse effects. Given the past reliability issues with the existing filters, replacing the single unit covered by insurance offers an opportunity

to ensure the new filter is reliable before committing to installing a redundant backup. This phased approach retains the option to install a second unit if needed in the future.

However, the Board may wish to further reduce risk to the station and direct Administration to either repair the first unit at a cost of \$39,492 or replace the first unit altogether. With the Board's direction, the recommended replacement vendor/supplier is Electrotek at a cost of \$74,710 with the estimated cost to install, and commission the harmonic filter included.

Vendor Quotes:

Four suppliers responded to supply quotes to replace the harmonic filters.

Vendor	Cost per Unit	Delivery
Celco	\$124,160	22 weeks
Electrotek	\$60,710	10 weeks
Powerside	\$132,840	14 weeks
T&D power	\$112,900	8 weeks

Stantec Review:

- Celco: Highest cost and longest delivery. Compatible with the site.
- Electrotek: Lowest cost, fastest delivery, plug-and-play compatibility with current system. Stantec has prior experience with this vendor.
- Powerside: Moderate price, offers an all-in-one solution replacing both filters; however, requires power system upgrades and additional commissioning costs.
- T&D Power: Competitive price, but the units exceed current space constraints and would require costly infrastructure upgrades.

ALTERNATIVES:

The Commission may choose to:

1. **[Recommended]** THAT the Commission directs Administration to replace one failed harmonic filter at the Lacombe Lift Station fully funded by proceeds from the insurance claim.

AND/OR

2. **[Alternate]** THAT the Commission approves repairing the second harmonic filter for \$39,492 funded from the capital reserve.

OR

3. **[Alternate]** THAT the Commission approves an additional \$74,710 to replace the second harmonic filter funded from the capital reserve.

OR

4. *[Alternate]* THAT the Commission directs Administration on an alternate course of action.

ATTACHMENTS:

None.



REQUEST FOR DECISION

2025 Amended Schedule of Meetings

Date: April 22nd, 2024

Prepared by: Iwalani Post, Executive Assistant

Presented by: Jordan Thompson, CAO

PURPOSE:

To propose a new date for the Regular Commission meeting scheduled for June 16th, 2025.

ACTION/RECOMMENDATION:

THAT the Commission approves the rescheduling of the Regular Commission Meeting from Monday, June 16th, 2025 to Monday, June 2nd, 2025.

ISSUE ANALYSIS:

A scheduling conflict with the Local Government Administration Association's Annual Conference has prompted Administration to recommend rescheduling the June 16th, 2025 meeting to June 2nd, 2025.

ALTERNATIVES:

The Commission may choose to:

1. **[Recommended]** THAT the Commission approves rescheduling the Regular Commission Meeting from Monday, June 16th, 2025 to Monday, June 2nd, 2025.

OR

2. *[Alternate]* THAT the Commission approves the rescheduling of the June 16th, 2025 Regular Commission Meeting to: *[mover to specify amendments]*.

OR

3. *[Alternate]* THAT the Commission directs Administration on how it wishes to proceed.

ATTACHMENTS: N/A