



# North Red Deer Regional Wastewater Services Commission

## Regular Meeting Agenda

|   |   |       |          |
|---|---|-------|----------|
| Date:   | April 27, 2026  | Time: | 10:00 am |
| Location:   | COUNCIL CHAMBERS, CITY OF LACOMBE, AB   |       |          |
| Invitees:   | Members: John Ireland, Lacombe County – Chair<br>Jim Sands, Town of Blackfalds – Vice Chair<br>Kim Proud, City of Lacombe – Director<br>Jordan Thompson, NRDRWWSC CAO<br>Iwa Post, NRDRWWSC Executive Assistant |       |          |
| 1. Call to Order by Chair   |   |       |          |
| 2. Adoption of Agenda   |   |       |          |
| 3. Adoption of Minutes:<br>3.1 Regular Meeting Minutes – February 17, 2026              |   |       |          |
| 4. Presentations<br>4.1 BDO Audited Financial Statements                                |   |       |          |
| 5. Reports:<br>5.1 Administration<br>5.2 Chair  |   |       |          |
| 6. New Business / Emergent Items:<br>6.1 2025 Audited Financial Statements              |   |       |          |
| 7. Correspondence   |   |       |          |
| 8. In Camera  |   |       |          |
| 9. Next Meeting Date:<br>June 8, 2026, at 10:00 am in Council Chambers, City of Lacombe |   |       |          |
| 10. Adjournment   |   |       |          |

**MEETING MINUTES**

**February 17, 2026**

**In Attendance:**

**Members:** John Ireland, NRDRWWSC Chair, Lacombe County Reeve  
Jim Sands, NRDRWWSC Vice-Chair, Town of Blackfalds Councillor  
Kim Proud, NRDRWWSC Director, City of Lacombe Councillor

**Others:** Jordan Thompson, NRDRWWSC CAO  
Chris Huston, Manager of Utilities, City of Lacombe  
Doug Halldorson, Director of Operations, City of Lacombe  
Amber Mitchell, Acting Manager of Planning, City of Lacombe  
Iwalani Post, NRDRWWSC Executive Assistant

**Regrets:**

**Guests:**

**1. Call to Order:**

Chair Ireland called the meeting to order at 10:25 a.m.

**2. Adoption of Regular Meeting Agenda:**

*MOVED by Director Sands that the Regular Meeting Agenda for February 17, 2025, be adopted as amended.*

*CARRIED UNANIMOUSLY*

**3. Adoption of Minutes:**

*MOVED by Director Proud that the minutes for December 15, 2025, Regular Meeting be adopted as presented.*

*CARRIED UNANIMOUSLY*

**4. Presentations**

**5. Reports**

**6. New Business:**

6.1. 2026 Revised Schedule of Meetings

CAO Thompson presented a proposed amendment to the regular Commission meeting dates to move the June 15, 2026, meeting to June 8, 2026.

*MOVED by Director Proud that the Commission approves the Revised Regular Commission Meeting dates for 2026 as presented.*

*CARRIED UNANIMOUSLY*

**7. Correspondence**

**8. In Camera:**

*MOVED by Director Sands to move In Camera at 10:29 a.m. with Commission Administration (CAO Thompson, Executive Assistant Post) and Member Administration (CAO Goudy, Director Halldorson, Manager Huston, Manager Mitchell) present.*

*CARRIED UNANIMOUSLY*

*MOVED by Director Proud to return to Open Meeting at 10:34 a.m.*

*CARRIED UNANIMOUSLY*

**9. Next Meeting Date:**

Monday, April 27<sup>th</sup>, 2026, at 10:00am, City of Lacombe Council Chambers.

**10. Adjournment:**

*MOVED by Director Sands that the meeting be adjourned at 10:34 a.m.*

*CARRIED UNANIMOUSLY*

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Chair

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Chief Administrative Officer

# North Red Deer Regional Wastewater Services Commission

Audit final communication to the Members of the  
Board for the year ended December 31, 2025

START



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

We are pleased to provide you with the results of our audit of North Red Deer Regional Wastewater Services Commission (the "Commission") financial statements for the year ended December 31, 2025.

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 audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

April 27, 2026



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# Audit Team

Your dedicated BDO audit team:



Lorraine Walker, CPA, CA  
Partner

T: 403-213-2592  
E: lwalker@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, 2025





# 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

We determined materiality to be \$288,000 for the year ended December 31, 2025.

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.



# Status of the audit

We have substantially completed our audit of the year ended December 31, 2025 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 2025 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.



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# Audit findings

We are required to communicate all significant risks of material misstatement previously identified and communicated in our Planning Communication as well as any new significant risks of material misstatement raised during the course of the audit. A summary of the key discussion points are below:

| Significant risks of material misstatement | Risks noted  | Audit findings  |
|--|--|---|
| Revenue Recognition                        | There is an inherent risk related to revenue recognition and ensuring it is recorded in the correct period.  | <ul style="list-style-type: none"><li>• Review revenue recognition policy for consistency with the professional standards.</li><li>• For a sample of grants and other revenues we agreed to source documentation and ensured they were reported in line with PSAS.</li><li>• Review the design and implementation of controls around revenue recognition.</li><li>• Analysis of PS 3400, no issues noted.</li></ul> |
| 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"><li>• Manual journal entries were reviewed using analytical procedures and vouching to supporting documentation as required.</li><li>• We reviewed the design and implementation of controls surrounding the posting of adjusting entries.</li><li>• Significant estimates were also reviewed to ensure no bias.</li><li>• No issues were noted.</li></ul>                        |



## 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 communicate 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 Other (please specify)'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 organization. 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.

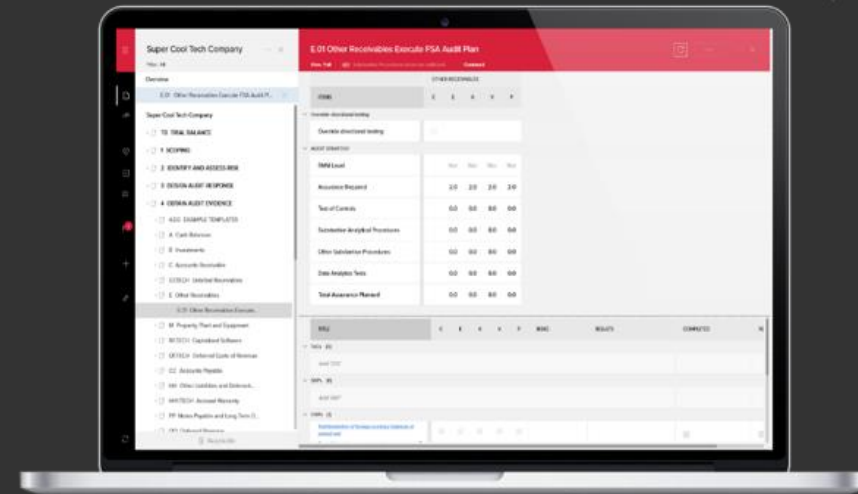
## APT Next Gen

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 organization—whether large or small; complex or basic.

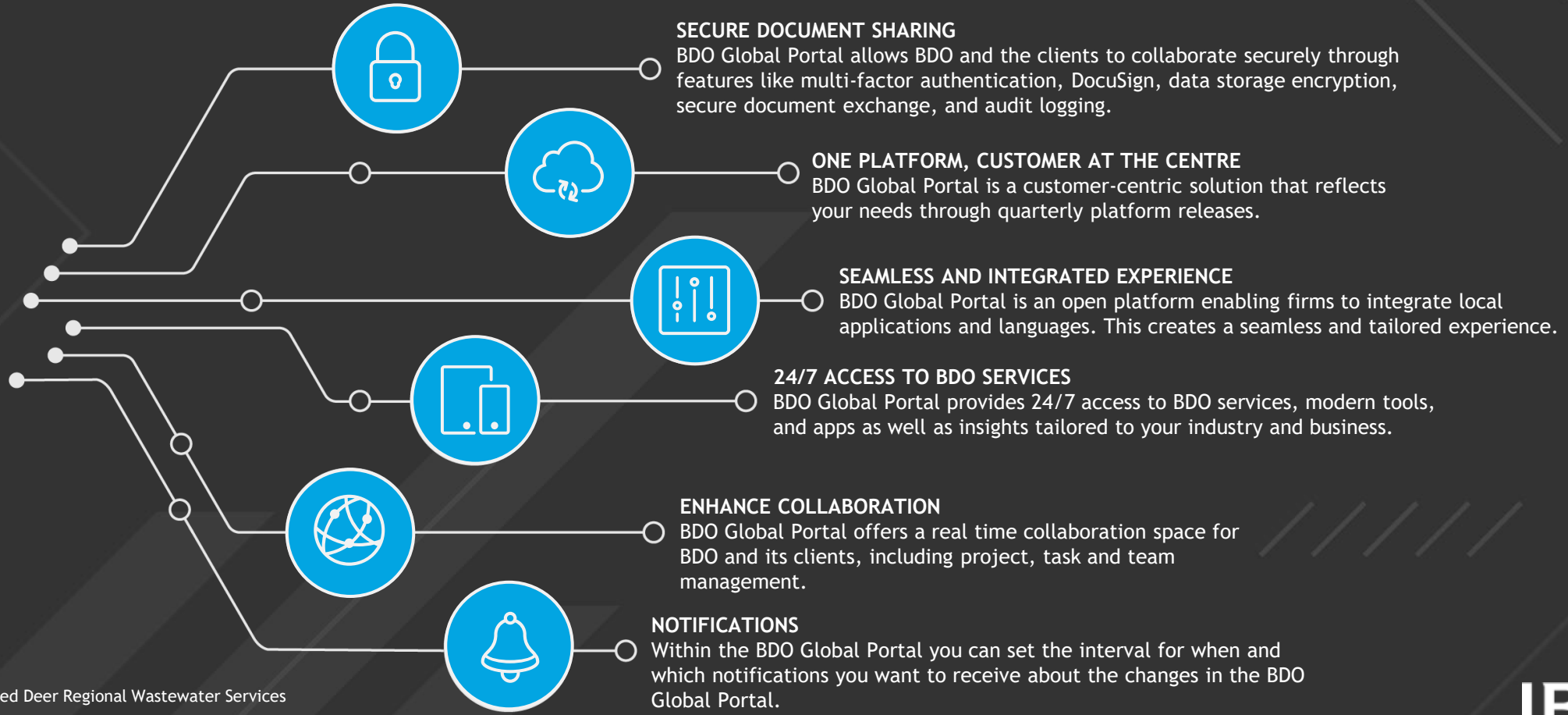
This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, 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





# 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 organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

### The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization'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.

[EXPLORE NOW](#)

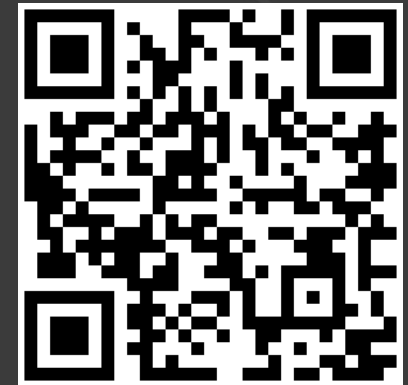
# Spotlight on ESG



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. Organizations, 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

[EXPLORE NOW](#)

# 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

[EXPLORE NOW](#)



# ADMINISTRATION REPORTS

## Administrative, Financial & Operational

Date: April 27, 2026

Created by: CAO, Finance Manager, Operations Manager

### ADMINISTRATIVE

Nothing material to report.

### FINANCIAL

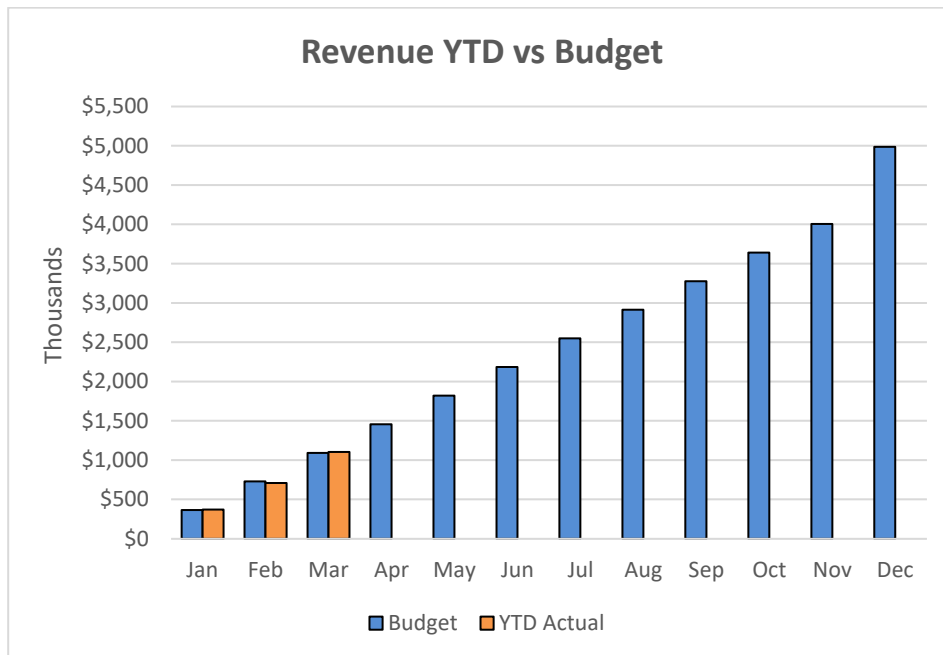
Table 1 - Wastewater volumes (in cubic meters) - January to March

| Member                   | 2025           | 2026           |
|--------------------------|----------------|----------------|
| City of Lacombe          | 304,418        | 311,031        |
| Town of Blackfalds       | 170,840        | 168,767        |
| Lacombe County           | 12,327         | 34,384         |
| Septic Receiving Station | 193            | 798            |
| <b>Total</b>             | <b>487,778</b> | <b>514,980</b> |

Wastewater volumes have increased over the prior year by 27,202 cubic meters or 5.6%.

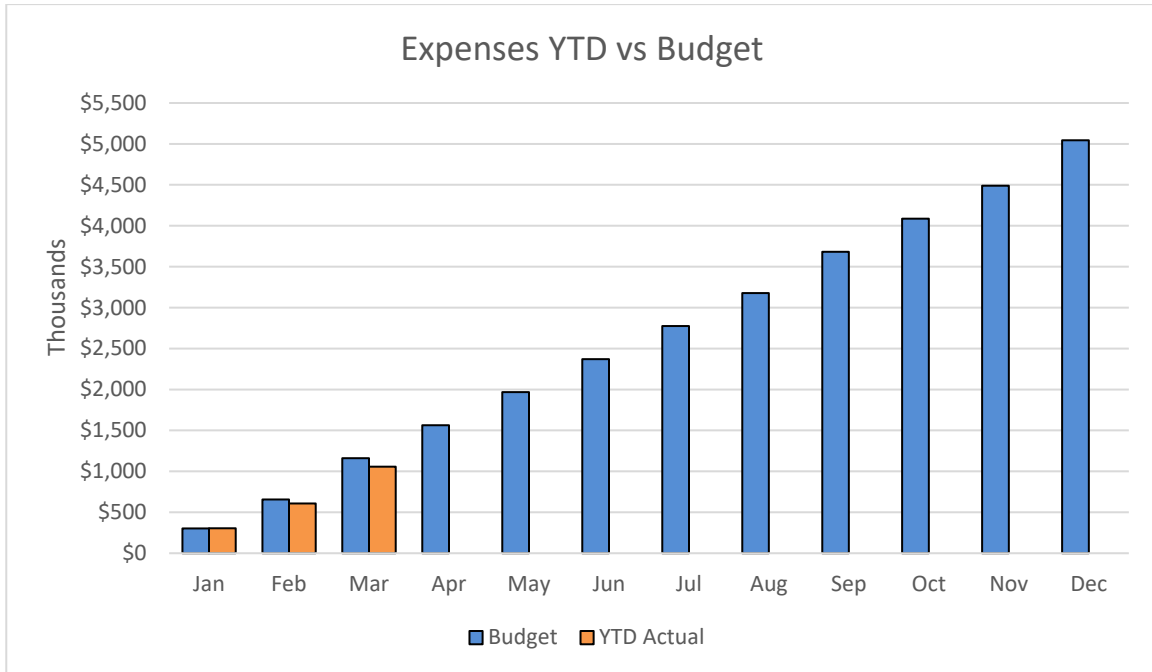
#### Revenue

As of March, year-to-date (YTD) actual revenues are \$11K (1%) above the YTD budgeted revenues. The annual budget is seasonally adjusted to reflect more accurate usage comparisons for a given period.



#### Expenses

As of March, YTD actual expenses are \$104K (9%) below the YTD budgeted expenses due to timing differences in other expenses. The annual budget is seasonally adjusted to reflect more accurate usage comparisons for a given period.

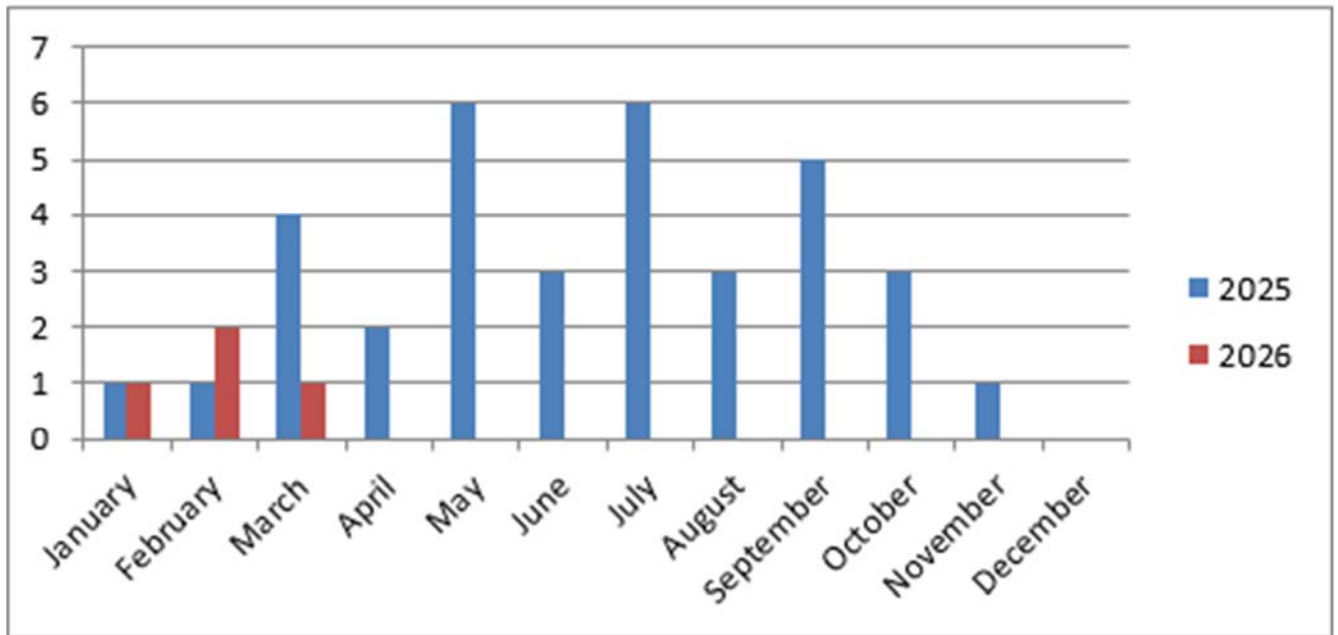


YTD Surplus/Deficit

As of March 2026, the Wastewater Commission has a YTD net surplus of approximately \$47K.

**OPERATIONAL**

**Utility Safety Partners:**



2025 = 35 locates completed

**2026 to date = 4 requests**

## Notable activities since the last report:

### Lacombe and Blackfalds:

- The Evoqua chemical delivery ORCA system is installed and operational. Operators are monitoring and learning from the system.
- Grinders inspected with no concerns noted by the technician.
- From 2025 – Lacombe and Blackfalds had their respective fall from heights fence installed.



**Lacombe**

- Electrician trouble shot a grounding fault on one of the pump VFDs

**Blackfalds**

- Exhaust fan faulted and fried a circuit, electrician repaired the issue.
- P104 is out of service for a scheduled rebuild.

**Odour Management Facility (OMF)**

- Routine maintenance performed.

**Air Release Vaults**

- CAV 2: A leak was found in the vault, caused by a stuck venting chamber. The liquid filled the vault and spilled outside of it with approx. 1000L; the liquid was removed, and the site was cleaned up. A contravention report was logged with AEPA regarding the incident. Operations is investigating an early warning water level detector for the remote, unpowered location to aid in preventing another incident. Cleaned the air vent and reassembled.
- CAV 3: No concerns from last update, and odour-reducing media was refreshed.

**Planned Activities:**

- Air release chamber inspections and repair any vents requiring maintenance.



# REQUEST FOR DECISION

## 2025 Financial Audit

Date: April 27, 2026

Prepared by: Jordan Thompson, CAO

Presented by: Jordan Thompson, CAO

---

### PURPOSE:

To present the 2025 Audited Financial Statements 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 2025 Audited Financial Statement as presented.

### AND

2. THAT the Commission approve a transfer of \$7,249 from the Operating Reserve to offset the 2025 deficit.

### ISSUE ANALYSIS:

The NRDRWWSC 2025 draft audited financial statement is now complete and ready for the Board's review and approval. Representatives from BDO LLP will present the 2025 audited Financial Statement at the April 27<sup>nd</sup>, 2026 regular meeting.

Audited Financial Statements must be completed, approved, and submitted to Alberta Municipal Affairs by May 1<sup>st</sup>, 2026.

The 2025 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                       | 2025 Actuals    | 2025 Budget |
|-----------------------------------|-----------------|-------------|
| 2025 Audited Statement Deficit    | -\$829,666      | -\$826,448  |
| Less 2025 Debt Principal Payments | -188,452        | -188,452    |
| Plus Amortization                 | \$1,160,112     | \$1,164,173 |
| Less Transfer to Reserves         | -\$ 149,273     | -\$ 149,273 |
| <b>2025 Adjusted Deficit</b>      | <b>-\$7,279</b> | <b>\$0</b>  |

### Recommendation

To offset the 2025 deficit, a transfer of \$7,279 from the Operating Reserve is recommended.

### **Debt Limit**

The Commission maintains a healthy financial position, with an estimated \$4.3M 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 2025 Audited Financial Statement as presented.

**AND**

2. **[Recommended]** THAT the Commission approve a transfer from the Operating Reserve of \$7,249 to offset the 2025 deficit.

**OR**

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

### **ATTACHMENTS:**

- Draft 2025 Audited Financial Statement – North Red Deer Regional Wastewater Services Commission.

North Red Deer Regional Wastewater Services Commission  
5432 - 56 Avenue  
Lacombe, Alberta  
T4L 2E9

April 27, 2026

BDO Canada LLP  
Chartered Professional Accountants  
179D Leva Avenue  
Red Deer, T4E 1B9

This representation letter is provided in connection with your audit of the financial statements of North Red Deer Regional Wastewater Services Commission for the year ended December 31, 2025, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **Financial Statements**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 26, 2026, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. No material unadjusted misstatements were identified.

### **Information Provided**

- We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware.

**Fraud and Error**

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators, or others.

**General Representations**

**Other Representations Where the Situation Exists**

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- We have informed you of all known information surrounding any possible Asset Retirement Obligation(s) (PS 3280).

Yours truly,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Position

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Position

North Red Deer Regional Wastewater Services Commission  
 Summary of Unadjusted Misstatements  
 December 31, 2025

| Description of Misstatement  | Identified Misstatements | Projections of Identified Misstatements | Estimates | Proposed Adjustments |                    |                    |               |
|--|--------------------------|---|-----------|----------------------|--------------------|--------------------|---------------|
|  |                          |   |           | Assets Dr(Cr)        | Liabilities Dr(Cr) | Opening R/E Dr(Cr) | Income Dr(Cr) |
|  |                          |   |           |                      |                    |                    |               |
|  |                          |   |           |                      |                    |                    |               |
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|  |                          |   |           |                      |                    |                    |               |
|  |                          |   |           |                      |                    |                    |               |
| Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates | -                        | -                                       | -         | -                    | -                  | -                  | -             |
| Effect of Previous Year's Errors   |                          |   |           | -                    | -                  | -                  | -             |
| Likely Aggregate Misstatements   |                          |   |           | -                    | -                  | -                  | -             |

|   |
|---|
| Details of why no adjustment has been made to the financial statements for the above items: |
|   |

**North Red Deer Regional Wastewater Services Commission**

Year End: December 31, 2025

Adjusting Journal Entries

Date: 2025-01-01 To 2025-12-31

| Prepared by      | Detail Rev       | Gen Rev | Quality Rev |
|------------------|------------------|---------|-------------|
| AA<br>2026-03-31 | IY<br>2026-04-08 |         |             |

0.10

| Number                                     | Date       | Name                                    | Account No         | Reference | Annotation | Debit             | Credit            | Recurrence | Misstatement |
|--|------------|---|--------------------|-----------|------------|-------------------|-------------------|------------|--------------|
| 1  | 2025-12-31 | General Materials & Supplies            | 05-2-48-52400      | FS.04     |            | 32.00             |                   |            |              |
| 1  | 2025-12-31 | Inventory                               | 05-3-48-41100      | FS.04     |            |                   | 32.00             |            |              |
| To record inventory adjustment per client. |            |   |                    |           |            |                   |                   |            |              |
| 2  | 2025-12-31 | Parts & Repairs                         | 05-2-48-25300      | FS.04     |            |                   | 59,352.59         |            |              |
| 2  | 2025-12-31 | Amortization                            | 05-2-48-99000      | FS.04     |            | 2,967.63          |                   |            |              |
| 2  | 2025-12-31 | Equity Transfer - Amortization          | 05-2-48-99900      | FS.04     |            |                   | 2,967.63          |            |              |
| 2  | 2025-12-31 | Fixed Assets - Machinery & Equipment    | 05-3-48-63100      | FS.04     |            | 59,352.59         |                   |            |              |
| 2  | 2025-12-31 | Accumulated Amortization-Reg Wastewater | 05-4-48-66611      | FS.04     |            |                   | 2,967.63          |            |              |
| 2  | 2025-12-31 | Capital Reserve - Regional Wastewater   | 05-4-48-76100      | FS.04     |            | 59,352.59         |                   |            |              |
| 2  | 2025-12-31 | Equity in Fixed Assets-Reg. Wastewater  | 05-4-48-81100      | FS.04     |            |                   | 56,384.96         |            |              |
| 2  | 2025-12-31 | Transfer from Capital Reserve           | 05-5-48-92100      | FS.04     |            |                   | 59,352.59         |            |              |
| 2  | 2025-12-31 | Machinery & Equipment                   | 05-6-48-63100      | FS.04     |            | 59,352.59         |                   |            |              |
| To capitalize TDH Fluid System per client. |            |   |                    |           |            |                   |                   |            |              |
|  |            |   |                    |           |            | <b>181,057.40</b> | <b>181,057.40</b> |            |              |
| <b>Net Income (Loss)</b>                   |            |   | <b>-829,666.87</b> |           |            |                   |                   |            |              |

**North Red Deer Regional Wastewater  
Services Commission  
The Financial Statements  
For the year ended December 31, 2025**

Draft for discussion purposes only

**North Red Deer Regional Wastewater Services Commission**  
**The Financial Statements**  
**For the year ended December 31, 2025**

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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  
April 27, 2026

**North Red Deer Regional Wastewater Services Commission**  
**The Statement of Financial Position**

| December 31, 2025                                      | 2025                 | 2024                 |
|--|----------------------|----------------------|
| <b>Financial assets</b>                                |                      |                      |
| Cash and cash equivalents (Note 1)                     | \$ 1,820,115         | \$ 1,901,538         |
| Accounts receivable (Note 8)                           | 1,201,768            | 1,010,719            |
|  | <u>3,021,883</u>     | <u>2,912,257</u>     |
| <b>Liabilities</b>                                     |                      |                      |
| Accounts payable and accrued liabilities (Note 8)      | 478,888              | 454,558              |
| Current portion of long-term debt (Note 3)             | 195,199              | 188,452              |
|  | <u>674,087</u>       | <u>643,010</u>       |
| <b>Long-term Debt, Net of Current Portion (Note 3)</b> | <u>5,232,581</u>     | <u>5,427,780</u>     |
|  | <u>5,906,668</u>     | <u>6,070,790</u>     |
| <b>Net debt</b>  | <u>(2,884,785)</u>   | <u>(3,158,533)</u>   |
| <b>Non-financial assets</b>                            |                      |                      |
| Tangible capital assets (Note 5)                       | 63,718,897           | 64,819,656           |
| Prepaid expenses                                       | 59,069               | 61,692               |
| Inventory  | 18,154               | 18,186               |
|  | <u>63,796,120</u>    | <u>64,899,534</u>    |
| <b>Accumulated surplus (Note 7)</b>                    | <u>\$ 60,911,335</u> | <u>\$ 61,741,001</u> |

Approved by:

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**North Red Deer Regional Wastewater Services Commission**  
**The Statement of Operations**

| <b>For the year ended December 31, 2025</b>        | <b>Budget<br/>2025</b> | <b>2025</b>          | <b>2024</b>          |
|--|------------------------|----------------------|----------------------|
| <b>Revenue</b>                                     |                        |                      |                      |
| Wastewater sales to<br>Commission members (Note 8) | \$ 4,427,985           | \$ 4,200,949         | \$ 3,755,822         |
| Interest income                                    | 39,000                 | 65,974               | 105,401              |
| Other revenue                                      | 500                    | 15,074               | 61,210               |
| Service fees to Commission members (Note 8)        | 602,736                | 602,736              | 578,064              |
| <b>Total revenue</b>                               | <b>5,070,221</b>       | <b>4,884,733</b>     | <b>4,500,497</b>     |
| <b>Expenses</b>                                    |                        |                      |                      |
| Accounting and audit fees                          | 20,000                 | 32,036               | 35,861               |
| Board travel & subsistence                         | 2,785                  | -                    | -                    |
| General material and supplies                      | 389,776                | 397,888              | 434,304              |
| Insurance  | 88,361                 | 84,761               | 72,790               |
| Interest on long-term debt                         | 211,307                | 209,347              | 215,925              |
| Contract fees                                      | 53,680                 | 73,521               | 103,032              |
| Legal fees   | 1,040                  | 2,813                | -                    |
| Operator costs (Note 8)                            | 419,420                | 410,655              | 398,701              |
| Other expenses                                     | -                      | 9,374                | 12,258               |
| Repairs and maintenance                            | 158,470                | 158,427              | 197,266              |
| Treatment charges                                  | 3,019,493              | 2,833,872            | 2,544,373            |
| Utilities  | 368,164                | 341,593              | 311,378              |
| Amortization of capital assets                     | 1,164,173              | 1,160,112            | 1,157,145            |
| <b>Total expenses</b>                              | <b>5,896,669</b>       | <b>5,714,399</b>     | <b>5,483,033</b>     |
| <b>Excess of revenue over expenses</b>             | <b>(826,448)</b>       | <b>(829,666)</b>     | <b>(982,536)</b>     |
| <b>Accumulated surplus, beginning of year</b>      | <b>61,741,001</b>      | <b>61,741,001</b>    | <b>62,723,537</b>    |
| <b>Accumulated surplus, end of year</b>            | <b>\$ 60,914,553</b>   | <b>\$ 60,911,335</b> | <b>\$ 61,741,001</b> |

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

| <b>For the year ended December 31, 2025</b>  | Budget<br>2025        | 2025                  | 2024                  |
|--|-----------------------|-----------------------|-----------------------|
| <b>Excess of revenue over expenses</b>       | \$ (826,448)          | \$ (829,666)          | \$ (982,536)          |
| Acquisition of tangible capital assets       | -                     | (59,353)              | -                     |
| Amortization of tangible capital assets      | 1,164,173             | 1,160,112             | 1,157,145             |
|  | <u>337,725</u>        | <u>271,093</u>        | <u>174,609</u>        |
| Decrease (increase) in Inventory of Supplies | -                     | 32                    | (18,186)              |
| Decrease (increase) in Prepaid Expenses      | -                     | 2,623                 | (826)                 |
| <b>Net change in net debt</b>                | 337,725               | 273,748               | 155,597               |
| <b>Net debt, beginning of year</b>           | <u>(3,158,533)</u>    | <u>(3,158,533)</u>    | <u>(3,314,130)</u>    |
| <b>Net debt, end of year</b>                 | <u>\$ (2,820,808)</u> | <u>\$ (2,884,785)</u> | <u>\$ (3,158,533)</u> |

**North Red Deer Regional Wastewater Services Commission**  
**The Statement of Cash Flows**

| <b>For the year ended December 31, 2025</b>         | <b>2025</b>         | <b>2024</b>         |
|---|---------------------|---------------------|
| <b>Operating transactions</b>                       |                     |                     |
| Excess of revenue over expenses                     | \$ (829,666)        | \$ (982,536)        |
| Items not involving cash                            |                     |                     |
| Amortization  | 1,160,112           | 1,157,145           |
| Changes in non-cash operating balances              |                     |                     |
| Accounts receivable                                 | (191,049)           | (89,028)            |
| Inventory of supplies                               | 32                  | (18,186)            |
| Prepaid expenses                                    | 2,623               | (826)               |
| Accounts payable and accrued liabilities            | 24,330              | 97,906              |
|   | <u>166,382</u>      | <u>164,475</u>      |
| <b>Capital transactions</b>                         |                     |                     |
| Acquisition of tangible capital assets              | (59,353)            | -                   |
| <b>Financing transactions</b>                       |                     |                     |
| Repayment of long-term debt                         | (188,452)           | (181,945)           |
| <b>Net change in cash and cash equivalents</b>      | <b>(81,423)</b>     | <b>(17,470)</b>     |
| <b>Cash and cash equivalents, beginning of year</b> | <u>1,901,538</u>    | <u>1,919,008</u>    |
| <b>Cash and cash equivalents, end of year</b>       | <u>\$ 1,820,115</u> | <u>\$ 1,901,538</u> |

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## North Red Deer Regional Wastewater Services Commission Summary of Significant Accounting Policies

**December 31, 2025**

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**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** 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.

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.

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.

**Financial Instruments** 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.

**Liability for Contaminated Sites** 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, 2025.

**Asset Retirement Obligation** 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 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.

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..

**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.

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

**December 31, 2025**

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**1. Cash and Cash Equivalents**

|                           | 2025                | 2024                |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | <u>\$ 1,820,115</u> | <u>\$ 1,901,538</u> |

The Commission has an unused overdraft protection agreement with a maximum overdraft of \$2,000,000 (2024 - \$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, 2025 the prime rate was 4.45% (2024 - 5.45%).

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**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, 2025**

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:

|   | 2025                | 2024         |
|---|---------------------|--------------|
| 3.30% (2024 - 3.30%) debenture, repayable \$147,701<br>(2024 - \$147,701), semi-annually, due March 15, 2043.   | <b>\$ 3,902,064</b> | \$ 4,064,505 |
| 5.07% (2024 - 5.07%) debenture, repayable \$52,179<br>(2024 - \$52,179), semi-annually, due September 15, 2052. | <b>\$ 1,525,716</b> | \$ 1,551,727 |
|   | <b>5,427,780</b>    | 5,616,232    |
| Current portion   | <b>195,199</b>      | 188,452      |
| Long term portion   | <b>5,232,581</b>    | 5,427,780    |

Principal and interest repayments are as follows:

|            | Principal           | Interest            | Total               |
|------------|---------------------|---------------------|---------------------|
| 2026       | \$ 195,199          | \$ 204,561          | \$ 399,760          |
| 2027       | 202,195             | 197,565             | 399,760             |
| 2028       | 209,449             | 190,311             | 399,760             |
| 2029       | 216,971             | 182,789             | 399,760             |
| 2030       | 224,772             | 174,988             | 399,760             |
| Thereafter | 4,379,194           | 1,609,200           | 5,988,394           |
|            | <b>\$ 5,427,780</b> | <b>\$ 2,559,414</b> | <b>\$ 7,987,194</b> |

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.

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

**December 31, 2025**

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**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:

|                                      | 2025             | 2024             |
|--------------------------------------|------------------|------------------|
| Total debt limit                     | \$ 9,769,466     | \$ 9,000,994     |
| Total debt                           | 5,427,780        | 5,616,232        |
| Total debt limit remaining           | <u>4,341,686</u> | <u>3,384,762</u> |
| Debt servicing limit                 | 1,709,657        | 1,575,174        |
| Debt servicing                       | 399,760          | 399,760          |
| Total debt servicing limit remaining | <u>1,309,897</u> | <u>1,175,414</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.

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

**December 31, 2025**

**5. Tangible Capital Assets**

|   | <b>2025</b>              |                     |                  |                      |
|---|--------------------------|---------------------|------------------|----------------------|
|   | Engineered<br>Structures | Land                | Equipment        | Total                |
| Cost, beginning of year                     | \$ 69,105,610            | \$ 3,157,505        | \$ 7,518         | \$ 72,270,633        |
| Additions                                   | -                        | -                   | 59,353           | 59,353               |
| Cost, end of year                           | <u>\$ 69,105,610</u>     | <u>\$ 3,157,505</u> | <u>\$ 66,871</u> | <u>\$ 72,329,986</u> |
| Accumulated amortization, beginning of year | \$ 7,443,459             | -                   | \$ 7,518         | \$ 7,450,977         |
| Amortization                                | 1,157,144                | -                   | 2,968            | 1,160,112            |
| Accumulated amortization, end of year       | <u>\$ 8,600,603</u>      | <u>\$ -</u>         | <u>\$ 10,486</u> | <u>\$ 8,611,089</u>  |
| Net carrying amount, end of year            | <u>\$ 60,505,007</u>     | <u>\$ 3,157,505</u> | <u>\$ 56,385</u> | <u>\$ 63,718,897</u> |
|   |                          |                     |                  | <b>2024</b>          |
|   | Engineered<br>Structures | Land                | Equipment        | Total                |
| Cost, beginning of year                     | \$ 69,105,610            | \$ 3,157,505        | \$ 7,518         | \$ 72,270,633        |
| Additions                                   | -                        | -                   | -                | -                    |
| Cost, end of year                           | <u>\$ 69,105,610</u>     | <u>\$ 3,157,505</u> | <u>\$ 7,518</u>  | <u>\$ 72,270,633</u> |
| Accumulated amortization, beginning of year | \$ 6,286,314             | -                   | \$ 7,518         | \$ 6,293,832         |
| Amortization                                | 1,157,145                | -                   | -                | 1,157,897            |
| Accumulated amortization, end of year       | <u>\$ 7,443,459</u>      | <u>\$ -</u>         | <u>\$ 7,518</u>  | <u>\$ 7,450,977</u>  |
| Net carrying amount, end of year            | <u>\$ 61,662,151</u>     | <u>\$ 3,157,505</u> | <u>\$ -</u>      | <u>\$ 64,819,656</u> |

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**North Red Deer Regional Wastewater Services Commission**  
**Notes to The Financial Statements**

**December 31, 2025**

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**6. Equity in Tangible Capital Assets**

|                          | <u>2025</u>          | <u>2024</u>          |
|--------------------------|----------------------|----------------------|
| Tangible capital assets  | \$ 72,329,986        | \$ 72,270,633        |
| Accumulated amortization | (8,611,089)          | (7,450,977)          |
| Total long-term debt     | <u>(5,427,780)</u>   | <u>(5,616,232)</u>   |
|                          | <u>\$ 58,291,117</u> | <u>\$ 59,203,424</u> |

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**7. Accumulated Surplus**

|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| Unrestricted Surplus              | 231,435              | 13,475               |
| Operating Reserve                 | 391,612              | 591,851              |
| Capital Reserve                   | 1,997,171            | 1,932,251            |
| Equity in tangible capital assets | <u>\$ 58,291,117</u> | <u>\$ 59,203,424</u> |
|                                   | <u>\$ 60,911,335</u> | <u>\$ 61,741,001</u> |

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**North Red Deer Regional Wastewater Services Commission**  
**Notes to The Financial Statements**

**December 31, 2025**

**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:

|                    | 2025         | 2024         |
|--------------------|--------------|--------------|
| City of Lacombe    | \$ 2,682,629 | \$ 2,416,945 |
| Lacombe County     | 159,640      | 86,634       |
| Town of Blackfalds | 1,339,818    | 1,241,036    |
| Septic Rec Station | 18,862       | 11,207       |
|                    | \$ 4,200,949 | \$ 3,755,822 |

During the year the Town of Blackfalds paid for the treatment of 60,715 m<sup>3</sup> (2024 - 31,775 m<sup>3</sup>) 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 1,287 m<sup>3</sup> (2024 - 791 m<sup>3</sup>) 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:

|                    | 2025       | 2024       |
|--------------------|------------|------------|
| City of Lacombe    | 234,831    | 226,607    |
| Town of Blackfalds | 234,248    | 226,024    |
| County of Lacombe  | 133,657    | 125,433    |
|                    | \$ 602,736 | \$ 578,064 |

The Commission receives accounting, management and operations services by the City of Lacombe for a total cost of \$353,163 (2024 - \$342,883).

Included in accounts receivable are \$1,076,256 (2024 - \$905,050) due from various member municipalities.

Included in accounts payable is \$2,442 (2024 - \$1,306) due to various member municipalities.

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

December 31, 2025

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9. Approval of Financial Statements

The Board and Management approved these financial statements.

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Draft for discussion purposes only