

JOHN S. BATIUK REGIONAL WATER COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Management Responsibility for Financial Reporting

The financial statements of John S. Batiuk Regional Water Commission are the responsibility of management and have been prepared using the Canadian Public Sector Accounting Standards, as disclosed in the notes to the financial statements. These financial statements include amounts that are based on the best estimates and judgments of management. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of accounting and administrative controls to provide reasonable assurance that the transactions are appropriated authorized, accurately recorded, that the assets are property accounted for and safeguarded and that the financial statements realistically report the Commission's operating and financial results.

The Board has approved the information contained in the financial statements.

Amzad Amiri Professional Corporation has been appointed by the Board to examine the financial statements and provide an independent audit opinion.

Allan Harvey
Commission Manager
September 11, 2025



AMZAD AMIRI PROFESSIONAL CORPORATION

Chartered Professional Accountant

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INDEPENDENT AUDITOR'S REPORT

To The Members of the Board

Qualified Opinion

I have audited the financial statements of the John S. Batiuk Regional Water Commission (the Entity), which comprise the statement of financial position as at December 31, 2024 and December 31, 2023, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the John S. Batiuk Regional Water Commission as at December 31, 2024 and December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Commission is required to apply PS3280 Asset Retirement Obligations and record the asset retirement obligations liability in its financial statements as at year end. This would affect the Tangible Capital Assets, Asset Retirement Obligations Liability, and Accumulated Surplus as at December 31, 2024. I was unable to obtain sufficient appropriate audit evidence about the asset retirement obligations liability, tangible capital assets and accumulated surplus because the Commission has not consulted a professional to determine the liability to the Commission.

I conducted my audit in accordance with Canadian generally accepted auditing standards.

My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

My 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 my 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. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial information return are free from material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonable 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, I exercise professional judgement and maintain professional skepticism throughout the audit.

I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Amzad Amiri Professional Corporation

Chartered Professional Accountant

Edmonton, Alberta
September 11, 2025

**John S. Batiuk Regional Water Commission
Statement of Financial Position
as at December 31, 2024**

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 3,585,887	\$ 2,975,942
Investments (Note 3)	10,483,887	9,984,562
Due from commission members (Note 11)	129,224	141,767
Trade and other receivables	227,829	190,040
	\$14,426,827	\$13,292,311
LIABILITIES		
Accounts payable and accrued liabilities	\$ 339,443	\$ 227,660
	339,443	227,660
NET FINANCIAL ASSETS (DEBT)	\$14,087,384	\$13,064,651
NON-FINANCIAL ASSETS		
Tangible Capital assets (Note 4)	\$19,904,154	\$20,186,743
Prepaid expenses	25,587	24,198
	19,929,741	20,210,941
ACCUMULATED SURPLUS	\$34,017,125	\$33,275,592
ACCUMULATED SURPLUS	33,661,489	33,275,593
ACCUMULATED REMEASUREMENT GAINS	355,636	-
	34,017,125	33,275,593

John S. Batiuk Regional Water Commission
Statement of Operations
For The Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
REVENUE			
Water Sales to commission members - Note 11	\$ 1,910,508	\$ 1,983,883	\$ 2,049,944
Water Sales to ACE	1,602,279	1,586,979	1,621,849
Total Water Sales	3,512,787	3,570,862	3,671,793
Cost of Water	2,597,730	2,205,370	2,512,313
GROSS PROFIT (38%, 2024- 32%)	915,057	1,365,492	1,159,480
EXPENSES			
Honorarium to Board Members - Note 9	26,898	20,550	12,500
Contracted and general services	522,877	538,362	455,480
Materials, goods and utilities	305,820	195,052	245,300
Amortization of capital assets	576,520	550,394	572,809
Other expenses	26,390	26,433	34,403
Loss on disposal of tangible capital asset/Donated Assets	-	-	5,750
Total Expenses	1,458,505	1,330,791	1,326,242
ANNUAL SURPLUS BEFORE OTHER REVENUE	(543,448)	34,701	(166,762)
Other service fees and sales of goods	278,963	39,523	40,868
Interest income	-	300,858	132,297
Investment income on portfolio investments	-	-	58,497
Other revenue	16,748	10,814	64,055
	295,711	351,195	295,717
ANNUAL SURPLUS	(247,737)	385,896	128,955
ACCUMULATED SURPLUS, AT BEGINNING OF YEAR	33,275,593	33,362,132	33,146,638
Prior Period Adjustment - Note 13	-	(86,539)	-
Balance, as restated	33,275,593	33,275,593	33,146,638
ACCUMULATED SURPLUS, AT END OF YEAR	\$33,027,856	\$33,661,489	\$33,275,593

**John S. Batiuk Regional Water Commission
Statement of Changes in Remeasurement Gains
For The Year Ended December 31, 2024**

	2024	2023
Accumulated remeasurement gains (losses)	-	-
Unrealised gains (losses) attributed to:		
Equity investments	355,636	-
Accumulated remeasurement gains (losses) at end of year	355,636	-

John S. Batiuk Regional Water Commission
Statement of Changes in Net Financial Assets (Debt)
For The Year Ended December 31, 2024

	Budget (Unaudited)	2024	2023
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ (247,737)	\$ 385,896	\$ 128,955
Acquisition of tangible capital assets	-	(267,806)	-
Acquisition of prepaid assets	-	(1,389)	(2,112)
Amortization of tangible capital assets	576,520	550,394	572,809
Loss (gain) on disposal of tangible capital assets/Donated Asset	-	-	5,750
Unrealized remeasurement gain on investments	-	355,637	-
(INCREASE) DECREASE IN NET DEBT	328,783	1,022,732	705,402
NET FINANCIAL ASSETS (DEBT), AT BEGINNING OF YEAR	13,064,651	13,064,651	12,359,249
NET FINANCIAL ASSETS (DEBT), AT END OF YEAR	\$13,393,434	\$14,087,383	\$13,064,651

John S. Batiuk Regional Water Commission
Statement of Cash Flows
For The Year Ended December 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING		
Excess (deficiency) of revenues over expenses	\$ 385,896	\$ 128,955
Items which do not affect cash:		
Amortization of capital assets	550,394	572,809
Loss on disposal of tangible capital assets	-	5,750
Net change in non-cash working capital balances:		
Decrease (increase) in trade and other receivables	(37,789)	10,429
(Increase) decrease in due from members	12,544	21,575
(Decrease) increase in accounts payable and accrued liabilities	111,782	(117,672)
(Increase) decrease in prepaid expenses	(1,389)	(2,110)
	1,021,438	619,736
CAPITAL		
Purchase of tangible capital assets	(267,806)	-
	(267,806)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investments	(499,324)	(58,497)
Unrealized gain on remeasurement of investments	355,637	-
	(143,687)	(58,497)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	609,945	561,239
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	2,975,942	2,414,703
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 3,585,887	\$ 2,975,942

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

1. NATURE OF THE ORGANIZATION

The John S. Batiuk Regional Water Commission (formerly Capital Region Vegreville Corridor Water Services Commission) commenced operation in 1982 and was formed as a legal entity under the provisions of the *Regional Municipal Services Act* on September 1, 1984. In 1994, the *Regional Municipal Services Act* was consolidated into the *Municipal Government Act* and the Commission is now governed by this enactment. In 1986, the Province turned over all its assets to the Commission under the April 1986 Transfer and Grant Agreement.

The members of the commission are the Town of Bruderheim, Village of Chipman, Town of Lamont, Lamont County, Town of Mundare, Strathcona County, and Town of Vegreville.

The commission is exempt from income taxation under Section 149 of the Canada Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared by management in accordance with generally accepted accounting principles recommended for governments by the Public Sector Accounting Board.

Budget Amounts

The budget amounts presented on the statement of operations are taken from the commission's annual budget. Certain budget amounts have been reclassified to conform to the current year's financial statement presentation.

Revenue Recognition

Service fees and sales of goods are recognized as revenue in the period in which the service is delivered or in which the transactions or events occurred that gave rise to the revenue.

The commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year which the related expense are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount, is to be received can be reasonably estimated and collection is reasonably assured.

Contributions specified for capital purposes are recorded as revenue for the period.

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

Tangible Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis over the following periods, except in the year of acquisition when no amortization is charged:

Buildings	50 years
Engineering structures	45-80 years
Machinery and equipment	10-45 years

Use of Estimates

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

Cash and cash equivalents

The Commission's policy is to present bank balances under cash and cash equivalents.

FINANCIAL INSTRUMENTS

The Commission initially measures its financial assets and liabilities at fair value.

The Commission subsequently measures all its financial assets and financial liabilities at amortized cost.

The Commission's financial instruments measured at amortized cost consists of cash , investments, accounts receivable, and accounts payable.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income.

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

3. INVESTMENTS

	2024	2023
ATB -Springboard GIC	\$ 2,986,907	\$ 2,938,292
Raymond James - GIC/bonds/mutual funds	7,388,669	6,995,356
Accrued interest	108,311	50,914
	<hr/> \$10,483,887	<hr/> \$ 9,984,562

ATB Springboard GIC carry interest rates varying from 3.40% p.a. to 4.90% p.a. and matures in November 2025, November 2026, and November 2027.

The fair market value of Raymond James - bond/mutual funds at year end were \$7,388,669 (2023 - \$ 6,429,551).

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

4. TANGIBLE CAPITAL ASSETS

Cost	Land	Building	Eng. Structures	Machinery & Equip	2024	2023
Balance, Beginning of Year	\$ 62,628	\$ 416,078	\$ 34,665,193	\$ 1,036,716	\$ 36,180,615	\$ 36,186,365
Acquisition of Tangible Capital Asset	-	-	267,806	-	267,806	-
Donated Asset/ Disposal	-	-	-	-	-	(5,750)
Balance, End of Year	<u>62,628</u>	<u>416,078</u>	<u>34,932,999</u>	<u>1,036,716</u>	<u>36,448,421</u>	<u>36,180,615</u>
Accumulated Amortization						
Balance, Beginning of Year	-	314,133	15,051,380	628,359	15,993,872	15,421,064
Annual Amortization	-	8,148	513,336	28,910	550,395	572,808
Accumulated amortization on disposal	-	-	-	-	-	-
Balance, End of Year	<u>-</u>	<u>322,281</u>	<u>15,564,716</u>	<u>657,269</u>	<u>16,544,267</u>	<u>15,993,872</u>
Net Book Value	<u>\$ 62,628</u>	<u>\$ 93,797</u>	<u>\$ 19,368,283</u>	<u>\$ 379,447</u>	<u>\$ 19,904,154</u>	<u>\$ 20,186,743</u>
2023 Net Book Value	<u>\$ 62,628</u>	<u>\$ 101,945</u>	<u>\$ 19,613,813</u>	<u>\$ 408,357</u>	<u>\$ 20,186,743</u>	

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

5. LONG TERM DEBT

	2024	2023
Debentures	\$ -	\$ -
Less: current portion	-	-
	\$ -	\$ -

The current portion of long term debt amounts to \$ Nil (2023 - \$ Nil).

Section 2 of Alberta Regulation No. 76/2000 requires that debt and debt limits for the commission be disclosed as follows:

	2024	2023
Total debt limit	\$ 7,844,116	\$ 7,935,021
Total debt	-	-
Amount of debt limit unused	\$ 7,844,116	\$ 7,935,021
Debt servicing limit	\$ 1,372,720	\$ 1,388,629
Debt servicing	-	-
Amount of debt servicing limit unused	\$ 1,372,720	\$ 1,388,629

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

The debt limit is calculated at 2 times 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 taken alone does not represent the financial stability of the commission. Rather, the financial statements must be interpreted as a whole.

6. EQUITY IN TANGIBLE CAPITAL ASSETS

Net assets invested in capital assets is calculated as follows:

	2024	2023
Tangible Capital assets	\$ 36,448,421	\$ 36,180,615
Accumulated Amortization	(16,544,266)	(15,993,872)
	\$19,904,155	\$20,186,743

7. FINANCIAL INSTRUMENTS

The Commission is exposed to risk on certain financial instruments as follows:

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 fulfill an obligation.

The Commission maintains cash and cash equivalents with major financial institutions. Management considers the risk of non-performance of these instruments to be remote. The Commission provides services to the members and Alberta Central East (ACE). The members are municipalities and have cash flows from tax revenues. ACE is the corporation set up to purchase and sell bulk water. The risk of non collection is very minimal.

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 only invests in Guaranteed Investment Certificate with fixed rates and mutual funds with major investment brokerage firm.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is dependent on receipt of funds from sale of water and continued access to sufficient credit facilities to be able to pay our liabilities as they become due.

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

The Commission has adequate funds in hand to ensure timely payment of liabilities.

8. NET ASSETS INTERNALLY RESTRICTED

	2024	2023
Restricted reserve	\$ 4,338,371	\$ 4,338,371

The restricted reserve is used to provide funds for repairs and rate stabilization. Appropriations to the restricted projects reserves from unrestricted net assets are authorized by the board of directors.

9. HONORARIUM TO BOARD MEMBERS

Honorarium was paid to the board members for attending the monthly board meetings during the year totalling \$ 20,550 .

10. NET ASSETS

The commission manages its capital to ensure that it will be able to continue as a going concern and ensure the consistent delivery of services. The commission's overall strategy remain unchanged from 2023.

The capital structure of the commission consists of net assets internally restricted for operations, grants from provincial government for capital projects and net assets invested in tangible capital assets.

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

11. RELATED PARTY TRANSACTIONS

	2024	2023
Town of Bruderheim	\$ 167,006	\$ 156,478
Village of Chipman	67,602	80,611
Town of Lamont	213,126	216,187
Lamont County	209,037	187,075
Town of Mundare	160,597	160,356
Strathcona County	120,197	141,767
Town of Vegreville	1,046,318	1,107,469
	<hr/>	<hr/>
	\$ 1,983,883	\$ 2,049,943

Amounts due from the commission members are payable on receipt of the invoice and have arisen from the service fees charged during the year. Amounts due from commission members at the end of the year are as follows:

	2024	2023
Town of Bruderheim	\$ 10,589	\$ 11,824
Village of Chipman	3,725	4,435
Town of Lamont	15,028	16,031
Lamont County	15,016	13,551
Town of Mundare	8,333	10,627
Strathcona County	8,991	10,221
Town of Vegreville	67,542	75,078
	<hr/>	<hr/>
	\$ 129,224	\$ 141,767

John S. Batiuk Regional Water Commission
Notes to Financial Statements
as at December 31, 2024

12. BUDGET FIGURES

Budget figures are included for information purposes only and are not audited.

13. PRIOR PERIOD ADJUSTMENT

The prior period adjustment relates to the following items:

Water purchase invoice for December 2023 was not recorded in 2023 financial statements. Prior year figure has been restated	\$ (140,578)
ACE was not billed for their share of Chipman Booster station operating cost. Prior year figure has been restated.	54,039
	<hr/> <hr/> (86,539)

14. CONTINGENT LIABILITY

The Commission purchases water from Capital Region North East Water Commission (CRNE). The water rate is \$ 1.038 per cubic meter. However, the Commission has paid \$ 0.90 per cubic meter to the CRNE which is the rate charged by EPCOR to CRNE. The Commission has stated that no overhead should be charge to the Commission as the water flows through the pipeline into the reservior shared by CRNE and the Commission. However, the Commission has paid the difference in the rates to the lawyer as trust fund. The CRNE has sued the Commission for the difference. This matter is being dealt with by the Commission lawyer. The outcome of the case has not been determined yet.

The Commission has paid \$ 293,199 to the lawyer and has recorded the amount as the cost of water purchase in these financial statements.

15. APPROVAL OF FINANCIAL STATEMENTS

The Board and management have approved these financial statements.