

*Financial Statements of*

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**

*December 31, 2022*

# Independent auditor's report

To the Members of the  
**Alberta Capital Region Wastewater Commission**

## Opinion

We have audited the financial statements of the **Alberta Capital Region Wastewater Commission** [the "Commission"], which comprise the statement of financial position as at December 31, 2022, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for opinion

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

## Responsibilities of management and those charged with governance for the financial statements

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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



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

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

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

Edmonton, Canada  
March 17, 2023

*Ernst + Young LLP*

Chartered Professional Accountants



**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**  
(in 000's)

	<b>2022</b>	<b>2021</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 9,070	\$ 9,414
Receivables from Commission members (Note 13)	3,800	3,588
Other receivables	1,064	887
Investments (Note 4)	19,388	9,099
	33,322	22,988
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 13)	10,123	6,038
Debt (Notes 5,12)	54,516	48,972
Deferred revenues	375	375
Other liabilities	425	397
	65,439	55,782
<b>NET DEBT</b>	(32,117)	(32,794)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6)	235,629	225,765
Inventory held for consumption	932	958
Prepaid expenses	132	99
	236,693	226,822
<b>ACCUMULATED SURPLUS (Note 8)</b>	\$ 204,576	\$ 194,028

Contractual commitments and contingent liabilities (Note 10)

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
<b>REVENUES</b>			
Treatment charges (Note 13)	\$ 51,612	\$ 49,612	\$ 48,781
Investment income	443	24	30
Government transfers	136	100	783
Other revenue	72	73	94
Total revenues	<u>52,263</u>	<u>49,809</u>	<u>49,688</u>
<b>EXPENSES (Note 9)</b>			
Plant/pump station	36,788	35,933	33,059
Corporate services	2,256	2,165	2,077
Engineering	1,130	1,264	959
Regulatory services	1,402	1,501	1,298
Board	139	139	111
Total expenses	<u>41,715</u>	<u>41,002</u>	<u>37,504</u>
<b>Excess of revenues over expenses</b>	10,548	8,807	12,184
Accumulated surplus at beginning of year	<u>194,028</u>	<u>194,028</u>	<u>181,844</u>
<b>Accumulated surplus at end of year</b>	<u><u>\$ 204,576</u></u>	<u><u>\$ 202,835</u></u>	<u><u>\$ 194,028</u></u>

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**STATEMENT OF CHANGE IN NET DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
<b>Excess of revenues over expenses</b>	\$ 10,548	\$ 8,807	\$ 12,184
Acquisition of tangible capital assets	(19,299)	(28,400)	(13,997)
Amortization of tangible capital assets	8,818	9,400	8,643
Loss on disposal of tangible capital assets	617	-	404
Change in inventory held for consumption	26	-	(104)
Change in prepaid expenses	(33)	-	46
Change in net debt	677	(10,193)	7,176
Net debt at beginning of year	(32,794)	(32,794)	(39,970)
<b>Net debt at end of year</b>	<b>\$ (32,117)</b>	<b>\$ (42,987)</b>	<b>\$ (32,794)</b>

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating transactions</b>		
Cash receipts from members, government transfers and other	\$ 51,429	\$ 49,295
Cash paid to employees	(6,540)	(6,365)
Cash paid to suppliers	(24,277)	(21,294)
Interest received	398	30
Interest on debt	(1,289)	(1,284)
Deferred revenue	-	375
	19,721	20,757
<b>Cash flows from capital transactions</b>		
Acquisition of tangible capital assets	(15,365)	(12,659)
<b>Cash flows from investing transactions</b>		
Increase in investments	(10,245)	(9,027)
<b>Cash flows from financing transactions</b>		
Proceeds from debt	10,000	6,000
Repayment of debt	(4,455)	(3,994)
	5,545	2,006
<b>Increase (decrease) in cash</b>	(344)	1,077
<b>Cash at beginning of year</b>	9,414	8,337
<b>Cash at end of year</b>	\$ 9,070	\$ 9,414

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(in 000's)**

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**1. NATURE OF THE ORGANIZATION**

The Alberta Capital Region Wastewater Commission (the "Commission") is constituted under the *Municipal Government Act*. Alberta Regulation 129/85 established the Commission in May 1985 for the purposes of constructing, maintaining, controlling, and managing a regional wastewater treatment system.

The members of the Commission include City of Beaumont, City of Fort Saskatchewan, City of Leduc, City of Spruce Grove, City of St. Albert, Town of Bon Accord, Town of Gibbons, Town of Morinville, Town of Stony Plain, Leduc County, Parkland County, Strathcona County, and Sturgeon County.

The Commission is exempt from income taxation under section 149 of the *Income Tax Act* (Canada).

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared by management in accordance with Canadian public sector accounting standards and reflect the following policies:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the period in which the transactions or events occur and are measurable. Expenses are recognized in the period goods and services are consumed, or a liability is incurred.

Investments

Investments consist of guaranteed investment certificates and deposits that are redeemable at the Commission's discretion. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

Revenue Recognition

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Treatment charges, investment and other revenue are recognized as revenue when earned and collection is reasonably assured.

Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.



**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Engineering Structures	5 - 75
Machinery & Equipment	10

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Interest capitalization

The Commission does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(iv) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(v) Inventory held for consumption

Inventory held for consumption consists of spare parts used in the maintenance of Commission facilities and is valued at the lower of cost or replacement costs. Inventory items issued out are expensed to materials, goods, supplies and utilities. The cost of inventory is assigned by using the first-in, first-out cost formula.

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(in 000's)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

Deferred Revenues

Deferred revenues represent amounts received for which the related activities have yet to be performed. These amounts will be recognized as revenues in the period that the activities are performed.

**3. FINANCIAL INSTRUMENTS**

The Commission's financial instruments consist of cash, investments, receivables from Commission members, other receivables, accounts payable and accrued liabilities, debt and other liabilities. It is management's opinion that the Commission is not exposed to significant interest, currency, or credit risk arising from these financial instruments. Long-term debt is initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Unless otherwise noted, except for the long-term debt, the fair value of these financial instruments approximates their carrying value.

**4. INVESTMENTS**

Investments consist of a notice demand account that bears interest at rates between 1.65% and 6.45% (2021 - 1.65% and 2.45%) with a maturity date of no more than 90 days' notice (2021 - 90 days' notice).

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

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**5. DEBT**

	<b>2022</b>	<b>2021</b>
Debenture payable to the Province of Alberta due in semi-annual instalments of \$217 including principal and interest, bears interest at 3.569% and matures June 15, 2026.	\$ 1,414	\$ 1,787
Debenture payable to the Province of Alberta due in semi-annual instalments of \$246 including principal and interest, bears interest at 2.769% and matures March 15, 2027.	2,066	2,492
Debenture payable to the Province of Alberta due in semi-annual instalments of \$243 including principal and interest, bears interest at 2.599% and matures September 17, 2027.	2,263	2,682
Debenture payable to the Province of Alberta due in semi-annual instalments of \$347 including principal and interest, bears interest at 3.586% and matures September 16, 2028.	3,718	4,264
Debenture payable to the Province of Alberta due in semi-annual instalments of \$123 including principal and interest, bears interest at 2.814% and matures September 15, 2029.	1,557	1,755
Debenture payable to the Province of Alberta due in semi-annual instalments of \$120 including principal and interest, bears interest at 2.385% and matures September 15, 2030.	1,732	1,926
Debenture payable to the Province of Alberta due in semi-annual instalments of \$287 including principal and interest, bears interest at 2.768% and matures December 15, 2032.	4,979	5,406
Debenture payable to the Province of Alberta due in semi-annual instalments of \$209 including principal and interest, bears interest at 3.051% and matures September 17, 2033.	3,880	4,173
Debenture payable to the Province of Alberta due in semi-annual instalments of \$84 including principal and interest, bears interest at 3.051% and matures September 17, 2033.	1,552	1,669
Debenture payable to the Province of Alberta due in semi-annual instalments of \$211 including principal and interest, bears interest at 3.201% and matures December 17, 2033.	3,890	4,181
Debenture payable to the Province of Alberta due in semi-annual instalments of \$124 including principal and interest, bears interest at 2.872% and matures March 15, 2034.	2,410	2,585
Debenture payable to the Province of Alberta due in semi-annual instalments of \$121 including principal and interest, bears interest at 2.552% and matures December 16, 2034.	2,488	2,663

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

**5. DEBT (continued)**

Debenture payable to the Province of Alberta due in semi-annual instalments of \$194 including principal and interest, bears interest at 2.033 % and matures June 15, 2035.	4,268	4,565
Debenture payable to the Province of Alberta due in semi-annual instalments of \$114 including principal and interest, bears interest at 1.789 % and matures December 15, 2035.	2,645	2,824
Debenture payable to the Province of Alberta due in semi-annual instalments of \$233 including principal and interest, bears interest at 2.040 % and matures September 15, 2036.	5,654	6,000
Debenture payable to the Province of Alberta due in semi-annual instalments of \$467 including principal and interest, bears interest at 4.650 % and matures December 15, 2037.	10,000	-
	<u>\$ 54,516</u>	<u>\$ 48,972</u>

Debt principal and interest amounts in each of the next five years and thereafter are as follows:

	Principal	Interest	Total
2023	\$ 5,055	\$ 1,623	\$ 6,678
2024	5,207	1,471	6,678
2025	5,364	1,314	6,678
2026	5,309	1,152	6,461
2027	5,002	996	5,998
Balance to maturity	28,579	3,815	32,394
	<u>\$ 54,516</u>	<u>\$ 10,371</u>	<u>\$ 64,887</u>

The Commission has a demand operating line of credit available for use, up to a maximum of \$2,000 bearing interest at prime rate (2021 - prime rate) and unsecured. As at December 31, 2022, nil (2021 - nil) was drawn against the available operating line of credit.

**6. TANGIBLE CAPITAL ASSETS**

	Land	Engineering Structures	Machinery & Equipment	2022 Totals	2021 Totals
<b>Cost:</b>					
Balance at beginning of year	\$ 2,347	\$ 369,418	\$ 998	\$ 372,763	\$ 359,608
Additions	-	19,178	121	19,299	13,997
Disposals	-	(1,311)	(10)	(1,321)	(842)
<b>Cost at end of year</b>	<u>2,347</u>	<u>387,285</u>	<u>1,109</u>	<u>390,741</u>	<u>372,763</u>
<b>Accumulated amortization:</b>					
Balance at beginning of year	-	146,142	856	146,998	138,793
Amortization in the year	-	8,751	67	8,818	8,643
Accumulated amortization disposals	-	(694)	(10)	(704)	(438)
<b>Accumulated amortization at end of year</b>	<u>-</u>	<u>154,199</u>	<u>913</u>	<u>155,112</u>	<u>146,998</u>
<b>Net book value</b>	<u>\$ 2,347</u>	<u>\$ 233,086</u>	<u>\$ 196</u>	<u>\$ 235,629</u>	<u>\$ 225,765</u>

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

**6. TANGIBLE CAPITAL ASSETS (continued)**

The net book value of tangible capital assets includes \$9,285 (2021 - \$7,995) related to engineering structures in design or under construction that are not amortized in the year. Contributed tangible capital assets in 2022 were nil (2021 - nil).

**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2022</b>	<b>2021</b>
Tangible capital assets	\$ 390,741	\$ 372,763
Accumulated amortization	(155,112)	(146,998)
Long-term debt	(54,516)	(48,972)
	\$ 181,113	\$ 176,793

**8. ACCUMULATED SURPLUS**

	<b>2022</b>	<b>2021</b>
Reserves		
Capital	\$ 17,208	\$ 11,366
Operating	6,255	5,869
	23,463	17,235
Equity in tangible capital assets (Note 7)	181,113	176,793
Total accumulated surplus	\$ 204,576	\$ 194,028

The capital reserve sets aside funds for the purpose of financing future capital acquisitions and development. This reserve is funded from annual surplus funds and disposals of capital assets. Surplus funds in excess of the required contribution to the operating reserve are contributed to the capital reserve.

The operating reserve was established to provide rate stability and to provide funds for years when unforeseen expenses or lost revenues accrue. It is maintained at a minimum balance of 10% and maximum of 15% of annual gross revenue. Increases to the reserve are funded from the annual surplus.

**9. EXPENSES BY OBJECT**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
Salaries and benefits	\$ 6,568	\$ 6,626	\$ 6,327
Contracted and general services	19,165	18,550	16,410
Materials, goods, supplies and utilities	4,920	3,893	4,065
Purchased from other governments	336	1,111	357
Interest	1,291	1,422	1,298
Amortization	8,818	9,400	8,643
Loss on disposal of tangible capital assets	617	-	404
	\$ 41,715	\$ 41,002	\$ 37,504

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(in 000's)**

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**10. CONTRACTUAL COMMITMENTS AND CONTINGENT LIABILITIES**

In the normal course of operations, the Commission may be subject to various claims and legal actions. Based on the information available, management believes that the resolution of such matters will not have a material adverse effect on the Commission's financial position.

In 2022, the Commission extended a contract with Instinct Trucking Ltd. to haul biosolids. This contract expires in 2023 with a potential additional one-year extension.

In 2022, the Commission entered into a contract with Direct Energy Marketing Limited to supply natural gas. This agreement expires in 2026.

In 2021, the Commission entered into a biosolids management contract effective 2022 with EPCOR Water Service Inc. This agreement has a ten-year notice before it can expire.

In 2018, the Commission entered into a contract with ENMAX Energy Corporation to supply electricity. This agreement expires in 2023.

In 2008, the Commission entered into the Regional Wastewater Exchange Agreement with the City of Edmonton. This agreement expires in 2028. In 2019, the agreements were officially transferred to EPCOR Water Service Inc.

As of December 31, 2022, the Commission has contractual commitments for work still outstanding for the following projects:

- Plant MBR Train 4 Upgrade for \$5,796, with \$5,501 of work still outstanding. Completion expected in 2025.
- 5kv Switchgear Upgrade for \$2,524, with \$2,440 of work still outstanding. Completion expected in 2023.
- Alum System Upgrade for \$1,552, with \$1,317 of work still outstanding. Completion expected in 2023.
- Parkland Gravity Transmission System Upgrade for \$15,512, with \$14,698 of work still outstanding. Completion expected in 2024.
- South East Transmission System North Upgrade for \$10,606, with \$10,418 of work still outstanding. Completion expected in 2023.
- Spruce Grove Wet Weather Facility for \$5,968, with \$2,754 of work still outstanding. Completion expected in 2023.
- Parkland Pumpstation HVAC Upgrades for \$1,898, with \$1,290 of work still outstanding. Completion expected in 2023.
- Fort Sask. Pumpstation Generator System Upgrades for \$4,503, with \$4,307 of work still outstanding. Completion expected in 2023.

In 2021, a major blockage occurred that caused a bypass into the North Saskatchewan River. The incident is being investigated by Environment Canada and Alberta Environment. The Commission has completed an internal root cause analysis and is working with its insurers and the contractor to negotiate recoverable expenses. (See note 13).

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(in 000's)

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**11. LOCAL AUTHORITIES PENSION PLAN**

All eligible employees of the Commission participate in the Local Authorities Pension Plan (“LAPP”) under the *Public Sector Pension Plans Act*. Required contributions by the Commission to the LAPP are 8.45% (2021 - 9.39%) of pensionable earnings up to the year’s pensionable earnings maximum under the Canada Pension Plan and 12.80% (2021 - 13.84%) on pensionable earnings above this amount. Employees are required to contribute 7.45% (2021 - 8.39%) of pensionable salary up to the year’s maximum pensionable salary and 11.80% (2021 - 12.84%) on pensionable salary above this amount.

Contributions for current service are recorded as expenditures in the year in which they become due. Contributions made during the year by the Commission and its employees were \$495 and \$446, respectively (2021 - \$505 by the Commission and \$459 from its employees).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11,922 million.

**12. DEBT LIMITS**

Section 3 of Alberta Regulation No. 76/2000 requires that debt and debt servicing limits for the Commission be disclosed as follows:

	<b>2022</b>	<b>2021</b>
Total debt limit	\$ 104,254	\$ 97,810
Total debt	54,516	48,972
Amount of total debt limit remaining	\$ 49,738	\$ 48,838
Debt servicing limit	\$ 18,245	\$ 17,117
Debt servicing	6,678	5,744
Amount of total debt servicing remaining	\$ 11,567	\$ 11,373

The debt limit is calculated at 2 times revenue of the Commission (as defined in Alberta Regulation No. 76/2000) and the debt servicing 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.

The Commission has a debt management policy with a self-imposed debt limit of 1.5 times revenue. The total debt limit calculated using 1.5 times revenue is \$78,191, with \$23,675 total debt limit remaining.

**ALBERTA CAPITAL REGION WASTEWATER COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
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(in 000's)

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**13. RELATED PARTY TRANSACTIONS**

The municipalities that are members of the Commission are considered to be related parties.

At year-end, receivables from Commission members include a total of \$3,800 (2021 - \$3,588) receivable from the various member municipalities, and accounts payable and accrued liabilities include \$55 (2021 - \$1) payable to various member municipalities.

Revenues generated include \$44,734 (2021 - \$42,461) paid by member municipalities.

Contracted and general services include \$341 (2021 - \$284) paid to Strathcona County for transmission maintenance services. There is a \$1,100 dispute from the Commission's 2021 major blockage incident that is being negotiated through its insurance providers (*See Note 10*).

These transactions are in the normal course of operations and are measured at the exchange amounts as established and agreed to by the related parties.

**14. APPROVAL OF FINANCIAL STATEMENTS**

The Board of Directors and management have approved these financial statements.