ASPEN REGIONAL WATER SERVICES COMMISSION

Financial Statements

For The Year Ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Board of Directors of the Aspen Regional Water Services Commission are composed entirely of individuals who are neither management nor employees of the Commission. The Board of Directors have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Board of Directors are also responsible for the appointment of the Commission's external auditor.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Directors to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with the internal audit staff, other management staff, and the Board and management to discuss their audit findings.

Mr. Jamie Giberson
Commission Manager

Athabasca, Alberta
April 1, 2025

METRIX GROUP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Aspen Regional Water Services Commission

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2024, and the results of its operations and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 18 of the financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion has not been modified in respect of this matter.

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.

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Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 1, 2025

ASPEN REGIONAL WATER SERVICES COMMISSION
Statement of Financial Position
As at December 31, 2024

	2024	2023 (Restated) (Note 18)
ASSETS		
Cash	$ **2,906,601**	$ 2,543,181
Accounts receivable *(Note 2)*	**28,865**	29,614
Due from Commission members *(Note 3)*	**265,205**	176,973
	3,200,671	2,749,768
LIABILITIES		
Accounts payable and accrued liabilities	**209,673**	350,161
Employee payables *(Note 4)*	**89,552**	79,468
Long term debt *(Note 5)*	**3,290,393**	3,515,418
Asset retirement obligation *(Note 18)*	**13,630**	12,948
	3,603,248	3,957,995
NET FINANCIAL DEBT	**(402,577)**	(1,208,227)
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 8)*	**57,081,108**	58,403,082
Prepaid expenses	**22,714**	25,981
	57,103,822	58,429,063
ACCUMULATED SURPLUS *(Note 9)*	$ **56,701,245**	$ 57,220,836

ON BEHALF OF THE BOARD

David Poshuf... *Director*

________________ *Director*

The accompanying notes are an integral part of these financial statements

ASPEN REGIONAL WATER SERVICES COMMISSION

Statement of Operations and Accumulated Surplus

For The Year Ended December 31, 2024

	Budget (Note 15)	**2024 (Actual)**	2023 (Restated) (Note 18)
REVENUE			
Water sales *(Note 11)*	$ 2,386,852	**$ 2,415,881**	$ 2,135,476
Interest	70,000	**128,168**	120,441
Local government transfers - operating	-	**113,684**	18,756
Service and administrative fees	1,820	**811**	6,470
	2,458,672	**2,658,544**	2,281,143
EXPENSES			
Amortization of tangible capital assets *(Note 8)*	-	**1,431,156**	1,403,943
Salaries, wages and benefits	680,356	**673,454**	626,665
Utilities	437,006	**360,329**	431,075
Plant operations	323,866	**300,576**	278,304
Office, general and administrative	127,874	**249,212**	117,237
Interest on long term debt	132,758	**131,488**	140,001
Professional fees	25,000	**28,738**	16,617
Management fees	2,500	**2,500**	2,500
Accretion *(Note 7)*	-	**682**	648
	1,729,360	**3,178,135**	3,016,990
ANNUAL SURPLUS (DEFICIT)	729,312	**(519,591)**	(735,847)
ACCUMULATED SURPLUS - BEGINNING OF YEAR, AS PREVIOUSLY STATED	57,225,771	**57,225,771**	57,960,636
Restatement *(Note 18)*	(4,935)	**(4,935)**	(3,953)
ACCUMULATED SURPLUS - BEGINNING OF YEAR AS RESTATED	57,220,836	**57,220,836**	57,956,683
ACCUMULATED SURPLUS - END OF YEAR	$ 57,950,148	**$ 56,701,245**	$ 57,220,836

The accompanying notes are an integral part of these financial statements

ASPEN REGIONAL WATER SERVICES COMMISSION
Statement of Changes in Net Financial Debt
For The Year Ended December 31, 2024

	Budget (Note 15)	**2024 (Actual)**	2023 (Restated) (Note 18)
ANNUAL SURPLUS (DEFICIT)	$ 729,312	**$ (519,591)**	$ (735,847)
Amortization of tangible capital assets	-	**1,431,156**	1,403,943
Purchase of tangible capital assets	-	**(109,182)**	(381,634)
Decrease (increase) in prepaid expenses	-	**3,267**	(4,453)
	-	**1,325,241**	1,017,856
DECREASE IN NET FINANCIAL DEBT	729,312	**805,650**	282,009
NET FINANCIAL DEBT - BEGINNING OF YEAR	(1,208,227)	**(1,208,227)**	(1,490,236)
NET FINANCIAL DEBT - END OF YEAR	$ (478,915)	**$ (402,577)**	$ (1,208,227)

The accompanying notes are an integral part of these financial statements

ASPEN REGIONAL WATER SERVICES COMMISSION

Statement of Cash Flows

For The Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual deficit	$ (519,591)	$ (735,847)
Items not affecting cash:		
Amortization of tangible capital assets	1,431,156	1,403,943
Accretion of asset retirement obligation	682	648
	912,247	668,744
Changes in non-cash working capital:		
Accounts receivable	749	54,780
Due from Commission members	(88,232)	10,870
Accounts payable and accrued liabilities	(140,488)	102,028
Employee payables	10,084	5,040
Prepaid expenses	3,267	(4,453)
	(214,620)	168,265
	697,627	837,009
CAPITAL ACTIVITY		
Purchase of tangible capital assets	(109,182)	(381,634)
FINANCING ACTIVITY		
Repayment of long-term debt	(225,025)	(216,555)
INCREASE IN CASH FLOWS	363,420	238,820
CASH - BEGINNING OF YEAR	2,543,181	2,304,361
CASH - END OF YEAR	$ 2,906,601	$ 2,543,181

The accompanying notes are an integral part of these financial statements

PURPOSE OF COMMISSION

Aspen Regional Water Services Commission (the "Commission") was established under *Alberta Regulation 176/2007* of the *Municipal Government Act* on August 29, 2007 for the purposes of constructing, maintaining, controlling and managing a water supply system. The water supply system was completed and commenced active operations on October 29, 2010.

The members of the Commission are Athabasca County, the Town of Athabasca, and the Village of Boyle.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards.

(b) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other tangible capital assets to perform post-retirement activities.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial debt for the year.

Tangible capital assets

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

Plant, pumphouses and reservoirs	25 - 50 years
Pipelines	75 years
Plant software	10 years
Automotive equipment	5 years
Computer hardware	3 years
Office furniture and equipment	5 years

One-half year of the annual amortization is recorded in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue.

(d) Revenue Recognition

Water sales and service and administrative fees are recognized as revenue in the period in which the goods are sold or the service is delivered.

Government transfers are the transfers of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are not expected to result in a direct financial return. Government transfers are recognized as revenue in the period when the related expenses are incurred, services are performed, or the tangible capital assets are acquired.

Interest revenue is accrued and recognized over the passage of time as the interest is earned.

(e) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for asset retirement obligations, valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, and provision for contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(g) Change in Accounting Policies

Effective January 1, 2024, the Commission adopted Canadian public sector accounting standards PS 3400 Revenue, PS 3160 Public Private Partnerships, and PSG-8 Purchased Intangible Assets. Adoption of these standards had no effect on the Commission's financial statements.

(h) Future Accounting Standards Pronouncements

The following summarizes upcoming changes to Public Sector Accounting Standards. The Commission will continue to assess the impact and prepare for the adoption of these standards.

(i) Financial Statement Presentation

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

(ii) The Conceptual Framework for Financial Reporting

The PSAB’s framework replaces the conceptual aspects of PS 1000 – Financial Statement Concepts, and PS 1100 – Financial Statement Objectives. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. ACCOUNTS RECEIVABLE

	2024	2023
Goods and Services Tax recoverable	**$ 22,136**	$ 23,685
Trade and other	**6,729**	5,929
	$ 28,865	$ 29,614

3. DUE FROM COMMISSION MEMBERS

	2024	2023
Due from Town of Athabasca *(Note 12)*	**$ 132,260**	$ 94,645
Due from Athabasca County *(Note 12)*	**95,511**	35,138
Due from Village of Boyle *(Note 12)*	**37,434**	47,190
	$ 265,205	$ 176,973

The amounts due from the Commission Members are non-interest bearing, unsecured, and have no set repayment terms. Amounts were in the normal course of business.

4. EMPLOYEE PAYABLES

	2024	2023
Vacation payable	**$ 49,284**	$ 35,625
Sick time payable	**36,035**	30,249
Wages payable	**4,233**	13,526
Banked overtime payable	**-**	68
	$ 89,552	$ 79,468

5. LONG TERM DEBT

	2024	2023
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of $83,814 including interest at 3.263%; maturing in 2037.	**$ 1,709,396**	$ 1,818,568
Debenture debt held by the Province of Alberta, repayable in semi-annual installments of $95,077 including interest at 4.454%; maturing in 2035.	**1,580,997**	1,696,850
	$ 3,290,393	$ 3,515,418

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5. LONG TERM DEBT *(continued)*

Principal and interest repayment terms are approximately:

	Principal	Interest	Total
2025	$ 233,834	$ 123,950	$ 357,784
2026	242,996	114,788	357,784
2027	252,526	105,258	357,784
2028	262,437	95,347	357,784
2029	272,749	85,035	357,784
Thereafter	2,025,851	277,215	2,303,066
	$ 3,290,393	$ 801,593	$ 4,091,986

Debenture debt is issued on the credit and security of the Commission at large.

Interest on long-term debt paid amounted to $131,488 (2023 - $140,001).

The Commission's total cash payments for interest was $132,759 (2023 - $141,228).

6. DEBT LIMIT

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by *Alberta Regulation 76/2000*, for the Commission be disclosed as follows:

	2024	2023
Total debt limit	**$ 5,317,088**	$ 4,562,286
Total debt	**(3,290,393)**	(3,515,418)
Total debt limit (overdrawn)	**$ 2,026,695**	$ 1,046,868
Debt servicing limit	**$ 930,490**	$ 798,400
Debt servicing	**(357,784)**	(357,784)
Amount of debt servicing limit unused	**$ 572,706**	$ 440,616

The debt limit is calculated at 2 times revenue of the Commission (as defined in *Alberta Regulation 76/2000*) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limits 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 stability of the Commission. Rather, the financial statements must be interpreted as a whole.

7. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include land, land improvements, buildings, engineered structures, and machinery and equipment.

The Commission has asset retirement obligations to remove hazardous materials from various buildings under its control. Regulations require the Commission to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Commission to remove the materials when the asset retirement activities occur.

	2024	2023 (Restated)
Balance, Beginning of Year	**$ 12,948**	$ 12,300
Net change in the year		
Accretion expense	**682**	648
	13,630	12,948
Balance, End of Year	**$ 13,630**	$ 12,948

Asset retirement obligations of $13,630 (2023 - $12,948) includes liabilities measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to $46,754 (2023 - $46,754), a discount rate of 5.27% (2023 - 5.27%), with retirement and reclamation activities expected to be settled in 2048.

8. TANGIBLE CAPITAL ASSETS

Cost	Opening Balance (Restated) (Note 18)	Additions	Disposals	**Closing Balance**
Land	$ 350,000	$ -	$ -	**$ 350,000**
Office furniture and equipment	102,934	-	-	**102,934**
Automotive equipment	190,570	-	-	**190,570**
Computer equipment	117,313	-	-	**117,313**
Plant, pumphouse and reservoirs	28,759,418	30,991	-	**28,790,409**
Computer hardware	605,876	31,000	-	**636,876**
Pipelines	44,050,485	50,066	-	**44,100,551**
Construction in progress	2,875	(2,875)	-	**-**
	$ 74,179,471	$ 109,182	$ -	**$ 74,288,653**

Accumulated Amortization	Opening Balance (Restated) (Note 18)	Amortization	Accumulated Amortization on Disposals	**Closing Balance**
Office furniture and equipment	$ 102,934	$ -	$ -	**$ 102,934**
Automotive equipment	152,293	38,114	-	**190,407**
Computer equipment	40,954	39,104	-	**80,058**
Plant, pumphouse and reservoirs	8,449,936	764,715	-	**9,214,651**
Computer hardware	605,876	1,550	-	**607,426**
Pipelines	6,424,396	587,673	-	**7,012,069**
	$ 15,776,389	$ 1,431,156	$ -	**$ 17,207,545**

Net book value	**2024**	2023 (Restated)
Land	**$ 350,000**	$ 350,000
Automotive equipment	**163**	38,277
Computer equipment	**37,255**	76,359
Plant, pumphouse and reservoirs	**19,575,758**	20,309,482
Computer hardware	**29,450**	-
Pipelines	**37,088,482**	37,626,089
Construction in progress	**-**	2,875
	$ 57,081,108	$ 58,403,082

9. ACCUMULATED SURPLUS

	2024	2023 (Restated)
Unrestricted surplus	**$ 985,660**	$ 914,480
Internally restricted- general capital	**1,938,500**	1,431,640
Equity in tangible capital assets	**53,777,085**	54,874,716
	$ 56,701,245	$ 57,220,836

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023 (Restated)
Tangible capital assets - cost *(Note 8)*	**$ 74,288,653**	$ 74,179,472
Accumulated amortization *(Note 8)*	**(17,207,545)**	(15,776,390)
Long-term debt on tangible capital assets *(Note 5)*	**(3,290,393)**	(3,515,418)
Asset retirement obligations *(Note 7)*	**(13,630)**	(12,948)
	$ 53,777,085	$ 54,874,716

11. WATER SALES

	2024	2023
Town of Athabasca	**$ 1,468,178**	$ 1,294,163
Athabasca County	**502,927**	418,847
Village of Boyle	**427,653**	401,733
Private services connections	**17,123**	20,733
	$ 2,415,881	$ 2,135,476

12. RELATED PARTY TRANSACTIONS

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts owing (to) from related parties are unsecured, non-interest bearing, and have no set terms of repayment.

In addition to the transactions described below, contributed services are not recognized in the financial statements due to the difficulty in determining their fair value. During the year, Athabasca County processed payroll for the Commission and charged a fee which was recorded in management fees.

	2024	2023
Athabasca County		
Revenues:		
Water sales *(Note 11)*	**$ 502,927**	$ 418,847
	$ 502,927	$ 418,847
Expenses:		
Legal fees	**$ 15,063**	-
Management fees	**2,500**	$ 2,500
Plant operations	**-**	366
	$ 17,563	$ 2,866
Statement of Financial Position:		
Due from Commission members *(Note 3)*	**$ 95,511**	$ 35,138
Payable from Commission	**$ 53,413**	$ 141,279
Town of Athabasca		
Revenues:		
Water sales *(Note 11)*	**$ 1,468,178**	$ 1,294,163
	$ 1,468,178	$ 1,294,163
Expenses:		
Utilities	**$ 103,558**	$ 114,342
	$ 103,558	$ 114,342
Statement of Financial Position:		
Due from Commission members *(Note 3)*	**$ 132,260**	$ 94,645
Payable from the Commission	**$ 18,682**	$ 23,031
Village of Boyle		
Revenues:		
Water sales and fees *(Note 11)*	**$ 427,653**	$ 401,733
Local government transfers for operating	**113,684**	18,756
	$ 541,337	$ 420,489
Statement of Financial Position:		
Due from Commission members *(Note 3)*	**$ 37,434**	$ 47,190

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Commission participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Commission is required to make current service contributions to the LAPP consisting of 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 11.65% (2023 - 12.23%) of the excess. Employees of the Commission are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current service contributions by the Commission to the LAPP in 2024 were $50,198 (2023 - $47,528). Total current service contributions by the employees of the Commission to the LAPP in 2024 were $44,949 (2023 - $42,613).

At December 31, 2023, the Plan disclosed an actuarial surplus of $15.06 billion (2022 - $12.67 billion).

14. MUNICIPAL GOVERNMENT ACT DISCLOSURE

Alberta Regulation 313/2000 of the *Municipal Government Act* requires that salaries and benefits for Board members be disclosed. The Commission did not pay salaries and benefits to Board members in 2024 and 2023.

15. BUDGET AMOUNTS

Budget figures presented in these financial statements are based on the 2024 budget adopted by the Board of Directors on December 5, 2023.

16. APPROVAL OF FINANCIAL STATEMENTS

The Board and management have approved these financial statements.

17. FINANCIAL INSTRUMENTS

The Commission is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Commission's risk exposure and concentration as of December 31, 2024.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Commission is exposed to credit risk from Commission members. Revenue transactions are conducted substantially with government entities, which minimizes the credit risk.

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17. FINANCIAL INSTRUMENTS *(continued)*

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Commission is not directly exposed to interest rate cash flow risk as the long-term debt bears interest at fixed interest rates. Management is of the opinion that its exposure to changes in interest rates is not significant.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

18. RESTATEMENT

Effective January 1, 2024, the Commission adopted Canadian public sector accounting standard 3280, Asset Retirement Obligations, using the modified retroactive approach with restatement of prior year comparatives.

At January 1, 2023 the Commission recognized the following comparative figures were restated:

- Increase in asset retirement obligations - $12,948.
  An ARO liability was recognized, measured at the present value of the estimated future expenditures required to settle these obligations, adjusted for accumulated accretion expense up to the effective date.

- Increase in tangible capital assets - $8,012.
  Asset retirement costs were capitalized as an increase to the carrying amount of the related tangible capital assets in productive use.

- Decrease in opening accumulated surplus - $3,953.
  Opening accumulated surplus was adjusted for the combined impact of accumulated amortization and accretion expense recognized in prior periods.

- Increase in amortization expense - $334.

- Increase in accretion expense - $648.

- Decrease in ending accumulated surplus - $4,935.
  Ending accumulated surplus represents the change in accumulated surplus relating to periods prior to 2023 and the increase in amortization expense and accretion expense for the 2023 fiscal year.

The amounts restated were measured using information, assumptions, and discount rates, where applicable, that are current as at January 1, 2023. The amount recognized as an asset retirement cost is determined as of the date the asset retirement obligation was incurred. Accumulated amortization is measured for the period from the date the liability would have been recognized as if the provisions of this standard had been in effect to the date as of which this standard is first applied. The amortization is on a straight-line basis over the estimated useful lives of the related tangible capital asset.

Some of the comparative figures have been reclassified to conform to the current year's presentation.