

AGENDA FOR A REGULAR MEETING OF THE TRI-VILLAGE REGIONAL SEWAGE SERVICES COMMISSION TO BE HELD THURSDAY, MARCH 23rd, 2023, IN PERSON AT THE ALBERTA BEACH OFFICE COMMENCING AT 7:00 P.M.

1) Call to Order:

2) Acceptance of Agenda:

-March 23rd, 2023 meeting agenda (*approve as is or with additions/deletions*)

3) Adoption of the Previous Minutes:

p1-5 -January 19th, 2023 regular meeting minutes (*approve as is or with amendments*)

4) Appointments/Delegations:

a) 7:05 p.m. – Doug Evanchuk, McLennan Ross - legal counsel to review the draft memorandum of understanding between the Tri Village Regional Sewage Services Commission and the Darwell Lagoon Commission. Closed Session

(that pursuant to section 197(2) of the Municipal Government Act, the Board go into a closed meeting session at _____ p.m. to discuss the following: Memorandum of Understanding, Tri Village Regional Sewage Services Commission and the Darwell Lagoon Commission - Legal – Solicitor/Client Privilege (FOIPP Act Section 27).

(that the Board come out of closed meeting at _____ p.m.)

(further direction as given by the Board at meeting time)

b) 7:30 ish (or at completion of first appointment) – Allen Lee, Auditor, Doyle and Company to present and review the draft 2022 Audited Financial Statements. Draft statements are attached, as well as administrations recommendations with respect to the \$131,822.00 surplus amount.

(that the draft 2022 audited financial statements, as presented by Allen Lee of Doyle and Company, be approved with the surplus amount of \$131,822.00 being split as follows:

\$ _____ to the Capital Replacement

\$ _____ to the Sewer Revitalization

\$ _____ to the Operating Reserve (new)

or

(direction as given by the Board at meeting time)

5) Reports:

a) Chairperson:

(that the Chairperson's Report, as presented by Angela Duncan, be accepted for information)

b) Administration:

i) requisitions have gone out based on approved budget

ii)

(that the Administration Report, as presented by CAO Wendy Wildman, be accepted for information)

c) Financial Reports: n/a

d) Operations: System update – Jason Madge

(that the Operator's Report, as presented by Jason Madge, be accepted for information)

6) Bylaws & Policies: n/a

7) Old Business: n/a

a)

8) New Business: n/a

a)

9) Information Items: n/a

a)

10) Next Meeting Date & Location: May 18th, 2023 @ 7:00 p.m., Sunset Point Office

11) Confidential Matters: Closed Session: (earlier in the mtg)

12) Adjournment:

**MINUTES OF A REGULAR MEETING OF THE BOARD OF THE
TRIVILLAGE REGIONAL SEWAGE SERVICES COMMISSION IN
THE PROVINCE OF ALBERTA, HELD ON THURSDAY, JANUARY 19, 2023,
HELD AT THE SUNSET POINT OFFICE IN SUNSET POINT, AB
COMMENCING AT 7:00 P.M.**

IN ATTENDANCE

Angela Duncan, Chairperson/Director
Gwen Jones, Vice Chairperson/Director
Alan Christiansen, Director
Kelly Muir, Director
Roger Montpellier, Director (viz zoom)
Keir Packer, Director (via zoom)
Wendy Wildman, Chief Administrative Officer
Jason Madge, Manager/Operator

ABSENT

n/a

CALL TO ORDER

Chairperson Angela Duncan called the meeting to order at 7:00 p.m.

**ACCEPTANCE OF
AGENDA**

Res. P23-300

Moved by Director Alan Christiansen that the January 19th, 2023 Regular Meeting Agenda be approved as presented.

CARRIED

**APPROVAL OF
MINUTES**

Res. P23-301

Moved by Director Roger Montpellier that the minutes of the November 17th, 2022 Regular Board Meeting be approved as presented.

CARRIED

Res. P23-302

Moved by Director Kelly Muir that the minutes of the November 17th, 2022 Organizational Meeting be approved as presented.

CARRIED

DELEGATIONS

n/a



**MINUTES OF A REGULAR MEETING OF THE BOARD OF THE
TRIVILLAGE REGIONAL SEWAGE SERVICES COMMISSION IN
THE PROVINCE OF ALBERTA, HELD ON THURSDAY, JANUARY 19, 2023,
HELD AT THE SUNSET POINT OFFICE IN SUNSET POINT, AB
COMMENCING AT 7:00 P.M.**

REPORTS

Res. A23-303 Moved by Vice Chairperson Gwen Jones that the Chairpersons report, as verbally provided by Angela Duncan, be accepted for information.

CARRIED

Res. A23-304 Moved by Director Alan Christiansen that the Administration Report, as verbally provided by Chief Administrative Officer Wendy Wildman, be accepted for information.

CARRIED

Res. A23-305 Moved by Director Keir Packer that the financial reports be accepted for information.

CARRIED

Res. A23-306 Moved by Director Kelly Muir that the verbal Operations Report, as provided by Jason Madge, be accepted for information.

CARRIED

BYLAWS

n/a

OLD BUSINESS

Res. A23-307 Moved by Vice Chairperson Gwen Jones that the December 22nd, 2022 letter that was forwarded to the Darwell Lagoon Commission along with the follow-up discussion be accepted for information (letter should have referenced memorandum of understanding not memorandum of agreement).

CARRIED

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**MINUTES OF A REGULAR MEETING OF THE BOARD OF THE
TRIVILLAGE REGIONAL SEWAGE SERVICES COMMISSION IN
THE PROVINCE OF ALBERTA, HELD ON THURSDAY, JANUARY 19, 2023,
HELD AT THE SUNSET POINT OFFICE IN SUNSET POINT, AB
COMMENCING AT 7:00 P.M.**

Res. A23-308

Moved by Director Alan Christiansen that pursuant to section 197(2) of the Municipal Government Act, the Board go into a closed meeting session at 7:19 p.m. to discuss the following item:

a) Legal – Solicitor/Client Privilege (FOIPP Act Section 27)

CARRIED

The meeting recessed from 7:19 p.m. to 7:21 p.m.

The following individuals were present at the closed meeting:

Angela Duncan
Gwen Jones
Alan Christiansen
Kelly Muir
Roger Montpellier
Keir Packer
Jason Madge
Wendy Wildman

Res. A23-309

Moved by Director Kelly Muir that the Board come out of the closed meeting at 7:33 p.m.

CARRIED

The meeting recessed from 7:33 p.m. to 7:35 p.m.

Res. A23-310

Moved by Director Alan Christiansen that the Tri-Village Regional Sewage Services Commission forward a letter to the Summer Village of Sunset Point regarding their proposed rv development and previous correspondence noting the following:

-a one-time connection fee equivalent to \$2,500 per lot (could be paid all at once, or perhaps paid in phases as the

**MINUTES OF A REGULAR MEETING OF THE BOARD OF THE
TRIVILLAGE REGIONAL SEWAGE SERVICES COMMISSION IN
THE PROVINCE OF ALBERTA, HELD ON THURSDAY, JANUARY 19, 2023,
HELD AT THE SUNSET POINT OFFICE IN SUNSET POINT, AB
COMMENCING AT 7:00 P.M.**

- development is built)
- condo board shall maintain ownership of the infrastructure within its boundaries (incl. but not limited to: upgrades, repairs, replacements) (should the developer walk away from the development these lands and/or this infrastructure would become the responsibility of the Summer Village and this should be caveated on condo lot titles)
- connection to TVRSSC system must be to TVRSSC standards, but requirements for construction standards within the development will be between the municipality and the developer
- each condo lot to be assessed the annual per lot revitalization fee

CARRIED

Res. A23-311

Moved by Director Kelly Muir that the November 22nd, 2022 letter of support for the Alberta Community Partnership Grant application for a water distribution feasibility study be accepted for information.

CARRIED

NEW BUSINESS

Res. A23-312

Moved by Director Roger Montpellier that the draft 2023 Operating and Capital Budget be approved with the following amendment:

- reduce the Capital Reserve fund by \$37,461 to balance the budget at a 0% increase.

CARRIED

CORRESPONDENCE

Res. A23-313

Moved by Director Kelly Muir that the following correspondence be accepted for information:

- a) Christmas Cards received from Alberta Beach and Doyle & Company

CARRIED

**MINUTES OF A REGULAR MEETING OF THE BOARD OF THE
TRIVILLAGE REGIONAL SEWAGE SERVICES COMMISSION IN
THE PROVINCE OF ALBERTA, HELD ON THURSDAY, JANUARY 19, 2023,
HELD AT THE SUNSET POINT OFFICE IN SUNSET POINT, AB
COMMENCING AT 7:00 P.M.**

**CONFIDENTIAL
ITEMS**

A closed session was held earlier in the meeting.

NEXT MEETING DATE

Res. A23-314

Moved by Vice Chairperson Gwen Jones that the next regular Board of Directors meeting be changed from March 16th to March 23rd, 2023.

CARRIED

ADJOURNMENT

As all matters have been addressed Chairperson Angela Duncan declared the meeting adjourned at 8:06 p.m.

These minutes approved this 23rd day of March, 2023.

Angela Duncan, Chairperson

Wendy Wildman, CAO

Re: 2022 Tri-Village Regional Sewer Services Commission Financial Statements

Summer Village Office <administration@wildwillowenterprises.com>

Fri 3/17/2023 3:09 PM

To: wendy.wildwillowenterprises.com <wendy@wildwillowenterprises.com>;wendywildman@tvrssc.com <wendywildman@tvrssc.com>

📎 1 attachments (392 KB)
2022 TVRSSC Draft FS V1.0.pdf;

Wendy, my only comment on the 2022 Draft Audited Statements and as discussed with you is:

See pages 7 & 15 - Reserve Schedules

Current Reserve Schedule Balances per 2022 Draft Audited Statements:
Capital Replacement - \$558,360 (same as 2021)
Sewer Revitalization - \$797,833 (down by \$589,360 due to 2022 capital project)
Unrestricted Surplus - \$328,491 (up by \$131,822 - increase coming out of 2022 - audit entry)
Total - \$1,684,684

It appears the year end is coming out with a surplus amount of \$131,822. Currently, the auditor is holding this surplus in the unrestricted surplus account. Further to our conversation, my suggestion would be that this surplus be divvied out to TVRSSC's restricted reserve accounts as follows:

Capital Replacement increase by \$50,000 (as was budgeted)
Sewer Revitalization increase by \$51,822 (need to continue to replenish this reserve as we use it to fund the annual projects)
NEW *Operating Reserve start at \$30,000 (this was briefly discussed at budget deliberation time and could have been used to offset the increase in 2023 rather than reducing the Capital Replacement Reserve)

New Reserve Balances would be:
Capital Replacement - \$608,360
Sewer Revitalization - \$849,655
Operating Reserve - \$30,000
Unrestricted Surplus - \$196,669
Total - \$1,684,684

If agreeable, this would have to be a motion of the board and provided to the Auditor to adjust the reserve balance numbers.

Thanks,

Heather Luhtala,
Administration

Summer Village of Silver Sands - www.summervillageofsilversands.com
Summer Village of South View - www.summervillageofsouthview.com

Email: administration@wildwillowenterprises.com

TriVillage Regional Sewage Services Commission

Financial Statements

December 31, 2022

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TriVillage Regional Sewage Services Commission

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Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
*Operates as a Professional Corporation

11210 – 107 Avenue N.W.
Edmonton, Alberta T5H 0Y1
Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board

Opinion

We have audited the financial statements of the **Tri Village Regional Sewage Services Commission (the "Organization")**, which comprise the statement of financial position as at December 31, 2022, 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Tri Village Regional Sewage Services Commission as at December 31, 2022, and the results of its operations, change in its net financial assets (debt) 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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.

INDEPENDENT AUDITOR'S REPORT - continued

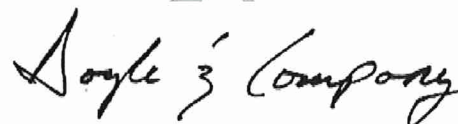
We also:

- 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 Organization'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 Organization'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 Organization 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.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

11210 107 Ave NW
Edmonton, Alberta
March 23, 2023



Chartered Professional Accountants

TriVillage Regional Sewage Services Commission

Statement of Financial Position

As at December 31, 2022

| | 2022 | 2021 |
|--|--------------------|--------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash (Note 3) | 1,715,751 | 2,003,244 |
| Accounts receivable | 40,853 | - |
| Goods and services tax receivables | 26,290 | 16,111 |
| | 1,782,894 | 2,019,355 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 91,784 | 4,764 |
| Accrued interest payable | 14,007 | 17,619 |
| Long-term debt (Note 4) | 2,687,739 | 2,834,898 |
| Deferred capital asset contributions (Note 6) | 6,055,347 | 6,290,939 |
| | 8,848,877 | 9,148,220 |
| NET FINANCIAL ASSETS (DEBT) | (7,065,983) | (7,128,865) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 9,873,355 | 9,588,532 |
| Prepaid expenses | 7,582 | 7,465 |
| | 9,880,937 | 9,595,997 |
| ACCUMULATED OPERATING SURPLUS (Note 8) (Schedule 1) | 2,814,954 | 2,467,132 |

Approved on behalf of the Commission:

_____ Chairperson

_____ Board Member

The accompanying notes form part of these financial statements

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TriVillage Regional Sewage Services Commission

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2022

| | 2022 Budget (Unaudited) \$ | 2022 Actual \$ | 2021 Actual \$ |
|--|-------------------------------------|----------------------|----------------------|
| REVENUE | | | |
| Member Levies | | | |
| Service fees charged to commission members | 663,965 | 663,967 | 654,367 |
| Debenture recognized as revenue | 252,720 | 252,719 | 252,719 |
| | 916,685 | 916,686 | 907,086 |
| Government of Alberta Grant | - | - | 235,875 |
| Interest income | 5,000 | 38,856 | 11,986 |
| Other | 6,000 | 2,526 | 8,150 |
| | 927,685 | 958,068 | 1,163,097 |
| EXPENSES | | | |
| Administrative and general (Schedule 3) | 56,190 | 63,956 | 62,283 |
| Interest on long-term debt | 105,560 | 101,946 | 110,108 |
| Operating (Schedule 3) | 894,780 | 375,399 | 590,763 |
| | 1,056,530 | 541,301 | 763,154 |
| EXCESS OF REVENUE OVER EXPENSES | | | |
| BEFORE OTHER REVENUE (EXPENSES) | (128,845) | 416,767 | 399,943 |
| Amortization of deferred capital asset contributions | 235,595 | 235,592 | 235,592 |
| Amortization of tangible capital assets | (292,790) | (304,537) | (292,790) |
| | (57,195) | (68,945) | (57,198) |
| EXCESS OF REVENUE OVER EXPENSES | | | |
| | (186,040) | 347,822 | 342,745 |
| ACCUMULATED OPERATING SURPLUS, | | | |
| BEGINNING OF YEAR | | | |
| | | 2,467,132 | 2,124,387 |
| ACCUMULATED OPERATING SURPLUS, | | | |
| END OF YEAR | | | |
| | | 2,814,954 | 2,467,132 |

The accompanying notes form part of these financial statements

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TriVillage Regional Sewage Services Commission

Statement of Changes in Net Financial Assets (Debt)

For the year ended December 31, 2022

| | 2022 Budget (Unaudited) \$ | 2022 Actual \$ | 2021 Actual \$ |
|---|-------------------------------------|----------------------|----------------------|
| EXCESS OF REVENUES OVER EXPENSES | (186,040) | 347,822 | 342,745 |
| Acquisition of tangible capital assets | - | (589,360) | - |
| Amortization of tangible capital assets | - | 304,537 | 292,790 |
| | - | (284,823) | 292,790 |
| Acquisition of prepaid assets | - | (7,582) | (7,465) |
| Use of prepaid assets | - | 7,465 | 6,421 |
| | - | (117) | (1,044) |
| DECREASE (INCREASE) IN NET DEBT | (186,040) | 62,882 | 634,491 |
| NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR | | (7,128,865) | (7,763,356) |
| NET FINANCIAL ASSETS (DEBT), END OF YEAR | | (7,065,983) | (7,128,865) |

The accompanying notes form part of these financial statements

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TriVillage Regional Sewage Services Commission

Statement of Cash Flows

For the year ended December 31, 2022

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Excess of revenues over expenses | 347,822 | 342,745 |
| Non-cash items included in excess of revenues over expenses: | | |
| Amortization of tangible capital assets | 304,537 | 292,790 |
| Amortization of deferred capital asset contributions | (235,592) | (235,592) |
| Non-cash charges to operations (net change): | | |
| Decrease (increase) in trade and other receivables | (40,853) | - |
| Decrease (increase) in goods and services tax receivable | (10,179) | (10,070) |
| Decrease (increase) in prepaid expenses | (117) | (1,044) |
| Increase (decrease) in accounts payable and accrued liabilities | 87,020 | (7,400) |
| Increase (decrease) in accrued interest payable | (3,612) | (1,189) |
| Cash provided by operating transactions | 449,026 | 380,240 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (589,360) | - |
| FINANCING | | |
| Long-term debt repaid | (147,159) | (141,419) |
| Adjustment to the deferred capital asset contribution | - | (137,785) |
| Cash provided by (applied to) financing transactions | (147,159) | (279,204) |
| CHANGE IN CASH DURING THE YEAR | (287,493) | 101,036 |
| CASH, BEGINNING OF YEAR | 2,003,244 | 1,902,208 |
| CASH, END OF YEAR | 1,715,751 | 2,003,244 |

The accompanying notes form part of these financial statements

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TriVillage Regional Sewage Services Commission
Schedule of Changes in Accumulated Operating Surplus - Schedule 1

For the year ended December 31, 2022

| | Unrestricted Surplus \$ | Internally Restricted Surplus \$ | Equity in Tangible Capital Assets \$ | 2022 \$ | 2021 \$ |
|--|-------------------------------|---|---|------------|------------|
| BALANCE, BEGINNING OF YEAR | 196,669 | 1,945,553 | 324,910 | 2,467,132 | 2,124,387 |
| Excess of revenue over expenses | 347,822 | - | - | 347,822 | 342,745 |
| Restricted funds used for tangible capital assets | - | (589,360) | 589,360 | - | - |
| Adjustment for the deferred capital asset contribution | (137,786) | - | 137,786 | - | - |
| Annual amortization expenses | 304,537 | - | (304,537) | - | - |
| Principal payment of long-term debt | (147,159) | - | 147,159 | - | - |
| Amortization of deferred capital asset contribution | (235,592) | - | 235,592 | - | - |
| Change in accumulated surplus | 131,822 | (589,360) | 805,360 | 347,822 | 342,745 |
| BALANCE, END OF YEAR | 328,491 | 1,356,193 | 1,130,270 | 2,814,954 | 2,467,132 |

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The accompanying notes form part of these financial statements

TriVillage Regional Sewage Services Commission
Schedule of Tangible Capital Assets - Schedule 2

For the year ended December 31, 2022

| | Buildings | Engineered Structures Original | Engineered Structures New | Equipment | Sewage Lagoon | 2022 | 2021 |
|--|----------------|--------------------------------|---------------------------|----------------|---------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| COST: | | | | | | | |
| Balance, Beginning of Year | 403,691 | 4,852,673 | 9,272,978 | 444,436 | 153,635 | 15,127,413 | 15,127,413 |
| Acquisition of tangible capital assets | - | - | - | 589,360 | - | 589,360 | - |
| Balance, End of Year | 403,691 | 4,852,673 | 9,272,978 | 1,033,796 | 153,635 | 15,716,773 | 15,127,413 |
| ACCUMULATED AMORTIZATION: | | | | | | | |
| Balance, Beginning of Year | 241,835 | 3,060,330 | 1,695,688 | 438,608 | 102,420 | 5,538,881 | 5,246,091 |
| Annual amortization | 8,074 | 71,694 | 206,066 | 15,289 | 3,414 | 304,537 | 292,790 |
| Balance, End of Year | 249,909 | 3,132,024 | 1,901,754 | 453,897 | 105,834 | 5,843,418 | 5,538,881 |
| NET BOOK VALUE | 153,782 | 1,720,649 | 7,371,224 | 579,899 | 47,801 | 9,873,355 | 9,588,532 |
| 2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 161,856 | 1,792,343 | 7,577,290 | 5,828 | 51,215 | 9,588,532 | |

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The accompanying notes form part of these financial statements

TriVillage Regional Sewage Services Commission
Schedule of Operating and Administrative and
General Expenses - Schedule 3

For the year ended December 31, 2022

| | 2022 Budget (Unaudited) \$ | 2022 Actual \$ | 2021 Actual \$ |
|-----------------------------------|-------------------------------------|----------------------|----------------------|
| Administrative and General | | | |
| Advertising and promotion | 2,000 | 3,613 | - |
| Contracted management services | 30,000 | 38,750 | 30,000 |
| Contracted office services | 7,800 | 6,600 | 6,150 |
| Honoraria | 6,400 | 6,180 | 5,320 |
| Memberships | 200 | 250 | 195 |
| Office | 590 | 1,782 | 169 |
| Professional fees | 7,000 | 4,856 | 18,503 |
| Salaries, wages and benefits | 2,200 | 1,925 | 1,946 |
| | 56,190 | 63,956 | 62,283 |
| Operating | | | |
| Insurance | 7,980 | 8,992 | 7,914 |
| Maintenance contract | 96,000 | 80,450 | 94,350 |
| Professional development | 2,500 | 505 | - |
| Repairs and maintenance | 705,500 | 153,300 | 393,570 |
| Repairs - line breaks | 45,000 | 79,003 | 58,702 |
| Travel | 800 | 326 | - |
| Utilities and telephone | 37,000 | 52,823 | 36,228 |
| | 894,780 | 375,399 | 590,764 |

The accompanying notes form part of these financial statements

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TriVillage Regional Sewage Services Commission

Schedule of Expenses by Object - Schedule 4

For the year ended December 31, 2022

| | 2022 Budget (Unaudited) \$ | 2022 Actual \$ | 2021 Actual \$ |
|---|-------------------------------------|----------------------|----------------------|
| EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits | 8,600 | 8,105 | 7,266 |
| Contracted and general services | 305,370 | 378,277 | 609,552 |
| Materials, goods, and utilities | 39,000 | 52,973 | 36,228 |
| Interest on long-term debt | 105,560 | 101,946 | 110,108 |
| Amortization of tangible capital assets | 292,790 | 304,537 | 292,790 |
| | 751,320 | 845,838 | 1,055,944 |

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TriVillage Regional Sewage Services Commission

Notes to the Financial Statements

December 31, 2022

Nature of the Operations

The Tri Village Regional Sewer Services Commission (the "Organization") is constituted under the Municipal Government Act and was approved by the Minister of Municipal Affairs on March 22, 1990, for the purpose of constructing, maintaining, controlling, and managing a sanitary sewage transmission and treatment facility to serve their respective municipalities.

The members of the Organization are Alberta Beach, Summer Village of Val Quentin, and Summer Village of Sunset Point.

The Organization is exempt from income tax under Section 149 of the Canadian Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICES

(a) Basis of Presentation

The financial statements of the Organization are the representation of management prepared in accordance with generally accepted accounting principles recommended for governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Organization are as follows:

(b) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the Organization.

(c) Cash

Cash consist of cash on deposit in a Canadian financial institution.

(d) 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 in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions specified for capital purposes are recorded as deferred capital asset contributions. These deferred contributions are recognized as revenue equal to the amount of the amortization of the assets.

(e) Tangible Capital Assets

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

Tangible capital assets are amortized on a straight-line basis over the follows periods:

| | |
|------------------------|----------|
| Buildings | 50 years |
| Engineering structures | 45 years |
| Equipment | 20 years |
| Sewage lagoon | 45 years |

TriVillage Regional Sewage Services Commission

Notes to the Financial Statements

December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICES - continued

(f) 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 Assets (Debt) for the year.

(g) Financial Instrument

(i) Measurement of financial instruments

The Organization initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued interest payable and long-term debt.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would be reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

(h) Reserves for Future Expenditures

Reserves are established at the discretion of the Board to set aside funds for future operating or capital expenditures. Transfers to and/or reserves are reflected as adjustments to the respective fund.

2. MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board 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 revenues and expenses during the year.

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 the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

TriVillage Regional Sewage Services Commission

Notes to the Financial Statements

December 31, 2022

3. CASH

| | 2022 | 2021 |
|------|-----------|-----------|
| | \$ | \$ |
| Cash | 1,715,751 | 2,003,244 |

The Board has designated funds of \$558,360 (2021 - \$558,360) for capital replacement and \$797,833 (2021 - \$1,387,193) for sewer revitalization. The total designated funds is \$1,356,193 (2021 - \$1,945,553).

4. LONG-TERM DEBT

| | 2022 | 2021 |
|--|-----------|-----------|
| | \$ | \$ |
| Alberta Capital Financing Authority | | |
| Debenture payable at \$67,657 on March 15 and September 15, of each year including interest at 4.59%, matures March 15, 2032. | 1,032,448 | 1,117,435 |
| Debenture payable at \$58,702 on June 15 and December 15 of each year including interest at 3.245%, matures December 15, 2041. | 1,655,291 | 1,717,463 |
| | 2,687,739 | 2,834,898 |
| Less: current portion | 153,138 | 147,159 |
| Long-term portion | 2,534,601 | 2,687,739 |

The debentures are secured by the tangible capital assets of the Commission as well as borrowing By-laws passed by the member municipalities. Interest on long-term debt amounted to \$101,946 (2021 - \$110,108).

Principal and interest payments are as follows:

| | Principal | Interest | Total |
|------------|-----------|----------|-----------|
| | \$ | \$ | \$ |
| 2023 | 153,138 | 99,579 | 252,717 |
| 2024 | 159,368 | 93,348 | 252,715 |
| 2025 | 165,857 | 86,859 | 252,716 |
| 2026 | 172,618 | 80,098 | 252,716 |
| 2027 | 179,663 | 73,054 | 252,717 |
| Thereafter | 1,857,095 | 395,460 | 2,252,555 |
| | 2,687,739 | 828,398 | 3,516,136 |

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TriVillage Regional Sewage Services Commission

Notes to the Financial Statements

December 31, 2022

5. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that total debt limit as defined by Alberta Regulation 255/2000 for the Organization are to be disclosed as follow:

| | 2022 \$ | 2021 \$ |
|---------------------------------------|-------------|-------------|
| Total Debt Limit | 1,790,490 | 2,098,034 |
| Total Debt | (2,687,739) | (2,834,898) |
| Amount of debt over the debt limit | (897,249) | (736,864) |
| Debt Service Limit | 298,415 | 349,672 |
| Debt Service | (252,718) | (252,716) |
| Amount of debt servicing limit unused | 45,697 | 96,956 |

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 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 municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principle and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

6. DEFERRED CAPITAL ASSET CONTRIBUTIONS

| | 2022 \$ | 2021 \$ |
|------------------------------|------------|------------|
| Balance, beginning of year | 6,290,939 | 6,664,316 |
| Addition | - | - |
| Recognized as revenue | - | (137,785) |
| Amounts amortized to revenue | (235,592) | (235,592) |
| Balance, end of year | 6,055,347 | 6,290,939 |

Deferred capital asset contributions represent restricted government grants that were provided to assist in the construction of the Commission's tangible capital assets upgrades.

7. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2022 \$ | 2021 \$ |
|--|-------------|-------------|
| Tangible capital assets | 15,716,773 | 15,127,413 |
| Accumulated amortization | (5,843,417) | (5,538,881) |
| Long-term debt | (2,687,739) | (2,834,898) |
| Adjustment to deferred capital asset contributions | - | (137,785) |
| Deferred capital asset contributions | (6,055,347) | (6,290,939) |
| | 1,130,270 | 324,910 |

TriVillage Regional Sewage Services Commission

Notes to the Financial Statements

December 31, 2022

8. ACCUMULATED OPERATING SURPLUS

| | 2022 | 2021 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Unrestricted surplus | 328,491 | 196,669 |
| Internally restricted surplus: | | |
| Capital Replacement | 558,360 | 558,360 |
| Sewer Revitalization | 797,833 | 1,387,193 |
| Equity in tangible capital assets | 1,130,270 | 324,910 |
| | 2,814,954 | 2,467,132 |

9. RELATED PARTY TRANSACTIONS

Alberta Beach, Summer Village of Val Quentin and the Summer Village of Sunset Point are members of the Commission and, as such, have been identified as related.

Service fees are based on the budgeted net operating and replacement reserve costs of the Commission and are allocated between the commission members based on an agreed upon percentage.

Amounts due from commission members are payable on receipt of the invoice. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Included in revenue were amounts received from Commission member municipalities as follows:

| | 2022 | | | 2021 | |
|----------------------|------------------|----------------------------------|-----------------------------------|----------------|----------------|
| | Alberta Beach | Summer Village of Val Quentin | Summer Village of Sunset Point | Total | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Service fees | 248,627 | 51,112 | 92,231 | 391,970 | 381,772 |
| Debentures | 160,294 | 32,950 | 59,474 | 252,718 | 252,718 |
| Sewer revitalization | 170,632 | 40,790 | 60,574 | 271,996 | 272,596 |
| | 579,553 | 124,852 | 212,279 | 916,684 | 907,086 |

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TriVillage Regional Sewage Services Commission

Notes to the Financial Statements

December 31, 2022

10. FINANCIAL INSTRUMENTS

Credit Risk

Tri Village Regional Sewer Services Commission is subject to credit risk with respect to accounts receivables. Credit risk arises from the possibility that clients the Commission provided services to may experience financial difficulty and be unable to fulfil their obligations. The larger receivable is from the federal government for the Goods and Services Tax refund claimed. The credit risk of the federal government is minimal.

Interest Rate Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Commission is exposed to interest rate risk on its bank account balances and long-term debt. The interest rate risk on the long-term debt is minimized as the interest rate is fixed for the loan.

Liquidity Risk

Liquidity risk is the risk that Tri Village Regional Sewer Services Commission will encounter difficulty in meeting its obligations associated with financial liabilities. Tri Village Regional Sewer Services Commission manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

11. ECONOMIC DEPENDENCE

The Commission is economically dependent upon the three participating member municipalities.

12. BUDGETED FIGURES

Budget figures are included in the financial statements for information purposes and are unaudited. The budget was approved by the Board.

13. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.

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