TriVillage Regional Sewage Services Commission

Financial Statements

December 31, 2025

TriVillage Regional Sewage Services Commission

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DOYLE & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
Steven M. Kim, CPA*
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, 2025, 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, 2025, 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.

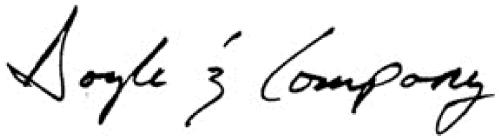
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

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.



March 11, 2026
11210 107 Ave NW
Edmonton, Alberta T5H 0Y1

Chartered Professional Accountants

TriVillage Regional Sewage Services Commission

Statement of Financial Position

As at December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Cash (Note 3)	**1,515,068**	1,484,007
Accounts receivable	**43,251**	112,537
Goods and services tax receivables	**10,861**	12,012
	1,569,180	1,608,556
LIABILITIES		
Accounts payable and accrued liabilities	**25,032**	57,794
Accrued interest payable	**10,217**	11,538
Long-term debt (Note 4)	**2,209,376**	2,375,233
	2,244,625	2,444,565
NET FINANCIAL ASSETS (DEBT)	**(675,445)**	(836,009)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	**9,811,362**	9,854,588
Prepaid expenses	**9,202**	18,604
	9,820,564	9,873,192
ACCUMULATED OPERATING SURPLUS (Note 7) (Schedule 1)	**9,145,119**	9,037,183

The accompanying notes form part of these financial statements.

TriVillage Regional Sewage Services Commission

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2025

	2025 Budget (Unaudited)	2025 Actual	2024 Actual
	$	$	$
REVENUE			
Member Levies			
Service fees charged to commission members	**746,579**	**745,381**	716,125
Debenture recognized as revenue	**252,718**	**252,717**	252,717
	999,297	**998,098**	968,842
Interest income	**30,000**	**39,142**	67,411
Other	**5,650**	**4,193**	15,650
	1,034,947	**1,041,433**	1,051,903
EXPENSES			
Administrative and general (Schedule 3)	**64,525**	**61,273**	62,870
Interest on long-term debt	**86,860**	**85,538**	92,086
Operating (Schedule 3)	**396,608**	**458,590**	402,522
	547,993	**605,401**	557,478
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE (EXPENSES)	**486,954**	**436,032**	494,425
Amortization of tangible capital assets	**-**	**(328,096)**	(324,751)
EXCESS OF REVENUE OVER EXPENSES	**486,954**	**107,936**	169,674
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR		**9,037,183**	8,867,509
ACCUMULATED OPERATING SURPLUS, END OF YEAR		**9,145,119**	9,037,183

The accompanying notes form part of these financial statements.

TriVillage Regional Sewage Services Commission

Statement of Changes in Net Financial Assets (Debt)

For the year ended December 31, 2025

	2025 Budget (Unaudited)	2025 Actual	2024 Actual
	$	$	$
EXCESS OF REVENUES OVER EXPENSES	**486,954**	**107,936**	169,674
Acquisition of tangible capital assets	**-**	**(284,870)**	(253,957)
Amortization of tangible capital assets	**-**	**328,096**	324,751
	-	**43,226**	70,794
Acquisition of prepaid assets	**-**	**(9,202)**	(18,605)
Use of prepaid assets	**-**	**18,604**	19,113
	-	**9,402**	508
DECREASE (INCREASE) IN NET DEBT	**486,954**	**160,564**	240,976
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR		**(836,009)**	(1,076,985)
NET FINANCIAL ASSETS (DEBT), END OF YEAR		**(675,445)**	(836,009)

The accompanying notes form part of these financial statements.

TriVillage Regional Sewage Services Commission

Statement of Cash Flows

For the year ended December 31, 2025

	2025 $	2024 $
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	**107,936**	169,674
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	**328,095**	324,751
Non-cash charges to operations (net change):		
Decrease (increase) in trade and other receivables	**69,286**	86,380
Decrease (increase) in goods and services tax receivable	**1,151**	1,475
Decrease (increase) in prepaid expenses	**9,402**	508
Increase (decrease) in accounts payable and accrued liabilities	**(32,762)**	(29,578)
Increase (decrease) in accrued interest payable	**(1,321)**	(1,263)
Cash provided by operating transactions	**481,787**	551,947
CAPITAL		
Acquisition of tangible capital assets	**(284,870)**	(253,957)
FINANCING		
Long-term debt repaid	**(165,857)**	(159,368)
Cash provided by (applied to) financing transactions	**(165,857)**	(159,368)
CHANGE IN CASH DURING THE YEAR	**31,060**	138,622
CASH, BEGINNING OF YEAR	**1,484,007**	1,345,385
CASH, END OF YEAR	**1,515,067**	1,484,007

The accompanying notes form part of these financial statements.

TriVillage Regional Sewage Services Commission

Schedule of Changes in Accumulated Operating Surplus - Schedule 1

For the year ended December 31, 2025

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	**265,263**	**1,292,565**	**7,479,355**	**9,037,183**	8,867,509
Excess (deficiency) of revenue over expenses	**107,936**	**-**	**-**	**107,936**	169,674
Unrestricted funds to (from) revitalization	**(270,175)**	**270,175**	**-**	**-**	-
Restricted funds used for tangible capital assets	**-**	**(284,870)**	**284,870**	**-**	-
Annual amortization expenses	**328,096**	**-**	**(328,096)**	**-**	-
Principal payment of long-term debt	**(165,857)**	**-**	**165,857**	**-**	-
Change in accumulated surplus	**-**	**(14,695)**	**122,631**	**107,936**	169,674
BALANCE, END OF YEAR	**265,263**	**1,277,870**	**7,601,986**	**9,145,119**	9,037,183

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, 2025

	Buildings	Engineered Structures Original	Engineered Structures New	Equipment	Sewage Lagoon	2025	2024
	$	$	$	$	$	$	$
COST:							
Balance, Beginning of Year	**403,691**	**4,852,673**	**9,272,978**	**1,033,796**	**780,162**	**16,343,300**	16,089,343
Acquisition of tangible capital assets	**-**	**-**	**61,892**	**-**	**222,978**	**284,870**	253,957
Balance, End of Year	**403,691**	**4,852,673**	**9,334,870**	**1,033,796**	**1,003,140**	**16,628,170**	16,343,300
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	**266,057**	**3,266,923**	**2,313,886**	**513,943**	**127,903**	**6,488,712**	6,163,961
Annual amortization	**8,074**	**63,430**	**206,754**	**30,023**	**19,815**	**328,096**	324,751
Balance, End of Year	**274,131**	**3,330,353**	**2,520,640**	**543,966**	**147,718**	**6,816,808**	6,488,712
NET BOOK VALUE	**129,560**	**1,522,320**	**6,814,230**	**489,830**	**855,422**	**9,811,362**	9,854,588
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	137,634	1,585,750	6,959,092	519,853	652,259		9,854,588

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, 2025

	2025 Budget (Unaudited)	2025 Actual	2024 Actual
	$	$	$
Administrative and General			
Advertising and promotion	**1,500**	**1,201**	986
Bank charges and interest	**125**	**143**	23
Contracted management services	**34,819**	**33,821**	31,065
Contracted office services	**6,000**	**6,000**	6,000
Honoraria	**6,400**	**5,080**	4,930
Legal	**2,500**	**2,060**	-
Memberships	**310**	**309**	321
Office	**5,746**	**5,418**	5,528
Professional fees	**5,625**	**5,500**	12,235
Salaries, wages and benefits	**1,500**	**1,741**	1,782
	64,525	**61,273**	62,870
Operating			
Insurance	**26,559**	**22,430**	22,872
Maintenance contract	**61,549**	**60,551**	59,074
Professional development	**-**	**-**	638
Repairs and maintenance	**222,500**	**314,172**	249,539
Repairs - line breaks	**40,000**	**26,995**	21,077
Travel	**1,000**	**433**	1,564
Utilities and telephone	**45,000**	**34,009**	47,758
	396,608	**458,590**	402,522

The accompanying notes form part of these financial statements.

TriVillage Regional Sewage Services Commission

Schedule of Expenses by Object - Schedule 4

For the year ended December 31, 2025

	2025 Budget (Unaudited)	2025 Actual	2024 Actual
	$	$	$
EXPENSES BY OBJECT			
Salaries, wages and benefits	**7,900**	**6,821**	6,712
Contracted and general services	**351,108**	**426,209**	354,703
Materials, goods, and utilities	**102,000**	**86,690**	103,954
Bank charges and interest	**125**	**143**	23
Interest on long-term debt	**86,860**	**85,538**	92,086
Amortization of tangible capital assets	**-**	**328,096**	324,751
	547,993	**933,497**	882,229

The accompanying notes form part of these financial statements.

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

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 been 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.

3. CASH

	2025 $	2024 $
Cash	**1,515,068**	1,484,007

The Board has designated funds of $715,300 (2024 - $715,300) for capital replacement and $252,394 (2024 - $537,264) for sewer revitalization. The total designated funds is $967,694 (2024 - $1,252,564).

4. LONG-TERM DEBT

	2025 $	2024 $
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.	**753,072**	850,454
Debenture payable at $58,702 on June 15 and December 15 of each year including interest at 3.245%, matures December 15, 2041.	**1,456,304**	1,524,779
	2,209,376	2,375,233
Less: current portion	**172,618**	165,857
Long-term portion	**2,036,758**	2,209,376

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 $85,538 (2024 - $92,086).

Principal and interest payments are as follows:

	Principal $	Interest $	Total $
2026	**172,618**	**80,098**	**252,716**
2027	**179,663**	**73,054**	**252,717**
2028	**187,003**	**65,714**	**252,717**
2029	**194,650**	**58,066**	**252,716**
2030	**202,619**	**50,097**	**252,716**
Thereafter	**1,272,823**	**221,583**	**1,494,406**
	2,209,376	**548,612**	**2,757,988**

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:

	2025 $	2024 $
Total Debt Limit	**2,082,866**	2,103,806
Total Debt	**(2,209,376)**	(2,375,233)
Amount of debt over the debt limit	**(126,510)**	(271,427)
Debt Service Limit	**364,502**	368,166
Debt Service	**(252,718)**	(252,718)
Amount of debt servicing limit unused	**111,784**	115,448

The debt limit is calculated at 2 times revenue of the regional services commission 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 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. The regional services commission received approval to exceed these debt limits as part of ministerial order MSL:063/16 dated August 4th, 2016. 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. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025 $	2024 $
Tangible capital assets	**16,628,170**	16,343,300
Accumulated amortization	**(6,816,808)**	(6,488,712)
Long-term debt	**(2,209,376)**	(2,375,233)
	7,601,986	7,479,355

7. ACCUMULATED OPERATING SURPLUS

	2025 $	2024 $
Unrestricted surplus	**265,263**	265,263
Internally restricted surplus:		
Capital Replacement	**715,300**	715,300
Sewer Revitalization	**522,570**	537,265
Operating Reserve	**40,000**	40,000
Equity in tangible capital assets	**7,601,986**	7,479,355
	9,145,119	9,037,183

8. 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:

	2025				2024
	Alberta Beach $	Summer Village of Val Quentin $	Summer Village of Sunset Point $	Total $	Total $
Service fees	**301,599**	**62,003**	**111,881**	**475,483**	445,028
Debentures	**160,294**	**32,950**	**59,475**	**252,719**	252,718
Sewer revitalization	**169,132**	**40,190**	**60,574**	**269,896**	271,096
	631,025	**135,143**	**231,930**	**998,098**	968,842

9. 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 debit 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.

10. ECONOMIC DEPENDENCE

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

11. BUDGETED FIGURES

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

12. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.