

M.D. #52 WASTE MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Page
Managements' Responsibility for Financial Reporting	1
Independent Auditors' Report	2 - 3
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets (Debt)	6
Statement of Cash Flows	7
Schedule 1 – Changes in Accumulated Surplus	8
Notes to the Financial Statements	9 – 17

**MANAGEMENTS' RESPONSIBILITY FOR
FINANCIAL REPORTING**

Management of M.D. #52 Waste Management Authority is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the authority's financial position as at December 31, 2024 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The authority board carries out its responsibilities for review of the financial statements principally through board meetings. They meet with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the authority board with and without the presence of management. The authority board has approved the financial statements.

The financial statements have been audited by Gitzel & Company, Chartered Professional Accountants, independent external auditors appointed by the authority. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the authority's financial statements.



Chairman

MAR 25/25

Date



Financial Officer

March 25/2025

Date



*Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA
*Peggy Weinzierl, CPA, CA (Associate)

INDEPENDENT AUDITORS' REPORT

TO: The Members
M.D. #52 Waste Management Authority

Opinion

We have audited the financial statements of M.D. #52 Waste Management Authority, which comprise the statement of financial position as at December 31, 2024 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes schedule 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 authority as at December 31, 2024, the results of its operations, change in its net financial assets (debt) 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 authority 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.

Emphasis of Matter

A significant area requiring the use of management's estimates was the asset retirement obligation. Significant changes in the costs of closure and post closure care, the timing of the closure and post closure activities, or in the inflation or discount rate assumptions, could result in changes to this liability amount or corresponding tangible capital assets. Our opinion is not 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 ability of the authority 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 cease operations, or has no realistic alternative but to do so.

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

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 controls.
- 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 purposes of expressing an opinion on the effectiveness of the authority'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 authority'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 the auditors' report. However, future events or conditions may cause the authority 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.

Stettler, Alberta
March 25, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS

M.D. #52 WASTE MANAGEMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 625,453	\$ 476,062
Accounts receivable	39,568	21,347
GST receivable	23,903	24,202
Term deposits (Note 3)	<u>671,711</u>	<u>649,012</u>
	<u>1,360,635</u>	<u>1,170,623</u>
 LIABILITIES		
Accounts payable and accrued liabilities	76,825	71,383
Asset retirement obligation (Note 4)	<u>457,150</u>	<u>457,494</u>
	<u>533,975</u>	<u>528,877</u>
 NET FINANCIAL ASSETS (DEBT)	 <u>826,660</u>	 <u>641,746</u>
 NON FINANCIAL ASSETS		
Tangible capital assets (Note 5)	284,240	321,705
Inventory for consumption	45,293	49,278
Prepaid expenses	<u>2,925</u>	<u>2,580</u>
	<u>332,458</u>	<u>373,563</u>
 ACCUMULATED SURPLUS (Schedule 1)	 \$ <u>1,159,118</u>	 \$ <u>1,015,309</u>

APPROVED OF BEHALF OF THE BOARD:

 Director

M.D. #52 WASTE MANAGEMENT AUTHORITY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget	2024	2023
REVENUE			
Requisitions (Note 7)	\$ 490,293	\$ 490,291	\$ 442,829
Landfill and other charges	97,265	125,399	88,819
Insurance proceeds	-	59,680	-
Interest	35,000	46,445	45,766
Rent	<u>1,223</u>	<u>1,223</u>	<u>1,223</u>
	<u>623,781</u>	<u>723,038</u>	<u>578,637</u>
EXPENDITURES			
Administration			
Administration fees	6,000	8,215	7,460
Advertising	1,500	1,415	2,420
Bad debts	2,000	510	1,410
Liability insurance	1,700	1,128	1,694
Office	8,100	7,188	4,127
Professional fees	<u>8,000</u>	<u>6,130</u>	<u>8,785</u>
	<u>27,300</u>	<u>24,586</u>	<u>25,896</u>
Landfill			
Accretion (Note 4)	14,000	22,820	20,198
Amortization	-	26,258	27,014
Engineering	2,000	3,985	2,278
Fuel and repairs	47,000	133,223	76,860
Insurance	1,800	2,014	1,398
Operator	154,638	154,638	153,468
Recycle bins	11,000	9,936	12,960
Refrigerant and used oil removal	4,000	3,328	4,524
Rent	835	795	2,385
Site maintenance	22,575	22,995	32,411
Utilities and telephone	<u>12,500</u>	<u>9,935</u>	<u>10,472</u>
	<u>270,348</u>	<u>389,927</u>	<u>343,968</u>
Transfer Site			
Amortization	-	4,976	5,204
Collection contract (Note 11)	56,733	56,732	56,602
Custom work	15,000	13,860	14,280
Maintenance	47,000	47,603	47,061
Paint & hazardous waste	1,900	1,446	1,407
Supervision	<u>38,500</u>	<u>40,099</u>	<u>38,294</u>
	<u>159,133</u>	<u>164,716</u>	<u>162,848</u>
Total Expenditures	<u>456,781</u>	<u>579,229</u>	<u>532,712</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 167,000</u>	143,809	45,925
ACCUMULATED SURPLUS – BEGINNING OF YEAR		<u>1,015,309</u>	<u>969,384</u>
ACCUMULATED SURPLUS – END OF YEAR		<u>\$ 1,159,118</u>	<u>\$ 1,015,309</u>

M.D. #52 WASTE MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>143,809</u>	\$ <u>45,925</u>
Acquisition of tangible capital assets	(16,933)	-
Change in asset retirement obligation due to change in discount rate	23,164	(50,172)
Amortization of tangible capital assets	<u>31,234</u>	<u>32,218</u>
	<u>37,465</u>	<u>(17,954)</u>
Acquisition of inventory for consumption	-	(49,278)
Use of supplies inventory	<u>3,985</u>	-
Net use (acquisition) of inventory	<u>3,985</u>	<u>(49,278)</u>
Acquisition of prepaid assets	(2,925)	(2,580)
Use of prepaid assets	<u>2,580</u>	<u>2,501</u>
Net use (acquisition) of prepaid assets	<u>(345)</u>	<u>(79)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	189,914	(21,386)
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>641,746</u>	<u>663,132</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ <u>826,660</u>	\$ <u>641,746</u>

M.D. #52 WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 143,809	\$ 45,925
Non-cash items included		
Amortization of tangible capital assets	31,234	32,218
Accretion of asset retirement obligations	<u>22,820</u>	<u>20,198</u>
	197,863	98,341
Changes in non-cash current assets and liabilities		
Accounts receivable	(18,221)	26,824
GST receivable	299	6,528
Prepaid expenses	(345)	(79)
Inventory	3,985	(49,278)
Accounts payable and accrued liabilities	<u>5,442</u>	<u>28,511</u>
Cash provided by (used in) operating activities	<u>189,023</u>	<u>110,847</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(16,933)</u>	-
Net cash provided by (used in) capital activities	<u>(16,933)</u>	-
CHANGES IN CASH AND EQUIVALENTS DURING THE YEAR	172,090	110,847
CASH AND EQUIVALENTS – BEGINNING OF YEAR	<u>1,125,074</u>	<u>1,014,227</u>
CASH AND EQUIVALENTS – END OF YEAR	<u>1,297,164</u>	<u>1,125,074</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash in bank	625,453	476,062
Term deposits	<u>671,711</u>	<u>649,012</u>
	\$ <u>1,297,164</u>	\$ <u>1,125,074</u>

M.D. #52 WASTE MANAGEMENT AUTHORITY

SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>		<u>2023</u>	
	Equity in Tangible Capital Assets	Restricted Net Assets	Unrestricted Net Assets	Total
BALANCE – BEGINNING OF YEAR	\$ (135,789)	\$ 891,643	\$ 259,455	\$ 1,015,309
Excess (deficiency) of revenue over expenditures	-	-	148,809	143,809
Transfers to (from) restricted net assets	-	167,000	(167,000)	-
Purchase of tangible capital assets	16,933	-	(16,933)	-
Amortization of tangible capital assets	(31,234)	-	31,234	-
Accretion of asset retirement obligations	<u>(22,820)</u>	<u>-</u>	<u>22,820</u>	<u>-</u>
BALANCE – END OF YEAR	<u>\$ (172,910)</u>	<u>\$ 1,058,643</u>	<u>\$ 273,385</u>	<u>\$ 1,159,118</u>
				<u>\$ 1,015,309</u>

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting and Auditing Board of the Chartered Professional Accountants of Canada.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

(a) Reporting Entity

The M.D. #52 Waste Management Authority is an unincorporated, para-municipal organization that operates a landfill site and transfer stations on behalf of its member municipalities and is governed by the Code of Practices for Landfills. The authority is funded by requisitions paid by member municipalities and by charges billed to users. Its intended community of service is Provost and surrounding areas. The authority is a non-taxable entity as defined in the Income Tax Act.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

The preparation of these financial statements in conformity with Canadian Public Sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Amortization is based on the estimated useful lives of tangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Use of Estimates - Continued

Significant areas requiring the use of management's estimates are the asset retirement obligation for closure and post closure care and the amortization of the corresponding tangible capital assets. Significant changes in the costs or timing of closure and post closure care or changes in discount rates could result in a change to this obligation. Estimated useful life of landfill cells are based on expected waste volumes. If volumes available vary from those estimated, tangible capital assets, asset retirement obligations and equity in tangible capital assets will change.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of accounts with banks. The authority's accounts pay interest at rates ranging from prime less 1.9% to prime less 1.55% depending on the balance of the account.

(e) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability for an asset retirement obligation is recognized as an estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the authority to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

The estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. 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.

Pursuant to the Alberta Environmental Protection and Enhancement Act, the authority is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover and landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The amount of the asset retirement obligation in relation to the closure and post-closure care was estimated based on a 2018 engineering report.

The estimate of an asset retirement obligation incorporates a present value technique when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(e) Asset retirement obligation - Continued

At each financial reporting date, the authority reviews the carrying amount of the liability. The authority recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The authority continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(f) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post – remediation including operation, maintenance and monitoring.

(g) 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 consolidated Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

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

	YEARS
Buildings	25-50
Engineered structures and land improvements	
Cell	2
Roadways	15
Retaining walls, screens and fences	20
Detention Pond	25
Water and test wells	25
Other engineered structures	25
Machinery and equipment	10-15
Vehicles	10

Included in engineered structures is \$16,933 (2023 - \$NIL) related to work in progress that is not being amortized.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Non-Financial Assets - Continued

(i) Tangible Capital Assets - Continued

The annual amortization charge in the year of acquisition and in the year of disposal is pro-rated based on the number of months that the asset was in use during the year. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

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

(iii) Inventories

Inventory is valued at the lower of cost and net realizable value with cost determined using most recent invoice price.

(h) Restricted Funds for Future Expenditures

The Board, in its discretion, has set aside funds for future operating and capital expenditures. Transfers to and/or from restricted funds are reflected as an adjustment to the respective fund.

(i) Equity in Tangible Capital Assets

Equity in tangible capital assets represents the authority's remaining net investment in its total tangible capital assets after deducting the portion financed by third parties through debt or contributed by third parties.

(j) Contributions

Contributions are recorded using the deferral method. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. All other contributions are reported as revenue of the current period.

(k) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the authority is able to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(l) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

The authority initially measures its financial assets and liabilities at fair value. The authority subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash, which is measured at fair value.

Financial instruments of the authority consist of cash, accounts receivable, term deposits and accounts payable. The carrying value of the accounts receivable, term deposits and accounts payable approximate their fair values due to their short maturities. The fair value of other assets and liabilities is disclosed if it is readily obtainable.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down would be recognized in net income.

The authority recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

It is the policy of the authority not to disclose fair value information about financial assets and liabilities for which fair value is not readily obtainable.

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

(a) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework is a coherent set of interrelated concepts underlying accounting and financial reporting standards, prescribes the nature, function and limits of financial accounting and reporting, and is the foundation on which standards are developed and professional judgement is applied. Effective for the fiscal years beginning on or after April 1, 2026.

(b) Section PS 1202 – Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard will effectively replace PS 1201 – Financial Statement Presentation. Effective for the fiscal years beginning on or after April 1, 2026.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

3. TERM DEPOSITS

As there is no market for term deposits, the fair value of these investments is equal to their carrying value.

	2024	2023
Notice on amount 31 days, interest at prime less 1.75%	\$ 1,998	\$ 1,900
Notice on amount 60 days, interest at prime less 1.65%	12,503	11,881
Notice on amount 90 days, interest at prime less 1.60%	70,393	66,861
GIC, interest at 5.5%, maturing May 2026	217,181	209,500
Redeemable GIC, interest at 3%, maturing November 2025	<u>369,636</u>	<u>358,870</u>
	<u>\$ 671,711</u>	<u>\$ 649,012</u>

4. ASSET RETIREMENT OBLIGATION

Alberta environmental law requires closure and post closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, the ongoing environmental monitoring, site inspections and maintenance for a period of 25 years after the closure of the landfill. Future costs may include drainage control, water quality and leachate monitoring, final cover, and vegetation. The landfills are not expected to reach full capacity until approximately 2050. Total capacity of Phase 2 of the landfill was estimated at 334,807 cubic meters.

Costs for and the length of time until closure and post closure care have been estimated by an engineering firm study conducted in 2018. Total closure and post closure costs were estimated at \$702,460.

Undiscounted future cash flows expected for closure and post closure costs in the years 2050 to 2075 are \$2,124,276. The estimated liability of \$451,934 (2023 - \$452,625) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 5.06% (2023 - 4.99%) and assuming annual inflation of 3%.

Funds needed for closure and post-closure are expected to be obtained through requisitions from member municipalities and tipping fees. Funds have been set aside for future liabilities including closure and post closure costs. Term deposits and savings accounts have been accumulated to cover the asset retirement obligation.

The authority owns a building which contains asbestos and, therefore, the authority is legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in 2036 of \$8,555. The estimated liability of \$5,216 (2023 - \$4,868) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4.60% (2023 - 4.81%) and assuming annual inflation of 3%. The authority has not designated assets for settling the abatement activities.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

4. ASSET RETIREMENT OBLIGATION - Continued

	2024	2023
Balance, beginning of year	\$ 457,494	\$ 387,124
Change in estimated cash flows	(23,164)	50,172
Accretion expense	<u>22,820</u>	<u>20,198</u>
	<u>\$ 457,150</u>	<u>\$ 457,494</u>

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2024	2023
Land improvements	\$ 46,627	\$ 46,627	\$ -	\$ -
Engineered structures	823,082	699,253	123,829	135,674
Buildings	278,263	226,129	52,134	55,268
Equipment	<u>651,332</u>	<u>543,055</u>	<u>108,277</u>	<u>130,763</u>
	<u>\$ 1,799,304</u>	<u>\$ 1,515,064</u>	<u>\$ 284,240</u>	<u>\$ 321,705</u>

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Note 5)	\$ 284,240	\$ 321,705
Asset retirement obligations (Note 4)	<u>(457,150)</u>	<u>(457,494)</u>
	<u>\$ (172,910)</u>	<u>\$ (135,789)</u>

7. RELATED PARTY TRANSACTIONS

During the year, the authority received requisitions of \$490,291 (2023 - \$442,829) from its member municipalities.

Included in accounts payable is the amount of \$50,093 (2023 - \$48,864) due to a member municipality in the ordinary course of operations at normal trade terms. The authority pays the Municipal District of Provost for administration, insurance and miscellaneous services annually.

The amounts are recorded at the exchange amount which is the amount agreed to by the related parties.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

8. RESTRICTED NET ASSETS

The board has restricted funds for operating and capital activities.

	2023	Increases	Decreases	2024
Bin replacement	\$ 19,517	\$ 5,500	\$ -	\$ 25,017
Environmental	279,937	13,000	-	292,937
Equipment replacement	344,457	120,000	-	464,457
Future site replacement	64,573	5,500	-	70,073
Landfill trench	<u>183,159</u>	<u>23,000</u>	<u>-</u>	<u>206,159</u>
	<u>\$ 891,643</u>	<u>\$ 167,000</u>	<u>\$ -</u>	<u>\$ 1,058,643</u>

The amount of cash and cash equivalents is sufficient to fund restricted net assets, but no specific cash balances have been set aside.

9. ECONOMIC DEPENDENCE

The authority relies on requisitions received from its member municipalities. Without these requisitions the authority's ability to operate would be questionable.

10. FINANCIAL INSTRUMENTS

The authority is exposed to various risks through its financial instruments. The following analysis provides a measure of the authority's risk exposure and concentrations at year end.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the authority is not exposed to significant market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The authority's accounts receivable are subject to normal industry credit risks. Credit risk arises from the possibility that entities to which the authority provides services may experience financial difficulty and be unable to fulfill their obligations. The carrying value of accounts receivable reflects management's assessment of the credit risk associated with its customers.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The authority has fixed rate investments which are subject to fair value risk, as the value will fluctuate as a result of changes in market rates.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

10. FINANCIAL INSTRUMENTS – Continued

Liquidity Risk

Liquidity risk is the risk that the authority will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The authority has sufficient cash available from its operations to meet its obligations. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from the prior year.

11. COMMITMENTS

The authority has a collection contract with Prairie Trail Disposal, which is in effect until June 30, 2029. The authority is paying \$21,684 per month plus charges for extra containers over 60, under the terms of the contract.

The authority has agreements with transfer site contractors to provide services as required. The agreements do not have a specified date of termination. The authority pays the contractors \$26,711 annually plus mileage to and from the transfer sites. The contractors are also paid \$30 per hour for attending mandatory meetings.

12. BUDGET AMOUNTS

The budget was prepared by the authority with the Board of Directors' approval. It is presented for information purposes only and has not been audited.

13. APPROVAL OF FINANCIAL STATEMENTS

The board and management have approved these financial statements.