

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION

FINANCIAL STATEMENTS

For the year ended December 31, 2022

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To: The Board of
Chief Mountain Regional Solid Waste Services Commission

Opinion

We have audited the financial statements of the Chief Mountain Regional Solid Waste Services Commission which comprise the statement of financial position as at December 31, 2022, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, continued

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

Report on Other Legal and Regulatory Requirements

Debt limit Regulation:

In accordance with Alberta Regulation 76/2000 we confirm that the Chief Mountain Regional Solid Waste Services Commission is in compliance with the Debt Limit Regulation. A detailed account of the Commission's debt limit can be found in note 7.

Lethbridge, Alberta
April 12, 2023



Chartered Professional Accountants

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents (note 3)	\$ 1,251,687	\$ 1,066,161
Trade and other receivables (note 4)	12,171	22,460
	1,263,858	1,088,621
Liabilities		
Accounts payable and accrued liabilities	37,215	52,925
Landfill closure and post-closure liability (note 5)	89,822	81,639
Long-term debt (note 6)	141,220	180,521
	268,257	315,085
Net financial assets	995,601	773,536
Non-financial assets		
Prepaid expenses	18,085	18,620
Tangible capital assets (schedule 1)	2,217,948	2,425,446
	2,236,033	2,444,066
Accumulated surplus (note 10, schedule 2)	\$ 3,231,634	\$ 3,217,602

Approved on behalf of the board:

Member _____

Member _____

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	Budget (unaudited)	2022	2021
Revenue			
Service fees charged to commission members	\$ 922,844	\$ 923,235	\$ 872,859
Other service fees and sales of goods	79,365	59,469	97,825
Investment income	8,303	31,117	8,563
Other revenues	3,649	2,603	3,721
Gain on disposal of capital assets	-	-	86,566
	1,014,161	1,016,424	1,069,534
Expenses			
Salaries, wages and benefits	300,050	298,996	277,980
Contracted and general services	91,441	83,419	59,022
Materials, goods and utilities	433,946	393,155	454,562
Closure and post-closure costs	-	8,183	8,916
Bank charges and short-term interest	3,570	3,243	3,405
Interest on long-term debt	6,041	1,997	1,170
Engineering fees	5,000	5,901	4,874
Amortization of tangible capital assets	176,113	207,498	107,353
	1,016,161	1,002,392	917,282
Excess of revenue over expenses	(2,000)	14,032	152,252
Accumulated surplus, beginning of year	3,217,602	3,217,602	3,065,350
Accumulated surplus, end of year	\$ 3,215,602	\$ 3,231,634	\$ 3,217,602

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2022

	Budget (unaudited)	2022	2021
Excess of revenue over expenses	\$ (2,000)	\$ 14,032	\$ 152,252
Acquisition of tangible capital assets	-	-	(751,850)
Amortization of tangible capital assets	176,113	207,498	107,353
Gain on disposal of tangible capital assets	-	-	(86,566)
Proceeds on disposal of tangible capital assets	-	-	103,024
	176,113	207,498	(628,039)
Net change in prepaid expenses	-	535	(3,976)
Change in net financial assets	174,113	222,065	(479,763)
Net financial assets, beginning of year	773,536	773,536	1,253,299
Net financial assets, end of year	\$ 947,649	\$ 995,601	\$ 773,536

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

	2022	2021
Operating transactions		
Excess of revenue over expenses	\$ 14,032	\$ 152,252
Adjustments for items which do not affect cash		
Gain on disposal of tangible capital assets	-	(86,566)
Amortization of tangible capital assets	207,498	107,353
Closure and post closure costs	8,183	8,916
	229,713	181,955
Net change in non-cash working capital items		
Trade and other receivables	10,289	7,771
Prepaid expenses	535	(3,976)
Accounts payable and accrued liabilities	(15,710)	18,555
	224,827	204,305
Capital transactions		
Proceeds on disposal of tangible capital assets	-	103,024
Acquisition of tangible capital assets	-	(751,850)
	-	(648,826)
Financing transactions		
Proceeds on long-term debt	-	200,000
Repayment of long-term debt	(39,301)	(19,479)
	(39,301)	180,521
Increase (decrease) in cash and cash equivalents	185,526	(264,000)
Cash and cash equivalents, beginning of year	1,066,161	1,330,161
Cash and cash equivalents, end of year	\$ 1,251,687	\$ 1,066,161

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Nature of operations

Chief Mountain Regional Solid Waste Services Commission is constituted under the Municipal Government Act and was approved by the Minister of Municipal Affairs on March 17, 2020 for the purpose of constructing, maintaining, controlling and managing a regional solid waste collection and disposal facility.

The members of the Commission are the Town of Cardston, Town of Raymond, Town of Magrath, Town of Milk River, Cardston County, County of Warner, Blood Band, Village of Hill Spring, Village of Glenwood, Village of Warner, Village of Coutts and Village of Stirling.

The Commission is exempt from income taxation under Section 149 of the Canada Income Tax Act.

2. Significant accounting policies

The financial statements are prepared in accordance with Canadian public sector accounting standards and reflect the assets, liabilities, revenues and expenses, and change in the financial position of the Commission. Significant aspects of the accounting policies adopted by the Commission are as follows:

(a) Use of estimates

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

A significant area requiring the use of management's estimates was the landfill closure/post-closure liability. The liability was calculated based on estimated future cash flows required to cover the costs of landfill closure and groundwater monitoring.

The effect on the financial statements of changes in such estimates in future periods could be significant.

(b) Basis of presentation

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. Significant accounting policies, continued

(c) Valuation of financial assets and liabilities

The Commission's financial assets and financial liabilities are measured as follows:

Financial statement component	Measurement
Cash	Cost
Trade and other receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

(d) Budget amounts

The budget amounts presented on the statement of operations are taken from the Commission's annual budget. Certain budget amounts have been reclassified to conform with the current year's financial statement presentation.

(e) 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.

Restricted investment income is recognized in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Government transfers are recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets acquired.

(f) Investments

The Commission has elected to classify all of its investments at amortized cost. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

(g) Landfill closure and post-closure

Pursuant to the Alberta Environment Protection and Enhancement Act, the Commission 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, landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(h) Long-term debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transaction costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. Significant accounting policies, continued

(i) 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 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 or betterment of the asset. The cost of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Power equipment	10
Engineered structures - fences	10
Engineered structures - gravel roads	15
Machinery and equipment	20
Buildings	50

One-half of the annual amortization is charged in the year of acquisition. 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 are recorded as revenue.

3. Cash and cash equivalents

Cash and cash equivalents consist of cash and temporary investments. Temporary investments include a high interest savings account.

	2022	2021
Cash	\$ 204,265	\$ 177,808
Internally restricted	1,047,422	888,353
	\$ 1,251,687	\$ 1,066,161

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

4. Trade and other receivables

	2022	2021
Trade receivables	\$ 4,839	\$ 18,013
GST receivable	7,332	4,447
	\$ 12,171	\$ 22,460

5. Landfill closure and post-closure liability

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, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 1.5% and adjusted for annual inflation.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 1,080,000 cubic metres. The existing landfill site is expected to reach capacity in 2074.

	2022	2021
Estimated post-closure costs	\$ 87,057	\$ 82,908
Estimated capacity used	36.01 %	34.80 %
Portion of total liability recognized	31,347	28,849
Estimated closure costs of landfill used	58,475	52,790
	\$ 89,822	\$ 81,639

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

6. Long-term debt

	2022	2021
Debenture payable	\$ 141,220	\$ 180,521

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	\$ 39,762	\$ 1,536	\$ 41,298
2024	40,228	1,070	41,298
2025	40,701	597	41,298
2026	20,529	120	20,649
	\$ 141,220	\$ 3,323	\$ 144,543

Debenture debt is repayable to Treasury Board and Finance and bears interest at 1.17% per annum and matures in 2026.

Interest on long-term debt amounted to \$1,997 (2021 - \$1,170).

7. Debt limits

Section 3 of Alberta Regulation 76/2000 requires that debt and debt limits for the Commission be disclosed as follows:

	2022	2021
Total debt limit	\$ 2,032,848	\$ 2,139,068
Total debt	141,220	180,521
	\$ 1,891,628	\$ 1,958,547
Debt servicing limit	\$ 355,748	\$ 374,337
Debt servicing	41,298	41,298
	\$ 314,450	\$ 333,039

The debt limit is calculated at 2 times revenue of the Commission (as defined in Alberta Regulation 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. Reserves

	2022	2021
Capital	\$ 848,201	\$ 703,726
Post closure	199,408	184,814
	\$ 1,047,609	\$ 888,540

9. Equity in tangible capital assets

	2022	2021
Tangible capital assets (schedule 1)	\$ 4,708,187	\$ 4,708,187
Accumulated amortization (schedule 1)	(2,490,239)	(2,282,741)
Long-term debt (note 6)	(141,220)	(180,521)
	\$ 2,076,728	\$ 2,244,925

10. Accumulated surplus

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2022	2021
Unrestricted surplus	\$ 107,297	\$ 84,137
Internally restricted surplus (reserves) (note 8)	1,047,609	888,540
Equity in tangible capital assets (note 9)	2,076,728	2,244,925
	\$ 3,231,634	\$ 3,217,602

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. Related party transactions

The Town of Cardston, Town of Raymond, Town of Magrath, Town of Milk River, Cardston County, County of Warner, Blood Band, Village of Hill Spring, Village of Glenwood, Village of Warner, Village of Coutts and Village of Stirling are members of the Commission and, as such, have been identified as related parties.

Transactions

Service fees are based on the budgeted net operating costs of the Commission and are allocated among the Commission members based on population. Service fees charged to Commission members are as follows:

	2022	2021
Blood Band	\$ 257,746	\$ 239,501
Cardston County	131,965	123,003
Town of Raymond	124,897	116,415
County of Warner	121,540	121,832
Town of Cardston	115,120	107,302
Town of Magrath	71,711	66,841
Village of Stirling	37,372	34,834
Town of Milk River	25,992	26,865
Village of Warner	11,723	12,117
Village of Glenwood	9,306	8,674
Village of Coutts	7,700	7,959
Village of Hill Spring	4,771	4,447
	<u>\$ 919,843</u>	<u>\$ 869,790</u>

	2022	2021
Accounts receivable include amounts receivable from:		
Town of Raymond	\$ -	\$ 840

Accounts payable include amounts payable from:		
Town of Cardston	5,018	8,205
Town of Magrath	3,593	2,195
Town of Raymond	2,068	2,646
	<u>10,679</u>	<u>13,046</u>

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. Related party transactions, continued

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.

12. Approval of financial statements

These financial statements were approved by Board and Management.

13. Financial instruments

The Commission's financial instruments consist of trade and other receivables, amounts due from commission members and accounts payable and accrued liabilities. It is management's opinion that the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of these financial instruments approximates their fair value, except as noted in these financial statements.

14. Budget amounts

The 2022 budget was approved by the Commission on January 12, 2022 and has been reported in the financial statements for information purposes only. The budget amounts have not been audited, reviewed, or otherwise verified.

Budgeted deficit per financial statements	\$ (2,000)
Less: Capital expenditures	(280,000)
Transfers to reserves	(10,000)
Add: Transfers from reserves	292,000
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Equals: budgeted surplus	\$ -
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CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

15. Local authorities pension plan

Employees of the Commission participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 281,764 people and 435 employers. The LAPP is financed by the employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Commission is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Commission are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the Commission to the LAPP in 2022 were \$18,583 (2021 - \$20,375). Total current service contributions by the employees of the Commission to the LAPP in 2022 were \$16,541 (2021 - \$18,352).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.922 billion.

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of tangible capital assets

Schedule 1

	Land	Buildings	Engineered structures	Machinery and equipment	Power equipment	2022	2021
Cost:							
Balance, beginning of year	\$ 697,500	\$ 1,427,399	\$ 417,587	\$ 290,051	\$ 1,875,650	\$ 4,708,187	\$ 4,367,337
Acquisitions	-	-	-	-	-	-	751,850
Disposals	-	-	-	-	-	-	(411,000)
Balance, end of year	697,500	1,427,399	417,587	290,051	1,875,650	4,708,187	4,708,187
Accumulated amortization:							
Balance, beginning of year	-	1,126,049	332,469	106,961	717,262	2,282,741	2,569,930
Annual amortization	-	28,548	28,866	14,503	135,581	207,498	107,353
Disposals	-	-	-	-	-	-	(394,542)
Balance, end of year	-	1,154,597	361,335	121,464	852,843	2,490,239	2,282,741
Net book value	\$ 697,500	\$ 272,802	\$ 56,252	\$ 168,587	\$ 1,022,807	\$ 2,217,948	\$ 2,425,446
2021 net book value	\$ 697,500	\$ 301,350	\$ 85,118	\$ 183,090	\$ 1,158,388	\$ 2,425,446	

CHIEF MOUNTAIN REGIONAL SOLID WASTE SERVICES COMMISSION
SCHEDULES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of changes in accumulated surplus
Schedule 2

	Unrestricted	Internally restricted	Equity in tangible capital assets	2022	2021
Balance, beginning of year	\$ 84,137	\$ 888,540	\$ 2,244,925	\$ 3,217,602	\$ 3,065,350
Excess of revenue over expenses	14,032	-	-	14,032	152,252
Unrestricted funds designated for future use	(208,942)	208,942	-	-	-
Restricted funds used for tangible capital assets	49,873	(49,873)	-	-	-
Annual amortization expense	207,498	-	(207,498)	-	-
Long-term debt repaid	(39,301)	-	39,301	-	-
Change in accumulated surplus	23,160	159,069	(168,197)	14,032	152,252
Balance, end of year	\$ 107,297	\$ 1,047,609	\$ 2,076,728	\$ 3,231,634	\$ 3,217,602