

**LEDUC AND DISTRICT REGIONAL  
WASTE MANAGEMENT COMMISSION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

## **INDEPENDENT AUDITORS' REPORT**

To the Members of the Leduc and District Regional Waste Management Commission

### *Opinion*

We have audited the financial statements of the Leduc and District Regional Waste Management Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes 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, 2021, and the results of its operations and accumulated surplus and the changes in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe 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 relating 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 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***METRIX GROUP LLP***

Chartered Professional Accountants

Edmonton, Alberta  
March 16, 2022

**LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 11,604,970	\$ 11,071,153
Accounts receivable	1,663,454	1,265,463
Goods and Service Tax receivable	128,618	211,500
Investments (Note 3)	<u>2,282,832</u>	<u>2,252,230</u>
	<u>15,679,874</u>	<u>14,800,346</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	971,852	1,192,264
Landfill closure and post-closure costs (Note 4)	<u>3,909,241</u>	<u>3,550,165</u>
	<u>4,881,093</u>	<u>4,742,429</u>
 <b>NET FINANCIAL ASSETS</b>	<u>10,798,781</u>	<u>10,057,917</u>
 <b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (Schedule 1)	16,260,327	16,805,037
Prepaid expenses	<u>30,327</u>	<u>58,160</u>
	<u>16,290,654</u>	<u>16,863,197</u>
 <b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 27,089,435</u>	<u>\$ 26,921,114</u>

ON BEHALF OF THE COMMISSION:

  
 \_\_\_\_\_ Chair

  
 \_\_\_\_\_ Vice Chair

**LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION**

**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u><b>2021</b></u> (Budget) (Note 12)	<u><b>2021</b></u> (Actual)	<u><b>2020</b></u> (Actual)
<b>Revenue</b>			
Commercial and construction waste fees	\$ 2,789,092	\$ <b>2,001,429</b>	\$ 2,085,925
Residential waste fees	1,757,603	<b>1,966,798</b>	2,025,601
Beneficial and impacted soil fees	1,036,308	<b>1,401,101</b>	2,962,260
Other waste fees	55,863	<b>71,958</b>	39,166
Less rebates	<u>(281,818)</u>	<u><b>(243,456)</b></u>	<u>(243,070)</u>
 Total operating revenue	 5,357,048	 <b>5,197,830</b>	 6,869,882
 Interest and investment income	 61,644	 <b>78,536</b>	 125,947
Other revenue	<u>-</u>	<u><b>1,841</b></u>	<u>1,679</u>
 Total Revenue	 <u>5,418,692</u>	 <u><b>5,278,207</b></u>	 <u>6,997,508</u>
 <b>Expenses</b>			
Contracted operator fees	2,628,593	<b>2,619,846</b>	3,216,314
Water monitoring and leachate disposal	430,000	<b>443,882</b>	389,571
Landfill closure and post-closure provision (Note 4)	340,423	<b>424,772</b>	656,354
Contracted administration fees	238,000	<b>238,000</b>	233,500
Contracted professional fees	328,800	<b>135,870</b>	170,528
Other	119,830	<b>80,171</b>	62,886
Bird management	74,000	<b>58,436</b>	30,031
Repairs and maintenance	58,500	<b>42,022</b>	85,387
Insurance	30,000	<b>24,671</b>	25,820
Advertising and public awareness	30,000	<b>12,576</b>	5,967
Bank charges and interest	25,000	<b>9,737</b>	14,859
Conferences, training and meetings	30,800	<b>4,745</b>	13,142
Bad debts (recovery)	40,000	<b>(868)</b>	13,513
Amortization of tangible capital assets	<u>-</u>	<u><b>1,016,026</b></u>	<u>1,006,940</u>
 Total Expenses	 <u>4,373,946</u>	 <u><b>5,109,886</b></u>	 <u>5,924,812</u>
 <b>Excess of Revenue over Expenses</b>	 1,044,746	 <b>168,321</b>	 1,072,696
 <b>Accumulated Surplus, Beginning of Year</b>	 <u>26,921,114</u>	 <u><b>26,921,114</b></u>	 <u>25,848,418</u>
 <b>Accumulated Surplus, End of Year</b>	 <u>27,965,860</u>	 <u><b>\$ 27,089,435</b></u>	 <u>\$ 26,921,114</u>

The accompanying notes are an integral part of these financial statements.

**LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Excess of Revenue Over Expenses</b>	<b>\$ 168,321</b>	<b>\$ 1,072,696</b>
Acquisition of tangible capital assets	<b>(471,316)</b>	(2,367,514)
Amortization of tangible capital assets	<u>1,016,026</u>	<u>1,006,940</u>
	<b>713,031</b>	(287,878)
Net use (acquisition) of prepaid expenses	<u>27,833</u>	<u>8,368</u>
<b>Increase in Net Financial Assets</b>	<b>740,864</b>	(279,510)
<b>Net Financial Assets, Beginning of Year</b>	<u>10,057,917</u>	<u>10,337,427</u>
<b>Net Financial Assets, End of Year</b>	<b><u>\$ 10,798,781</u></b>	<b><u>\$ 10,057,917</u></b>

**LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Cash from operations		
Excess of revenue over expenditures	\$ 168,321	\$ 1,072,696
Amortization of tangible capital assets	1,016,026	1,006,940
Landfill closure and post-closure provision	424,772	656,354
Change in non-cash working capital		
balances related to operations:		
Accounts receivable	(397,991)	(10,293)
Goods and Services Tax receivable	82,882	(28,934)
Prepaid expenses	27,833	8,368
Accounts payable and accrued liabilities	(220,412)	243,239
Landfill closure and post-closure costs	<u>(65,696)</u>	<u>-</u>
	<u>1,035,735</u>	<u>2,948,370</u>
<b>Investing Activities</b>		
Purchase of investments	<u>(30,602)</u>	<u>(48,187)</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	<u>(471,316)</u>	<u>(2,367,514)</u>
<b>Change in Cash During the Year</b>	<b>533,817</b>	<b>532,669</b>
<b>Cash, Beginning of Year</b>	<u><b>11,071,153</b></u>	<u><b>10,538,484</b></u>
<b>Cash, End of Year</b>	<u><b>\$ 11,604,970</b></u>	<u><b>\$ 11,071,153</b></u>

## LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION

## SCHEDULE 1

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Engineered Structures</u>	<u>2021</u>	<u>2020</u>
<b>COST:</b>						
Balance, Beginning of Year	\$ 823,333	\$ 3,009,554	\$ 2,928,123	\$18,215,518	<b>\$24,976,528</b>	\$22,609,014
Acquisition of tangible capital assets	-	-	-	471,316	<b>471,316</b>	2,367,514
Disposal of tangible capital assets	-	-	-	-	-	-
Balance, End of Year	<u>823,333</u>	<u>3,009,554</u>	<u>2,928,123</u>	<u>18,686,834</u>	<b><u>25,447,844</u></b>	<u>24,976,528</u>
<b>ACCUMULATED AMORTIZATION:</b>						
Balance, Beginning of Year	-	813,932	1,136,824	6,220,735	<b>8,171,491</b>	7,164,551
Annual amortization	-	<u>61,733</u>	<u>234,455</u>	<u>719,838</u>	<b><u>1,016,026</u></b>	<u>1,006,940</u>
Balance, End of Year	-	<u>875,665</u>	<u>1,371,279</u>	<u>6,940,573</u>	<b><u>9,187,517</u></b>	<u>8,171,491</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ <u>823,333</u></b>	<b>\$ <u>2,133,889</u></b>	<b>\$ <u>1,556,844</u></b>	<b>\$ <u>11,746,261</u></b>	<b>\$ <u>16,260,327</u></b>	<b>\$ <u>16,805,037</u></b>

Cost includes construction in progress of \$3,781,194 (2020 - \$3,309,877). These amounts are not amortized until the asset is complete and in use.



# LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 1. NATURE OF OPERATIONS

The Leduc and District Regional Waste Management Commission (the "Commission") was established on June 27, 1978 with the objective to provide solid waste disposal facilities and services in an efficient, environmentally responsible and socially acceptable manner, for the benefit of member municipalities. Its members are: City of Leduc, Leduc County, City of Beaumont, Town of Calmar and Town of Devon.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards for local governments established by the Canadian Public Sector Accounting Board.

#### (b) Cash

Cash includes a chequing account that is readily converted into known amounts of cash and subject to an insignificant change in value.

#### (c) Investments

Investments are recorded at cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### (d) Revenue Recognition

User fees are recognized as revenue when waste material is received at the landfill site.

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Government transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Investment income is recognized as revenue when earned.

#### (e) Tangible Capital Assets

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Engineering structures	9 - 35 years
Equipment	10 years
Buildings	50 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Commission's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONT'D)

DECEMBER 31, 2021

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) Landfill Closure and Post-Closure Liability

Pursuant to the *Alberta Environmental Protection Act*, the Commission is required to fund the closure of the landfill and provide for post-closure care of the facility. Closure and post-closure costs include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. This requirement is being provided for over the estimated remaining life of the landfill site based on usage. The annual provision is reported as an operating expenditure, and the accumulated provision is reported as a liability on the statement of financial position.

(g) Measurement Uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates regarding significant items such as allowances for uncollectible receivables, amounts relating to impairment assessments and amortization of tangible capital assets, and provisions for closure and post-closure costs 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 reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**3. INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Bonds - at cost	\$ <u>2,282,832</u>	\$ <u>2,252,230</u>

The investments consist of a mix of bonds with rates of return between 0.41% and 2.05%, maturing between 2022 and 2024. The income from these investments is being reinvested as received.

The market value of the investments at December 31, 2021 was \$2,314,783 (2020 - \$2,307,826).

# LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION

## NOTES TO FINANCIAL STATEMENTS (CONT'D)

**DECEMBER 31, 2021**

### 4. PROVISION FOR LANDFILL CLOSURE AND POST-CLOSURE COSTS

The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

The liability recorded at December 31, 2021 is \$ 3,909,241 and represents the Commission's estimate of the present value of closure and post-closure costs. Closure will involve covering the site with topsoil and vegetation, and installing groundwater monitoring wells. Post-closure care activities are expected to occur for 25 years and will involve surface and ground water monitoring and landfill cover maintenance.

The municipal solid waste portion of the landfill is expected to reach capacity in 2024. The west cell is expected to reach capacity in 2040.

The funds to discharge this obligation are currently being held in the cash and investment accounts of the Commission.

The detail of the activities in this account are as follows:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Balance - beginning of year	\$ 3,550,165	\$ 2,893,811
Additions to the liability	424,772	656,354
Expenditures	<u>(65,696)</u>	<u>-</u>
Balance - end of year	<b><u>\$ 3,909,241</u></b>	<b><u>\$ 3,550,165</u></b>

The current rate charged to fund this liability is \$2.939 per tonne.

### 5. DEBT LIMITS

Section 3 of the Alberta Regulation No. 76/2000 requires that debt and debt limits for the Commission be disclosed as follows:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Total debt limit	\$ <b><u>10,556,414</u></b>	\$ <b><u>13,995,016</u></b>
Total debt	<u>-</u>	<u>-</u>
Unused debt limit	\$ <b><u>10,556,414</u></b>	\$ <b><u>13,995,016</u></b>
Service on debt limit	\$ <b><u>1,847,372</u></b>	\$ <b><u>2,449,128</u></b>
Service on debt	<u>-</u>	<u>-</u>
Unused service on debt limit	\$ <b><u>1,847,372</u></b>	\$ <b><u>2,449,128</u></b>

The debt limit is calculated at 2 times revenue of the Commission (as defined in the Alberta Regulation 76/2000) and the debt service limit is calculated as 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 that could be at a 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.

**LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2021**

**6. ACCUMULATED SURPLUS**

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

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ 131,118	\$ 976,305
Restricted surplus (Note 8)	10,697,990	9,139,772
Equity in tangible capital assets (Note 7)	<u>16,260,327</u>	<u>16,805,037</u>
	<u>\$ 27,089,435</u>	<u>\$ 26,921,114</u>

**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2021</u>	<u>2020</u>
Cost of tangible capital assets (Schedule 1)	\$ 25,447,844	\$ 24,976,528
Accumulated amortization of tangible capital assets (Schedule 1)	<u>(9,187,517)</u>	<u>(8,171,491)</u>
	<u>\$ 16,260,327</u>	<u>\$ 16,805,037</u>

**8. RESTRICTED SURPLUS**

Reserves are established at the discretion of the Board of Directors to set aside funds for future operating and capital purposes. Transfers to and from reserves are reflected as adjustments to the respective fund. Changes in reserve balances during the year were as follows:

	<u>2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>2021</u>
General Reserve	\$ 8,639,772	\$ 1,392,913	\$ -	\$10,032,685
Rate Stabilization Reserve	500,000	-	-	500,000
Capital Reserve	<u>-</u>	<u>624,614</u>	<u>(459,309)</u>	<u>165,305</u>
	<u>\$ 9,139,772</u>	<u>\$ 2,017,527</u>	<u>\$ (459,309)</u>	<u>\$10,697,990</u>

The description and purpose of each reserve is as follows:

**General Reserve**

The General Reserve was established to undertake projects.

**Rate Stabilization Reserve**

The Rate Stabilization Reserve was established for the purpose of stabilizing land fill usage fees so that they remain fairly consistent on a year by year basis. The reserve will help to fund future anticipated, as well as unexpected cost increases, rather than implementing annual land fill use rate increases. The maximum balance for this reserve has been set at \$500,000.

**Capital Reserve**

The Capital Reserve was established to fund major capital projects.

**LEDUC AND DISTRICT REGIONAL WASTE MANAGEMENT COMMISSION**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**DECEMBER 31, 2021**

**9. RELATED PARTY TRANSACTIONS**

The municipalities that are members of the Commission are considered to be related parties.

Accounts receivable includes a total of \$166,961 (2020 - \$172,590) receivable from Commission members.

Accounts payable and accrued liabilities includes a total of \$169,753 (2020 - \$137,643) payable to Commission members.

Administration expense includes \$238,000 (2020 - \$233,500) paid to the City of Leduc for management and administrative services.

These transactions are in the normal course of operations and are measured at the exchange amounts as established and agreed to by the related parties.

**10. COMMITMENTS**

The City of Leduc provides management services to the Commission under the terms of an agreement to the end of 2024, with annual compensation of \$225,000 for 2022, \$229,500 for 2023 and \$234,000 for 2024.

GFL Environmental Inc. provides operational services to the Commission under the terms of an agreement to the end of 2023. The agreement provides for monthly compensation payments based on volumes of waste processed.

**11. FINANCIAL INSTRUMENTS**

The Commission's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the Commission is not exposed to significant interest rate, currency, credit, liquidity, market or other price risk arising from these financial instruments. The carrying values of these financial instruments approximates their fair value.

**12. BUDGET**

The budget figures presented in these financial statements are based on the 2021 final budget adopted by the Board on November 18, 2020.