

**Leduc and District Regional Waste Management Commission**  
**Financial Statements**  
*December 31, 2023*



Leduc & District Regional  
Waste Management Facility

## Management's Responsibility

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To the Board of Leduc and District Regional Waste Management Commission:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Commission's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 24, 2024

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Managing Partner

## Independent Auditor's Report

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To the Board of Leduc and District Regional Waste Management Commission:

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Leduc and District Regional Waste Management Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net financial assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2023, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Qualified Opinion

The Commission derives the majority of its revenue from waste fees charged on a per tonne basis. The recognition of this revenue is initiated once the waste crosses the weigh scales, for which calibration certificates were not available. Since, it is not possible for the Commission to ensure that all revenue is reported, the completeness of revenue is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts reported to the Commission by the operations provider and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the year ended December 31, 2023, and current assets and accumulated surplus as at December 31, 2023.

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 qualified 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:

- 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 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.

## Report on Other Legal and Regulatory Requirements

### Debt Limit Regulation:

In accordance with Alberta regulation 255/2000, we confirm that the Commission is in compliance with the Debt Limit Regulation. A detailed account of the Commission's debt limit can be found on Note 7.

Leduc, Alberta

April 24, 2024

*MNP* **LLP**

Chartered Professional Accountants

**MNP**

# Leduc and District Regional Waste Management Commission

## Statement of Financial Position

As at December 31, 2023

	2023	2022
<b>Financial assets</b>		
Cash	8,449,419	5,613,989
Investments (Note 4)	7,632,521	9,424,806
Trade and other accounts receivable (Note 5), (Note 8)	1,216,061	2,066,528
	<b>17,298,001</b>	17,105,323
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	1,801,607	460,392
Asset retirement obligations (Note 6)	11,981,615	-
Landfill closure and post-closure costs (Note 3)	-	4,569,432
<b>Total of financial liabilities</b>	<b>13,783,222</b>	5,029,824
<b>Net financial assets</b>	<b>3,514,779</b>	12,075,499
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	27,264,792	15,292,355
Prepaid expenses	8,430	15,168
<b>Total non-financial assets</b>	<b>27,273,222</b>	15,307,523
<b>Accumulated surplus (Schedule 2)</b>	<b>30,788,001</b>	27,383,022

### Commitments (Note 12)

Approved on behalf of the Board of Directors



Chair



Vice Chair

The accompanying notes are an integral part of these financial statements

# Leduc and District Regional Waste Management Commission

## Statement of Operations

For the year ended December 31, 2023

	2023 Budget (Note 11)	2023	2022
<b>Revenue</b>			
Fee revenue			
Commercial and construction waste fees	4,184,715	2,815,630	2,122,646
Beneficial and impacted soil fees	2,220,824	2,556,455	1,982,895
Residential waste fees	494,693	1,286,610	1,720,125
Other waste fees	21,500	23,833	918,890
Investment income	129,263	607,791	239,240
Other revenue	1,840	2,448	1,636
Rebates	(259,832)	(166,972)	(223,068)
	6,793,003	7,125,795	6,762,364
<b>Expenses</b>			
Contract operator fees	3,144,291	3,421,642	3,679,046
Amortization	-	2,842,128	1,018,179
Other	450,720	453,336	94,444
Water monitoring and leachate disposal	443,839	367,920	398,432
Accretion (Note 6)	-	348,979	-
Contracted administration fees (Note 8)	229,500	229,500	225,000
Contracted professional fees	218,225	209,715	160,310
Bird management	140,000	144,908	111,784
Salaries and benefits	145,000	95,029	-
Conferences, training and meetings	54,500	60,025	47,765
Repairs and maintenance	71,500	54,085	32,968
Insurance	28,000	26,929	21,404
Bank charges and interest	15,000	25,862	25,338
Bad debts (recovery)	25,000	2,653	(22,522)
Advertising and public awareness	26,000	1,863	11,625
Landfill closure and post closure provision	459,347	-	665,004
	5,450,922	8,284,574	6,468,777
<b>Operating (deficit) surplus before other items</b>	1,342,081	(1,158,779)	293,587
<b>Remeasurement of closure / post closure (Note 3)</b>	-	4,563,758	-
<b>Excess of revenue over expenses</b>	1,342,081	3,404,979	293,587
<b>Accumulated surplus, beginning of year</b>	27,383,022	27,383,022	27,089,435
<b>Accumulated surplus, end of year</b>	28,725,103	30,788,001	27,383,022

The accompanying notes are an integral part of these financial statements

**Leduc and District Regional Waste Management Commission**  
**Statement of Change in Net Financial Assets**

*For the year ended December 31, 2023*

	<b>2023 Budget (Note 11)</b>	<b>2023</b>	<b>2022</b>
<b>Excess of revenue over expenses</b>	<b>1,342,081</b>	<b>3,404,979</b>	293,587
Acquisition of tangible capital assets	(3,370,000)	(3,187,605)	(50,206)
Amortization of tangible capital assets	-	<b>2,842,128</b>	1,018,179
Loss on disposal of tangible capital assets	-	<b>5,674</b>	-
Asset retirement obligation	-	(11,632,636)	-
Use of prepaid expenses	-	<b>6,740</b>	15,159
<b>Increase (decrease) in net financial assets</b>	<b>(2,027,919)</b>	<b>(8,560,720)</b>	1,276,719
<b>Net financial assets, beginning of year</b>	<b>12,075,499</b>	<b>12,075,499</b>	10,798,780
<b>Net financial assets, end of year</b>	<b>10,047,580</b>	<b>3,514,779</b>	12,075,499

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

# Leduc and District Regional Waste Management Commission

## Statement of Cash Flows

*For the year ended December 31, 2023*

	2023	2022
<b>Operating activities</b>		
Excess of revenue over expenses	3,404,979	293,587
Non-cash items		
Amortization	2,842,128	1,018,179
Accretion (Note 6)	348,979	-
Landfill closure and post-closure provision	-	665,005
Remeasurement of closure and post-closure provision	(4,563,758)	-
	2,032,328	1,976,771
Changes in working capital accounts		
Decrease (increase) in trade and other accounts receivable	850,468	(369,694)
Decrease in prepaid expenses and deposits	6,738	15,159
Increase (decrease) in accounts payable and accrued liabilities	265,296	(511,459)
Decrease landfill closure and post-closure costs	-	(4,814)
	3,154,830	1,105,963
<b>Capital activities</b>		
Purchases of tangible capital assets	(2,111,688)	(50,207)
<b>Investing activities</b>		
Decrease (increase) in investments	1,792,286	(7,046,737)
<b>Increase (decrease) in cash resources</b>	2,835,428	(5,990,981)
<b>Cash resources, beginning of year</b>	5,613,991	11,604,970
<b>Cash resources, end of year</b>	8,449,419	5,613,989

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



**Leduc and District Regional Waste Management Commission**  
**Schedule 1 - Schedule of Tangible Capital Assets**

*For the year ended December 31, 2023*

	<i>Construction in progress</i>	<i>Land</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Engineering structures</i>	<i>2023</i>	<i>2022</i>
<b>Cost</b>							
Balance, beginning of year	3,782,856	823,333	3,017,347	2,928,123	14,946,392	25,498,051	25,447,844
Acquisition of tangible capital assets	-	-	-	286,676	2,890,345	3,177,021	50,207
Construction-in-progress	10,583	-	-	-	-	10,583	-
Disposal of tangible capital assets	-	-	-	(5,675)	-	(5,675)	-
Transfer from construction-in-progress	(3,777,525)	-	-	-	3,777,525	-	-
Asset retirement obligation	-	-	-	-	11,632,636	11,632,636	-
Balance, end of year	15,914	823,333	3,017,347	3,209,124	33,246,898	40,312,616	25,498,051
<b>Accumulated amortization</b>							
Balance, beginning of year	-	-	937,513	1,607,772	7,660,411	10,205,696	9,187,517
Annual amortization	-	-	61,963	291,034	2,489,131	2,842,128	1,018,179
Balance, end of year	-	-	999,476	1,898,806	10,149,542	13,047,824	10,205,696
<b>Net book value of tangible capital assets</b>	<b>15,914</b>	<b>823,333</b>	<b>2,017,871</b>	<b>1,310,318</b>	<b>23,097,356</b>	<b>27,264,792</b>	<b>15,292,355</b>
2022 Net book value of tangible capital assets	3,782,856	823,333	2,079,834	1,361,103	7,245,229	15,292,355	

During the year, tangible capital assets were acquired at an aggregate cost of \$14,820,240, of which \$1,075,916 remains in accounts payable at year-end, \$11,632,636 in asset retirement obligations recognized during the year on a non-cash basis. The remaining \$2,111,688 were acquired with cash.

**Leduc and District Regional Waste Management Commission**  
**Schedule 2 - Schedule of Changes in Accumulated Surplus**

*For the year ended December 31, 2023*

	<i>Unrestricted Surplus</i>	<i>Restricted Operating Reserve (Note 10)</i>	<i>Restricted Capital Reserve (Note 10)</i>	<i>Equity in Tangible Capital Assets (Note 9)</i>	<i>2023</i>	<i>2022</i>
<b>Balance, beginning of year</b>	<b>456,977</b>	<b>10,895,530</b>	<b>738,160</b>	<b>15,292,355</b>	<b>27,383,022</b>	<b>27,089,437</b>
Excess of revenue over expenses	3,404,979	-	-	-	3,404,979	293,585
Unrestricted funds designated for future use	(1,607,263)	964,932	642,331	-	-	-
Restricted funds used - operations	1,921,748	(1,921,748)	-	-	-	-
Restricted funds used - capital	-	-	(1,380,491)	1,380,491	-	-
Amortization of tangible capital assets	2,842,128	-	-	(2,842,128)	-	-
Disposal of tangible capital assets	5,675	-	-	(5,675)	-	-
Current year funds used for tangible capital assets	(1,807,114)	-	-	1,807,114	-	-
Asset retirement obligation - liability	11,981,615	-	-	(11,981,615)	-	-
Asset retirement obligation - asset	(11,632,636)	-	-	11,632,636	-	-
<b>Change in accumulated surplus</b>	<b>5,109,132</b>	<b>(956,816)</b>	<b>(738,160)</b>	<b>(9,177)</b>	<b>3,404,979</b>	<b>293,585</b>
<b>Balance, end of year</b>	<b>5,566,109</b>	<b>9,938,714</b>	<b>-</b>	<b>15,283,178</b>	<b>30,788,001</b>	<b>27,383,022</b>

# Leduc and District Regional Waste Management Commission

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 1. Nature of the organization

The Leduc and District Regional Waste Management Commission (the "Commission") is constituted under the *Municipal Government Act* and was established by Alberta Regulation 292/84. The Commission's main purpose is to provide waste disposal facilities and services in an efficient, environmentally responsible and socially acceptable manner, for the benefit of member municipalities. The Commission is exempt from income tax under Section 149 of the *Income Tax Act*.

### 2. Significant accounting policies

The financial statements of the Commission are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Commission are as follows:

#### **Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records 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.

#### **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 revenue 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.

Trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

#### **Cash**

Cash includes balances deposited with financial institutions.

#### **Investments**

Investments are recorded at amortized 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.

#### **Asset retirement obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Commission to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2023. The best 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 (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Commission reviews the carrying amount of the liability. The Commission 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 Commission 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.

# Leduc and District Regional Waste Management Commission

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 2. Significant accounting policies *(Continued from previous page)*

#### **Revenue recognition**

##### **Government transfers**

The Commission recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Commission recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

##### **Waste and other revenue**

User fees and other sources of revenue 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.

##### **Investment income**

Income earned from investments is recorded as earned and gains and losses on the sale of investments are recorded in income on disposition. Investment premiums and discounts are amortized proportionately over the term of the respective investment.

##### **Financial instruments**

The Commission recognizes its financial instruments when the Commission becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Commission may irrevocably elect to subsequently measure any financial instrument at fair value. The Commission has not made such an election during the year.

The Commission subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating excess of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

##### **Non-financial assets**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

# Leduc and District Regional Waste Management Commission

## Notes to the Financial Statements

For the year ended December 31, 2023

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### 2. Significant accounting policies (Continued from previous page)

#### ***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. Contributed tangible capital assets are recorded at fair value at the date of contribution.

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.

#### ***Amortization***

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.

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b><i>Method</i></b>	<b><i>Years</i></b>
Engineering structures	straight-line	9 -35
Equipment	straight-line	10
Buildings	straight-line	50

### 3. Change in accounting policy

Effective January 1, 2023, the Commission adopted the recommendations relating to the following new accounting standards, as set out in the Canadian public sector accounting standards:

#### ***Asset retirement obligations***

Effective January 1, 2023, the Commission adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements.

Previously, the Commission recorded the provision for site rehabilitation in accordance with PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*, which requires recognition of a liability for closure and post-closure care as the site capacity is used and is equal to the proportion of the estimated total expenditure required for closure and post-closure care. Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 6.

Pursuant to the recommendations, the change was applied prospectively and prior periods have not been restated. As such, the Commission recognized asset retirement obligations for those arising on or after January 1, 2023, as well as for those arising prior to January 1, 2023, but for which an obligation was not previously recognized.

The effect in the current year of adopting this new standard is to increase liabilities by \$7,063,204, increase the associated tangible capital assets by \$11,632,636, and a recovery of the closure/post closure liability of \$4,563,758 .

**Leduc and District Regional Waste Management Commission**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2023*

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**4. Investments**

	2023	2022
Accumulated interest receivable	229,431	95,237
Investment - at cost	7,403,090	9,329,569
	<b>7,632,521</b>	<b>9,424,806</b>

Market value at December 31, 2023 is \$7,676,918 (2022 - \$9,287,181). Investments consist of a mix of bonds with a rate of return between 1.42% and 4.82%, maturing between 2024 and 2026. The income from these investments is being reinvested as received.

**5. Trade and other accounts receivable**

	2023	2022
Trade receivable from member municipalities	109,346	127,874
Other receivable	837,201	1,789,393
Goods and services rebate receivable	269,514	149,261
	<b>1,216,061</b>	<b>2,066,528</b>

**6. Asset retirement obligations**

The Commission recognized a liability for the asset retirement obligations and a corresponding amount has been capitalized as an asset retirement costs and added to the carrying value of \$11,632,636 (2022 - \$nil). The asset retirement costs are amortized on a straight-line basis over the useful life of the related tangible capital assets.

The Commission estimated the amount of the liability using the discounted cash flow method. The significant assumptions used to determine the best estimate of the liability included an estimate of the estimated useful life of the asset, inflation rate of 2.00% and a risk-free rate of 3.00%.

	2023	2022
<b>Balance, beginning of year</b>	<b>11,632,636</b>	-
Accretion	348,979	-
<b>Balance, end of year</b>	<b>11,981,615</b>	-

**Leduc and District Regional Waste Management Commission**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2023*

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**7. Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 76/2000 for the Capital Region Southwest Water Services Commission be disclosed as follows:

	2023	2022
Total debt limit	14,251,590	13,524,726
Amount of debt limit unused	14,251,590	13,524,726
Service on debt limit	2,494,028	2,366,827
Amount of debt servicing limit unused	2,494,028	2,366,827

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 municipalities which could be 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.

**8. Related party transactions**

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

**(a) Members' charges**

Included in fee revenue are charges to participating municipalities based upon usage by respective residents:

	2023
City of Leduc	1,998,135
Leduc County	1,255,282
City of Beaumont	564,316
Town of Devon	193,636
Town of Calmar	99,455
	4,110,824

**(b) Management and operating contract fees**

During the year, the Commission paid \$229,500 (2022- \$225,000) in management and administrative fees to the City of Leduc.

**(c) Trade and other accounts receivable**

The year end trade and other accounts receivable balance includes a total of \$109,346 (2022 - \$252,352) receivable from member municipalities.

**(d) Accounts payable and accrued liabilities**

The year end accounts payable and accrued liabilities balance includes a total of \$109,322 (2022 - \$163,313) owing to member municipalities.

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

**Leduc and District Regional Waste Management Commission**  
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**9. Equity in tangible capital assets**

	2023	2022
Tangible capital assets ( <i>Schedule 1</i> )	40,312,616	25,498,051
Accumulated amortization ( <i>Schedule 1</i> )	(13,047,824)	(10,205,696)
Asset retirement obligations ( <i>Note 6</i> )	(11,981,615)	-
	<b>15,283,177</b>	<b>15,292,355</b>

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**10. Restricted surplus**

Surplus restricted for operating and capital activities changed as follows:

	2022	Increases	Decreases	2023
General reserve	10,395,529	964,932	(1,921,748)	9,438,714
Rate stabilization reserve	500,000	-	-	500,000
Capital reserve	738,161	642,331	(1,380,491)	-
	<b>11,633,690</b>	<b>1,607,263</b>	<b>(3,302,239)</b>	<b>9,938,714</b>

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**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.

**11. Budget information**

The disclosed budget information has been approved by the board of the Leduc and District Regional Waste Management Commission at the board meeting held on November 16, 2022.

The Commission does not budget for amortization. Included in the actual expenses on the statement of operations is amortization of \$2,842,128 (2022 - \$1,018,179).



# Leduc and District Regional Waste Management Commission

## Notes to the Financial Statements

*For the year ended December 31, 2023*

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### 12. Commitments

The Commission has entered into a management agreement with the City of Leduc expiring on December 31, 2024, with an optional 2 year term extension. \$234,000 in annual compensation for 2024.

GFL Environmental Inc. provided 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.

In fiscal 2024 the Commission signed an agreement with Whissell Waste Solutions Ltd. to provide operational services to the Commission under the terms of an agreement to the end of 2033. The agreement provides for monthly compensation payments based on volumes of waste processed.

### 13. Financial Instruments

The Commission as part of its operations carries a number of financial instruments. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

#### ***Credit Risk***

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

#### ***Risk management***

The Commission manages its credit risk by provides allowances for potentially uncollectible accounts receivable and consider credit ratings of counterparties.

### 14. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.