

Leduc and District Regional Waste Management Commission
Financial Statements
December 31, 2024

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

Report on the Audit of the Financial Statements

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, 2024, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2024, 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 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:

- 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 76/2000, 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 in Note 7.

Leduc, Alberta

April 16, 2025

MNP LLP

Chartered Professional Accountants

MNP

Leduc and District Regional Waste Management Commission

Statement of Financial Position

As at December 31, 2024

	2024	2023
Financial assets		
Cash	7,963,363	8,449,419
Investments (Note 4)	7,995,672	7,632,521
Trade and other accounts receivable (Note 5), (Note 8)	1,192,689	1,216,061
Asset held for sale (Schedule 1)	559,629	-
	17,711,353	17,298,001
Liabilities		
Asset retirement obligations (Note 6)	12,341,064	11,981,615
Accounts payable and accrued liabilities (Note 8)	524,164	1,801,609
Total of financial liabilities	12,865,228	13,783,224
Net financial assets	4,846,125	3,514,777
Commitments (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	23,948,523	27,264,792
Prepaid expenses	9,887	8,430
Total non-financial assets	23,958,410	27,273,222
Accumulated surplus (Schedule 2)	28,804,535	30,787,999

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, 2024

	2024 <i>Budget</i> <i>(Note 11)</i>	2024	2023
Revenue			
Fee revenue			
Commercial and construction waste fees	3,741,661	3,469,662	2,815,630
Beneficial and impacted soil fees	729,144	419,443	2,556,455
Residential waste fees	530,953	534,208	1,286,610
Other waste fees	52,665	96,605	23,833
Investment income	200,000	743,571	607,791
Other revenue	2,500	2,479	2,448
Rebates	(216,899)	(147,815)	(166,972)
	5,040,024	5,118,153	7,125,795
Expenses			
Amortization	-	2,825,468	2,842,128
Contract operator fees	2,113,300	2,413,506	3,421,642
Water monitoring and leachate disposal	459,834	450,567	367,920
Accretion <i>(Note 6)</i>	-	359,448	348,979
Contracted administration fees <i>(Note 8)</i>	234,000	234,000	229,500
Other	95,077	190,668	453,336
Salaries and benefits	141,464	139,114	95,029
Contracted professional fees	149,700	126,513	209,715
Bird management	142,800	105,979	144,908
Repairs and maintenance	82,200	86,815	54,085
Conferences, training and meetings	69,850	60,791	60,025
Bad debts	30,000	41,292	2,653
Insurance	28,560	22,566	26,929
Bank charges and interest	15,300	22,162	25,862
Advertising and public awareness	26,500	16,048	1,863
Office supplies	-	5,775	-
Landfill closure and post closure provision	241,749	-	-
	3,830,334	7,100,712	8,284,574
Operating (deficit) surplus before other items	1,209,690	(1,982,559)	(1,158,779)
Other income (expense)			
Loss on disposal of capital assets	-	(905)	-
Remeasurement of closure / post closure	-	-	4,563,758
	-	(905)	4,563,758
Excess (deficiency) of revenue over expenses	1,209,690	(1,983,464)	3,404,979
Accumulated surplus, beginning of year	30,787,999	30,787,999	27,383,020
Accumulated surplus, end of year	31,997,689	28,804,535	30,787,999

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, 2024

	2024 Budget (Note 11)	2024	2023
Excess (deficiency) of revenue over expenses	1,209,690	(1,983,464)	3,404,979
Acquisition of tangible capital assets	(870,000)	(69,731)	(3,187,605)
Amortization of tangible capital assets	-	2,825,468	2,842,128
Loss on sale of tangible capital assets	-	905	-
Loss on disposal of tangible capital assets	-	-	5,674
Asset retirement obligation	-	-	(11,632,636)
Use (acquisition) of prepaid expenses	-	(1,459)	6,738
Asset held for sale adjustment	-	559,629	-
Increase (decrease) in net financial assets	339,690	1,331,348	(8,560,722)
Net financial assets, beginning of year	3,514,777	3,514,777	12,075,499
Net financial assets, end of year	3,854,467	4,846,125	3,514,777

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, 2024

	2024	2023
Operating activities		
Excess (deficiency) of revenue over expenses	(1,983,464)	3,404,979
Non-cash items		
Amortization	2,825,468	2,842,128
Accretion (Note 6)	359,448	348,979
Remeasurement of closure and post-closure provision	-	(4,563,758)
Loss on disposal of capital assets	905	-
	1,202,357	2,032,328
Changes in working capital accounts		
Decrease in trade and other accounts receivable	23,371	850,468
Decrease (increase) in prepaid expenses and deposits	(1,457)	6,738
Increase (decrease) in accounts payable and accrued liabilities	(201,528)	265,296
	1,022,743	3,154,830
Capital activities		
Purchases of tangible capital assets	(1,145,647)	(2,111,688)
Investing activities		
Net decrease (increase) of investments	(363,152)	1,792,286
Increase (decrease) in cash resources	(486,056)	2,835,428
Cash resources, beginning of year	8,449,419	5,613,991
Cash resources, end of year	7,963,363	8,449,419

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, 2024

	<i>Construction in progress</i>	<i>Land</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Engineering structures</i>	<i>2024</i>	<i>2023</i>
Cost							
Balance, beginning of year	15,914	823,333	3,017,347	3,162,700	33,293,322	40,312,616	25,498,051
Acquisition of tangible capital assets	-	-	-	16,060	53,671	69,731	3,177,021
Construction-in-progress	(15,914)	-	-	-	15,914	-	10,583
Disposal of tangible capital assets	-	-	-	(75,183)	-	(75,183)	(5,675)
Asset retirement obligation	-	-	-	-	-	-	11,632,636
Asset held for sale	-	-	-	(1,243,619)	-	(1,243,619)	-
Balance, end of year	-	823,333	3,017,347	1,859,958	33,362,907	39,063,545	40,312,616
Accumulated amortization							
Balance, beginning of year	-	-	999,476	1,863,138	10,185,210	13,047,824	10,205,696
Annual amortization	-	-	61,963	247,194	2,516,311	2,825,468	2,842,128
Accumulated amortization on disposals	-	-	-	(74,279)	-	(74,279)	-
Asset held for sale	-	-	-	(683,991)	-	(683,991)	-
Balance, end of year	-	-	1,061,439	1,352,062	12,701,521	15,115,022	13,047,824
Net book value of tangible capital assets	-	823,333	1,955,908	507,896	20,661,386	23,948,523	27,264,792
2023 Net book value of tangible capital assets	15,914	823,333	2,017,871	1,310,318	23,097,356	27,264,792	

During the year, tangible capital assets were acquired at an aggregate cost of \$69,731 (2023 - \$14,820,240), of which nil remained in accounts payable at year-end (2023 - \$1,075,916), no asset retirement obligations were recognized (2023 - \$11,632,636) on a non-cash basis, resulting in total cash acquisitions of \$1,045,647 (2023 - \$1,792,286).

The commission has designated an asset with a carrying value of \$559,629 as held for sale. The asset is no longer in use and is expected to be sold subsequent to year-end.

Leduc and District Regional Waste Management Commission
Schedule 2 - Schedule of Changes in Accumulated Surplus (Deficit)

For the year ended December 31, 2024

	<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>2024</i>	<i>2023</i>
Balance, beginning of year	5,566,106	9,938,714	-	15,283,179	30,787,999	27,383,020
Excess (deficiency) of revenue over expenses	(1,983,464)	-	-	-	(1,983,464)	3,404,979
Unrestricted funds designated for future use	(737,674)	143,098	594,576	-	-	-
Restricted funds for operations	216,983	(216,983)	-	-	-	-
Restricted funds used for tangible capital assets	-	-	(69,731)	69,731	-	-
Amortization of tangible capital assets	2,825,468	-	-	(2,825,468)	-	-
Disposal of tangible capital assets	905	-	-	(905)	-	-
Asset retirement obligation - accretion	359,448	-	-	(359,448)	-	-
Change in accumulated surplus	681,666	(73,885)	524,845	(3,116,090)	(1,983,464)	3,404,979
Balance, end of year	6,247,772	9,864,829	524,845	12,167,089	28,804,535	30,787,999

Leduc and District Regional Waste Management Commission

Notes to the Financial Statements

For the year ended December 31, 2024

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, 2024. 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, 2024

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.

Revenue from transactions with performance obligations is recognized when the Commission satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

The Commission recognizes revenue from waste 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 (deficiency) 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, 2024

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:

	Method	Years
Engineering structures	straight-line	9 -35
Equipment	straight-line	10
Buildings	straight-line	50

3. Change in accounting policies

Revenue

Effective January 1, 2024, the Commission adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

Leduc and District Regional Waste Management Commission
Notes to the Financial Statements
For the year ended December 31, 2024

4. Investments

	2024	2023
Accumulated interest receivable	450,899	229,431
Investment - at cost	7,544,773	7,403,090
	7,995,672	7,632,521

Market value at December 31, 2024 is \$7,984,603 (2023 - \$7,676,918). Investments consist of a mix of bonds with a rate of return between 1.85% and 4.62%, maturing between 2025 and 2028. The income from these investments is being reinvested as received.

5. Trade and other accounts receivable

	2024	2023
Trade receivable from member municipalities	464,554	109,346
Other receivable	634,188	837,201
Goods and services rebate receivable	93,947	269,514
	1,192,689	1,216,061

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 \$nil (2023 - \$11,632,636). 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%.

	2024	2023
Balance, beginning of year	11,981,615	11,632,636
Accretion	359,448	348,979
Balance, end of year	12,341,063	11,981,615

Leduc and District Regional Waste Management Commission

Notes to the Financial Statements

For the year ended December 31, 2024

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:

	2024	2023
Total debt limit	10,236,306	14,251,590
Amount of debt limit unused	10,236,306	14,251,590
Service on debt limit	1,791,354	2,494,028
Amount of debt servicing limit unused	1,791,354	2,494,028

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:

	2024	2023
City of Leduc	660,388	1,998,135
City of Beaumont	305,704	564,316
Town of Devon	170,062	193,636
Leduc County	31,486	1,255,282
Town of Calmar	9,971	99,455
	1,177,611	4,110,824

(b) Management and operating contract fees

During the year, the Commission paid \$234,000 (2023 - \$229,500) 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 \$464,554 (2023 - \$109,346) receivable from member municipalities.

(d) Accounts payable and accrued liabilities

The year end accounts payable and accrued liabilities balance includes a total of \$166,184 (2023 - \$109,322) 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

Notes to the Financial Statements

For the year ended December 31, 2024

9. Equity in tangible capital assets

	2024	2023
Tangible capital assets (<i>Schedule 1</i>)	39,063,546	40,312,616
Accumulated amortization (<i>Schedule 1</i>)	(15,115,022)	(13,047,824)
Asset retirement obligations (<i>Note 6</i>)	(12,341,064)	(11,981,615)
Asset held for sale (<i>Schedule 1</i>)	559,629	-
	12,167,089	15,283,177

10. Restricted surplus

Surplus restricted for operating and capital activities changed as follows:

	2023	Increases	Decreases	2024
General reserve	9,438,714	143,098	(216,983)	9,364,829
Rate stabilization reserve	500,000	-	-	500,000
Capital reserve	-	594,576	(69,731)	524,845
	9,938,714	737,674	(286,714)	10,389,674

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 October 25, 2023.

The Commission does not budget for amortization. Included in the actual expenses on the statement of operations is amortization of \$2,948,949 (2023 - \$2,842,128).

Leduc and District Regional Waste Management Commission

Notes to the Financial Statements

For the year ended December 31, 2024

12. Commitments

The Commission has entered into a management agreement with the City of Leduc expiring on December 31, 2026, with an optional 2 year term extension. \$234,000 in annual compensation.

Whissell Waste Solutions Ltd. provided 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.