

M.D. #52 WASTE MANAGEMENT AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

M.D. #52 WASTE MANAGEMENT AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Page |
|---|--------|
| Managements' Responsibility for Financial Reporting | 1 |
| Independent Auditors' Report | 2 - 3 |
| Statement of Financial Position | 4 |
| Statement of Operations | 5 |
| Statement of Changes in Net Financial Assets (Debt) | 6 |
| Statement of Cash Flows | 7 |
| Schedule 1 – Changes in Accumulated Surplus | 8 |
| Notes to the Financial Statements | 9 – 16 |

**MANAGEMENTS' RESPONSIBILITY FOR
FINANCIAL REPORTING**

Management of M.D. #52 Waste Management Authority is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the authority's financial position as at December 31, 2022 and the results of its operations for the year then ended.

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

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

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

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

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

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

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



Chairman

June 5/23
Date



Financial Officer

June 5/23
Date

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of M.D. #52 Waste Management Authority, which comprise the statement of financial position as at December 31, 2022 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes schedule to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

A significant area requiring the use of management's estimates was the post closure care liability. Significant changes in the costs of closure and post closure care could result in changes to this liability amount. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Stettler, Alberta
June 5, 2023


CHARTERED PROFESSIONAL ACCOUNTANTS

M.D. #52 WASTE MANAGEMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

| | 2022 | 2021 |
|---|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 688,535 | \$ 391,353 |
| Accounts receivable | 48,171 | 15,254 |
| GST receivable | 30,730 | 10,039 |
| Prepaid expenses | 2,501 | - |
| Term deposits (Note 3) | <u>325,692</u> | <u>568,810</u> |
| | <u>1,095,629</u> | <u>985,456</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 42,872 | 22,029 |
| Post closure care liability (Note 4) | <u>221,827</u> | <u>207,519</u> |
| | <u>264,699</u> | <u>229,548</u> |
| NET FINANCIAL ASSETS (DEBT) | | |
| | <u>830,930</u> | <u>755,908</u> |
| NON FINANCIAL ASSETS | | |
| Tangible capital assets (Note 5) | <u>224,978</u> | <u>256,210</u> |
| ACCUMULATED SURPLUS (Schedule 1) | | |
| | \$ <u>1,055,908</u> | \$ <u>1,012,118</u> |

APPROVED OF BEHALF OF THE BOARD:

 Director

M.D. #52 WASTE MANAGEMENT AUTHORITY

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

| | Budget | 2022 | 2021 |
|--|-------------------------|----------------------------|----------------------------|
| REVENUE | | | |
| Requisitions (Note 6) | \$ 407,055 | \$ 407,055 | \$ 418,028 |
| Landfill and other charges | 73,465 | 92,117 | 83,302 |
| Interest | 8,000 | 25,946 | 7,818 |
| Rent | <u>1,223</u> | <u>1,223</u> | <u>1,223</u> |
| | <u>489,743</u> | <u>526,341</u> | <u>510,371</u> |
| EXPENDITURES | | | |
| Administration | | | |
| Administration fees | 14,000 | 10,010 | 8,999 |
| Advertising | 500 | 24 | 396 |
| Bad debts (recoveries) | 4,000 | (1,436) | 3,599 |
| Liability insurance | 1,500 | 1,582 | 1,406 |
| Office | 1,500 | 1,325 | 1,396 |
| Professional fees | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> |
| | <u>26,500</u> | <u>16,505</u> | <u>20,796</u> |
| Landfill | | | |
| Amortization | - | 25,344 | 25,163 |
| Engineering | 2,000 | 23,866 | - |
| Fuel and repairs | 24,000 | 51,832 | 28,424 |
| Future site reclamation costs (Note 4) | 14,000 | 14,308 | 14,125 |
| Insurance | 1,800 | 1,553 | 1,669 |
| Operator | 148,788 | 149,568 | 148,788 |
| Recycle bins | 17,100 | 11,360 | 11,905 |
| Refrigerant and used oil removal | 3,500 | 3,827 | 3,278 |
| Site maintenance | 21,997 | 15,239 | 14,843 |
| Utilities and telephone | <u>10,000</u> | <u>11,601</u> | <u>8,212</u> |
| | <u>243,185</u> | <u>308,498</u> | <u>256,407</u> |
| Transfer Site | | | |
| Amortization | - | 5,888 | 5,888 |
| Collection contract | 56,082 | 56,169 | 56,082 |
| Custom work | 23,400 | 12,454 | 15,907 |
| Maintenance | 48,000 | 47,646 | 43,422 |
| Paint & hazardous waste | 2,800 | 521 | 1,875 |
| Supervision | <u>36,800</u> | <u>34,870</u> | <u>33,617</u> |
| | <u>167,082</u> | <u>157,548</u> | <u>156,791</u> |
| Total Expenditures | <u>436,767</u> | <u>482,551</u> | <u>433,994</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | \$ <u>52,976</u> | 43,790 | 76,377 |
| ACCUMULATED SURPLUS – BEGINNING OF YEAR | | <u>1,012,118</u> | <u>935,741</u> |
| ACCUMULATED SURPLUS – END OF YEAR | | \$ <u>1,055,908</u> | \$ <u>1,012,118</u> |

M.D. #52 WASTE MANAGEMENT AUTHORITY
STATEMENT OF CHANGES IN FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2022

| | 2022 | 2021 |
|--|-------------------|-------------------|
| EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES | \$ 43,790 | \$ 76,377 |
| Amortization of tangible capital assets | <u>31,232</u> | <u>31,051</u> |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | 75,022 | 107,428 |
| NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR | <u>755,908</u> | <u>648,480</u> |
| NET FINANCIAL ASSETS (DEBT) - END OF YEAR | \$ <u>830,930</u> | \$ <u>755,908</u> |

M.D. #52 WASTE MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

| | 2022 | 2021 |
|--|----------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | \$ 43,790 | \$ 76,377 |
| Non-cash items included | | |
| Amortization | 31,232 | 31,051 |
| Future site closure and post closure obligations | <u>14,308</u> | <u>14,125</u> |
| | 89,330 | 121,553 |
| Changes in non-cash current assets and liabilities | | |
| Accounts receivable | (32,917) | (268) |
| GST receivable | (20,691) | 231 |
| Prepaid expenses | (2,501) | - |
| Accounts payable and accrued liabilities | <u>20,843</u> | <u>(2,711)</u> |
| Cash provided by (used in) operating activities | <u>54,064</u> | <u>118,805</u> |
| CHANGES IN CASH AND EQUIVALENTS DURING THE YEAR | 54,064 | 118,805 |
| CASH AND EQUIVALENTS – BEGINNING OF YEAR | <u>960,163</u> | <u>841,358</u> |
| CASH AND EQUIVALENTS – END OF YEAR | <u><u>1,014,227</u></u> | <u><u>960,163</u></u> |
| CASH AND CASH EQUIVALENTS IS MADE UP OF: | | |
| Cash in bank | 688,535 | 391,353 |
| Term deposits | <u>325,692</u> | <u>568,810</u> |
| | \$ <u><u>1,014,227</u></u> | \$ <u><u>960,163</u></u> |

M.D. #52 WASTE MANAGEMENT AUTHORITY

SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2022

| | 2022 | | | | |
|--|--|----------------------------------|------------------------------------|----------------------------|----------------------------|
| | Equity in Tangible Capital Assets | Restricted Net Assets | Unrestricted Net Assets | Total | 2021 Total |
| BALANCE – BEGINNING OF YEAR | \$ 256,210 | \$ 718,666 | \$ 37,242 | \$ 1,012,118 | \$ 935,741 |
| Excess (deficiency) of revenue over expenditures | - | - | 43,790 | 43,790 | 76,377 |
| Transfers to (from) reserves | - | 85,977 | (85,977) | - | - |
| Amortization expense | <u>(31,232)</u> | <u>-</u> | <u>31,232</u> | <u>-</u> | <u>-</u> |
| BALANCE – END OF YEAR | \$ <u>224,978</u> | \$ <u>804,643</u> | \$ <u>26,287</u> | \$ <u>1,055,908</u> | \$ <u>1,012,118</u> |

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Reporting Entity

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

(b) Basis of Accounting

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

(c) Use of Estimates

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

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Estimated useful life of landfill cells are based on expected waste volumes. If volumes available vary from the estimated tangible capital assets and equity in tangible capital assets will change.

A significant area requiring the use of management's estimate is the obligation for post closure care. The amount of the obligation was estimated by management. Significant changes in the costs or timing of post closure care could result in a change to this obligation.

A significant area requiring the use of management's estimates was the accounts receivable valuation. The value of the accounts receivable was determined by identifying collectable accounts at December 31, 2022. Significant changes in the collectable accounts could result in impairment of accounts receivable.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and term deposits. The authority's bank accounts pay interest at prime less 1.9%, prime less 1.8% and prime less 1.95% as well as varying rates depending on the balance of the account.

(e) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the authority is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection.

(f) Contaminated Sites Liability

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

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

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

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

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Non-Financial Assets – Continued

(i) Tangible Capital Assets – Continued

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

(ii) Contributions of Tangible Capital Assets

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

(h) Restricted Funds for Future Expenditures

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

(i) Equity in Tangible Capital Assets

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

(j) Contributions

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

(k) Revenue Recognition

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

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

(l) Financial Instruments

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

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(l) Financial Instruments - Continued

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

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

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

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

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

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

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

(a) Section PS 1201 - Financial Statement Presentation

This section provides guidance on general reporting principles and disclosure of information in financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(b) Section PS 2601 - Foreign Currency Translation

This section establishes standards on how to account for and report transactions that are denominated in foreign currency. Effective for the fiscal years beginning on or after April 1, 2022.

(c) Section PS 3041 - Portfolio Investments

This section establishes standards on how to account for and report portfolio investments in government financial statements. Effective for the fiscal years beginning on or after April 1, 2022.

(d) Section PS 3050 – Loans Receivable

This section establishes standards on how to account for and report loans receivable in government financial statements. The standards apply to loans to borrowers outside of the government reporting entity. Effective for the fiscal years beginning on or after April 1, 2022.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED - Continued

(e) Section PS 3160 – Public Private Partnerships

This section establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. Effective for the fiscal years beginning on or after April 1, 2023.

(f) Section PS 3450 – Financial Instruments

This section establishes guidance on the recognition, measurement and disclosure requirements for financial instruments. Effective for the fiscal years beginning on or after April 1, 2022.

(g) Section PS 3280 – Asset Retirement Obligations

This section establishes standards on how to account for a liability for retirement of a tangible capital asset. Effective for the fiscal years beginning on or after April 1, 2022.

(h) Section PS 3400 – Revenue

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. Effective for the fiscal years beginning on or after April 1, 2023.

(i) Section PSG – 8 – Purchased Intangibles

This section establishes standards on how to recognize and record purchased intangibles that meet the definition of an asset. Effective for the fiscal years beginning on or after April 1, 2023.

3. TERM DEPOSITS

The term deposits are presented as short term as they mature within the authority's next fiscal year. As there is no market for term deposits, the fair value of these investments is equal to their carrying value.

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Deposit, interest at prime less 1.75% | \$ 1,804 | \$ 350,217 |
| Deposit, interest at prime less 1.65% | 11,271 | 108,795 |
| Deposit, interest at prime less 1.60% | 112,617 | 109,798 |
| Cashable GIC, interest at 4.75%, maturing December 2023 | <u>200,000</u> | <u>-</u> |
| | <u>\$ 325,692</u> | <u>\$ 568,810</u> |

4. POST CLOSURE CARE 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, the ongoing environmental monitoring, site inspections and maintenance for a period of 25 years after the closure of the landfill. Landfills are not expected to reach full capacity until approximately 2050.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

4. POST CLOSURE CARE LIABILITY – Continued

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 334,807 cubic meters. The estimated remaining capacity of the landfill site is 229,080 (2021 – 235,899) cubic meters.

| | 2022 | 2021 |
|-----------------------------|------------|------------|
| Post closure care liability | \$ 221,827 | \$ 207,519 |

Funds needed for post-closure are expected to be obtained through requisitions from member municipalities and tipping fees. Future costs may include drainage control, water quality and leachate monitoring, final cover and vegetation.

Funds have been set aside for future liabilities including closure and post closure costs. Term deposits and savings accounts in the amount of \$979,955 are sufficient to cover these restricted funds.

Costs for and the length of time until closure and post closure care have been estimated by an engineering firm study. Total closure and post closure costs are estimated at \$702,460 (2021 - \$702,460), with \$480,633 (2021 - \$494,941) of these costs remaining to be recognized.

The post closure liability is adjusted annually based on management’s estimate of the future costs.

5. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated Amortization | 2022 | 2021 |
|-----------------------|---------------------|-----------------------------|-------------------|-------------------|
| Land improvements | \$ 46,627 | \$ 46,627 | - | - |
| Engineered structures | 648,091 | 636,462 | 11,629 | 13,467 |
| Buildings | 277,072 | 220,631 | 56,441 | 61,130 |
| Equipment | <u>651,332</u> | <u>494,424</u> | <u>156,908</u> | <u>181,613</u> |
| | <u>\$ 1,623,122</u> | <u>\$ 1,398,144</u> | <u>\$ 224,978</u> | <u>\$ 256,210</u> |

6. RELATED PARTY TRANSACTIONS

During the year, the authority received requisitions of \$407,055 (2021 - \$418,028) from its member municipalities.

Included in accounts payable is the amount of \$14,185 (2021 - \$13,405) due to a member municipality in the ordinary course of operations at normal trade terms. The authority pays the Municipal District of Provost for administration, insurance and miscellaneous services annually.

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

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

7. RESTRICTED NET ASSETS

| | 2022 | 2021 |
|-------------------------|-------------------|-------------------|
| Bin replacement | \$ 14,017 | \$ 8,517 |
| Environmental | 266,937 | 253,937 |
| Equipment replacement | 344,457 | 284,457 |
| Future site replacement | 76,596 | 71,096 |
| Trench | <u>120,159</u> | <u>100,659</u> |
| | <u>\$ 822,166</u> | <u>\$ 718,666</u> |

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

8. ECONOMIC DEPENDENCE

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

9. FINANCIAL INSTRUMENTS

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

Market Risk

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The authority's accounts receivable are subject to normal industry credit risks. The carrying value of accounts receivable reflects management's assessment of the credit risk associated with its customers.

10. COMMITMENTS

The authority has a collection contract with Prairie Trail Disposal, which is in effect until June 30, 2024. The authority is paying \$20,966 per month plus charges for extra containers over 60, under the terms of the contract.

The authority has agreements with transfer site contractors to provide services as required. The agreements do not have a specified date of termination. The authority pays the contractors \$20 per hour for shifts worked and for attending safety meetings and courses.

M.D. #52 WASTE MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

11. BUDGET AMOUNTS

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