

**MOUNTAIN VIEW REGIONAL WASTE
MANAGEMENT COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 responsibility 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 the financial statements.

The appointed Board of Directors of Mountain View Regional Waste Management Commission are composed entirely of individuals who are neither management nor employees of the Commission. The Board has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Board is also responsible for the appointment of the Commission's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the financial statements and to report directly to them. 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.



Michael Wuetherick
Chief Administrative Officer

April 24, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Mountain View Regional Waste Management Commission

Opinion

We have audited the accompanying financial statements of Mountain View Regional Waste Management Commission (the Commission), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

(continues)

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 it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

METRIX GROUP LLP


Chartered Professional Accountants

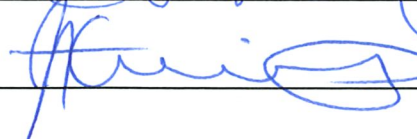
Edmonton, Alberta
April 24, 2023

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
Statement of Financial Position
For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 918,329	\$ 736,297
Accounts receivable (Note 3)	539,348	527,671
Investments (Note 4)	<u>894,337</u>	<u>877,672</u>
	<u>2,352,014</u>	<u>2,141,640</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	238,583	222,145
Obligations under capital lease (Note 6)	542,306	-
Long term debt (Note 7)	265,272	337,600
Landfill closure and post-closure costs (Note 8)	<u>563,085</u>	<u>610,113</u>
	<u>1,609,246</u>	<u>1,169,858</u>
NET FINANCIAL ASSETS	<u>742,768</u>	<u>971,782</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	5,446,244	5,240,957
Inventory for consumption	-	4,101
Prepaid expenses and deposits	<u>42,948</u>	<u>36,973</u>
	<u>5,489,192</u>	<u>5,282,031</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 6,231,960</u>	<u>\$ 6,253,813</u>

ON BEHALF OF THE BOARD:


 _____ Director


 _____ Director

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

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 16)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
REVENUE			
Tipping fees	\$ 2,123,820	\$ 2,321,550	\$ 2,991,120
Fees for service	856,744	855,816	860,011
Recyclables	175,983	139,815	198,304
Other	18,621	33,350	32,051
Investment income	11,500	27,476	28,666
Rentals	<u>-</u>	<u>3,800</u>	<u>3,800</u>
	<u>3,186,668</u>	<u>3,381,807</u>	<u>4,113,952</u>
EXPENSES			
Contracted and general services	1,633,850	1,569,987	1,674,587
Salaries, wages and benefits	895,280	950,424	905,267
Amortization of tangible capital assets	207,557	509,555	831,275
Materials, goods and utilities	211,740	174,277	156,482
Interest on long term debt	6,651	18,873	8,123
Interest and bank charges	12,000	12,111	11,393
Bad debts	<u>1,000</u>	<u>261</u>	<u>3,143</u>
	<u>2,968,078</u>	<u>3,235,488</u>	<u>3,590,270</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>218,590</u>	<u>146,319</u>	<u>523,682</u>
OTHER INCOME (EXPENSES)			
Landfill closure and post-closure provision (Note 8)	(25,000)	47,028	32,852
Loss on disposal of tangible capital assets	<u>-</u>	<u>(215,200)</u>	<u>(223,520)</u>
	<u>(25,000)</u>	<u>(168,172)</u>	<u>(190,668)</u>
ANNUAL SURPLUS (DEFICIT)	193,590	(21,853)	333,014
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>6,253,813</u>	<u>6,253,813</u>	<u>5,920,799</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 6,447,403</u>	<u>\$ 6,231,960</u>	<u>\$ 6,253,813</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 16)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ <u>193,590</u>	\$ <u>(21,853)</u>	\$ <u>333,014</u>
Acquisition of tangible capital assets	(53,500)	(1,130,042)	(3,105,047)
Proceeds on disposal of tangible capital assets	-	200,000	593,125
Amortization of tangible capital assets	207,557	509,555	831,275
Loss on disposal of tangible capital assets	<u>-</u>	<u>215,200</u>	<u>223,520</u>
	<u>154,057</u>	<u>(205,287)</u>	<u>(1,457,127)</u>
Use (acquisition) of inventory for consumption	-	4,101	2,768
Use (acquisition) of prepaid expenses and deposits	<u>-</u>	<u>(5,975)</u>	<u>(18,348)</u>
	<u>-</u>	<u>(1,874)</u>	<u>(15,580)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>347,647</u>	<u>(229,014)</u>	<u>(1,139,693)</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>971,782</u>	<u>971,782</u>	<u>2,111,475</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ <u><u>1,319,429</u></u>	\$ <u><u>742,768</u></u>	\$ <u><u>971,782</u></u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION**Statement of Cash Flows**

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (21,853)	\$ 333,014
Amortization of tangible capital assets	509,555	831,275
Loss on disposal of tangible capital assets	<u>215,200</u>	<u>223,520</u>
	<u>702,902</u>	<u>1,387,809</u>
Change in non-cash working capital:		
Accounts receivable	(11,677)	(162,781)
Accounts payable and accrued liabilities	16,438	38,680
Landfill closure and post-closure costs	(47,028)	(32,852)
Inventory for consumption	4,101	2,768
Prepaid expenses and deposits	<u>(5,975)</u>	<u>(18,348)</u>
	<u>(44,141)</u>	<u>(172,533)</u>
	<u>658,761</u>	<u>1,215,276</u>
INVESTING ACTIVITIES		
Purchase of investments	(506,665)	(573,713)
Proceeds from disposal of investments	<u>490,000</u>	<u>559,276</u>
	<u>(16,665)</u>	<u>(14,437)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,130,042)	(3,105,047)
Proceeds on disposal of tangible capital assets	<u>200,000</u>	<u>593,125</u>
	<u>(930,042)</u>	<u>(2,511,922)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(33,194)	-
Repayment of long term debt	(72,328)	(195,038)
Proceeds from capital lease	<u>575,500</u>	<u>-</u>
	<u>469,978</u>	<u>(195,038)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	182,032	(1,506,121)
CASH, BEGINNING OF YEAR	<u>736,297</u>	<u>2,242,418</u>
CASH, END OF YEAR	<u>\$ 918,329</u>	<u>\$ 736,297</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Schedule 1

Schedule of Tangible Capital Assets

For the Year Ended December 31, 2022

	<u>Land</u>	<u>Buildings</u>	<u>Land Improvements</u>	<u>Vehicles</u>	<u>Machinery & Equipment</u>	<u>2022</u>	<u>2021</u>
COST:							
Balance, Beginning of Year	\$ 618,217	\$ 537,793	\$ 7,275,346	\$ 258,569	\$ 3,404,399	\$ 12,094,324	\$ 10,557,058
Acquisition of tangible capital assets	-	43,634	-	-	1,086,408	1,130,042	3,105,047
Disposal of tangible capital assets	<u>-</u>	<u>(3,748)</u>	<u>-</u>	<u>-</u>	<u>(691,000)</u>	<u>(694,748)</u>	<u>(1,567,781)</u>
Balance, End of Year	<u>618,217</u>	<u>577,679</u>	<u>7,275,346</u>	<u>258,569</u>	<u>3,799,807</u>	<u>12,529,618</u>	<u>12,094,324</u>
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	249,254	5,020,744	64,754	1,518,615	6,853,367	6,773,228
Amortization	-	19,191	171,446	12,000	306,918	509,555	831,275
Accumulated amortization on disposals	<u>-</u>	<u>(3,148)</u>	<u>-</u>	<u>-</u>	<u>(276,400)</u>	<u>(279,548)</u>	<u>(751,136)</u>
Balance, End of Year	<u>-</u>	<u>265,297</u>	<u>5,192,190</u>	<u>76,754</u>	<u>1,549,133</u>	<u>7,083,374</u>	<u>6,853,367</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>618,217</u>	\$ <u>312,382</u>	\$ <u>2,083,156</u>	\$ <u>181,815</u>	\$ <u>2,250,674</u>	\$ <u>5,446,244</u>	\$ <u>5,240,957</u>

The cost of tangible capital assets included \$1,895,051 (2021 - \$1,895,051) of work in progress for which no amortization has been provided.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

PURPOSE OF COMMISSION

The Mountain View Regional Waste Management Commission (the “Commission”) was established under the Municipal Government Act in 2001. The Commission is authorized to provide solid waste management services for six member municipalities. The member municipalities are: the Town of Carstairs, the Town of Didsbury, the Town of Olds, the Town of Sundre, the Village of Cremona, and Mountain View County.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the Commission.

(b) Basis of Presentation

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

(c) Revenue Recognition

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

Municipal requisitions are based on an agreement where the Commission requests funding as required. The requisition amounts are allocated to each member municipality on a per capita basis.

Tipping fees, recyclables and other fees 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 is recognized as revenue in the period earned.

(d) Landfill Closure and Post-Closure Liability

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

(e) Pension Expenditure

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

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates. The landfill closure and post-closure liability, recoverability of accounts receivable, and valuation, residual values and useful lives of tangible capital assets and inventory valuation represent significant estimates in the financial statements.

(Continues)

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives existing 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 change in net debt for the year.

I. Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. The Commission provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. Amortization rates are as follows:

Buildings	15 - 50 years
Land improvements	10 - 40 years
Machinery and Equipment	5 - 15 years
Vehicles	5 - 10 years

In the year of acquisition and in the year of disposal, amortization is calculated at one-half the normal rates. Assets under construction are not amortized until the asset is available for productive use.

Included in land improvements are landfill cell development costs which are amortized based on the volume of landfill capacity used.

II. Contribution 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.

III. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

IV. Inventory

Inventories of materials and supplies for consumption are valued at the lower of cost and net realizable value with cost determined by the average cost method.

(h) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Commission will continue to assess the impact and prepare for the adoption of these standards.

I. Financial Statement Presentation

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(Continues)

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Future Accounting Standard Pronouncements (Continued)

II. Foreign Currency Translation

PS 2601, *Foreign Currency Translation*, requires that monetary assets and liabilities denominated in foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

III. Portfolio Investments

PS 3041, *Portfolio Investments*, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

IV. Financial Instruments

PS 3450, *Financial Instruments*, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

V. Asset Retirement Obligations

PS 3280, *Asset Retirement Obligations*, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability* has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

VI. Revenue

PS 3400, *Revenue*, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable for fiscal years beginning on or after April 1, 2023.

VII. Purchased Intangibles

PSG-8, *Purchased Intangibles*, guideline provides direction regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This standard is applicable for fiscal years beginning on or after April 1, 2023.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

2. CASH

The Commission has a policy to restrict cash and investments sufficient to fund the landfill closure and post-closure liability. As at December 31, 2022 the landfill closure and post-closure liability is \$563,085 (2021 - \$610,113) as described in Note 8. The Commission plans to have sufficient cash and investments on hand to fund the liability at the time the sites are closed, however in the interim there may be times when cash and investments are less than the accrued closure and post-closure liability. Therefore, the Board has restricted additional cash and investments to cover future landfill closure and post-closure, capital and recycling reserves of \$1,511,233 (2021 - \$1,236,065) Note 10. As at December 31, 2022 the Commission had \$918,329 and \$894,337 in cash and investments totaling \$1,812,666 (2021 - \$1,613,969).

The Commission has access to an operating line of credit of \$100,000 bearing interest at prime plus 0.25%. There was no amount withdrawn for 2022 or 2021.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Goods and Services Tax recoverable	\$ 301,554	\$ 297,095
Trade	<u>237,794</u>	<u>284,803</u>
	539,348	581,898
Allowance for doubtful accounts	<u>-</u>	<u>(54,227)</u>
	<u>\$ 539,348</u>	<u>\$ 527,671</u>

4. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Guaranteed investment certificates	\$ <u>894,337</u>	\$ <u>877,672</u>

Guaranteed investment certificates maturing between September 2023 and September 2025 (2021 - April 2022 to September 2023), with interest rates varying between 1.12% and 4.61% (2021 - 0.85% and 1.98%), with an option to convert to cash with monetary penalty. The purpose of this investment is to cover future landfill closure and post-closure liabilities.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 118,849	\$ 185,243
Wages payable	77,497	5,474
Vacation accrual	<u>42,237</u>	<u>31,428</u>
	<u>\$ 238,583</u>	<u>\$ 222,145</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2022</u>	<u>2021</u>
Obligation under capital lease, repayable in \$5,689 blended monthly payments, expires May 2032, secured by the specific leased asset with a net book value of \$1,021,725 (2021 - \$NIL).	<u>\$ 542,306</u>	<u>\$ -</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 52,108	\$ 12,912	\$ 65,020
2024	53,413	11,608	65,021
2025	54,749	10,272	65,021
2026	56,119	8,902	65,021
2027	57,523	7,498	65,021
Thereafter	<u>268,394</u>	<u>15,396</u>	<u>283,790</u>
	<u>\$ 542,306</u>	<u>\$ 66,588</u>	<u>\$ 608,894</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

7. LONG TERM DEBT

			<u>2022</u>	<u>2021</u>
Debentures	Rate	Maturing		
Province of Alberta	2.081%	March 2026	\$ <u>265,272</u>	\$ <u>337,600</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 73,841	\$ 5,138	\$ 78,979
2024	75,386	3,593	78,979
2025	76,963	2,016	78,979
2026	<u>39,082</u>	<u>407</u>	<u>39,489</u>
	\$ <u>265,272</u>	\$ <u>11,154</u>	\$ <u>276,426</u>

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

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 6,763,614	\$ 8,227,904
Total debt	<u>(807,578)</u>	<u>(337,600)</u>
Total debt limits available	\$ <u>5,956,036</u>	\$ <u>7,890,304</u>
Service on debt limit	\$ 1,183,632	\$ 1,439,883
Service on debt	<u>(143,999)</u>	<u>(78,979)</u>
Service on debt limit available	\$ <u>1,039,633</u>	\$ <u>1,360,904</u>

The debt limit is calculated at 2 times revenue of the Commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify commissions that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

8. LANDFILL CLOSURE AND POST CLOSURE COSTS

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 4.90% (2021 - 3.46%) and assuming annual inflation of 2% (2021 - 2%).

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 1.344 million cubic metres. The estimated remaining capacity of the landfill site is 0.628 (2021 - 0.655) million cubic metres. The existing landfill is expected to reach capacity in approximately the year 2048.

The Commission has designated assets for settling closure and post-closure liabilities.

	<u>2022</u>	<u>2021</u>
Estimated closure costs	\$ 553,345	\$ 548,427
Estimated post-closure costs	<u>503,040</u>	<u>641,959</u>
Estimated total liability	<u>\$ 1,056,385</u>	<u>\$ 1,190,386</u>
Percentage of liability accrued by the Commission	<u>53.30%</u>	<u>51.25%</u>
Amount accrued by the Commission	<u>\$ 563,085</u>	<u>\$ 610,113</u>
Estimated liability still to be accrued	<u>\$ 493,300</u>	<u>\$ 580,273</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (<i>Schedule 1</i>)	\$ 12,529,618	\$ 12,094,324
Accumulated amortization (<i>Schedule 1</i>)	(7,083,374)	(6,853,367)
Obligations under capital lease (<i>Note 6</i>)	(542,306)	-
Long-term debt (<i>Note 7</i>)	<u>(265,272)</u>	<u>(337,600)</u>
	<u>\$ 4,638,666</u>	<u>\$ 4,903,357</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

10. ACCUMULATED SURPLUS

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ <u>82,061</u>	\$ <u>114,391</u>
Restricted surplus		
Landfill closure and post closure reserve	<u>879,067</u>	854,067
Recycling reserve	<u>231,656</u>	231,656
Capital reserve	<u>400,510</u>	<u>150,342</u>
Total reserves (<i>Note 2</i>)	<u>1,511,233</u>	<u>1,236,065</u>
Equity in tangible capital assets	<u>4,638,666</u>	<u>4,903,357</u>
	<u>\$ 6,231,960</u>	<u>\$ 6,253,813</u>

11. RELATED PARTY TRANSACTIONS

During the year, the Commission entered into transactions with related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The related party transactions are summarized as follows:

As at December 31, 2022, included in accounts receivable is \$19,333 (2021 - \$19,267) due from the member municipalities. As at December 31, 2022, included in accounts payable is \$NIL (2021 - \$11) due to member municipalities. The amounts owing are unsecured with no specific terms of repayment and bear interest as may be determined from time to time.

In 2022, \$1,105,696 (2021 - \$1,182,060) of the Commission's operating revenue came from the six member municipalities, either from requisitions or for the services provided by the Commission.

In 2022, \$12,943 (2021 - \$13,904) of the Commission's operating expenses was paid to the Town of Olds, Mountain View County and the Town of Didsbury.

The Commission is economically dependent on the member municipalities, Alberta Environment and its users for funding.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Commission participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Commission is required to make current service contributions to LAPP of 8.45% (2021 - 9.39%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.80% (2021 - 13.84%) for the excess. Employees of the Commission are required to make current service contributions of 7.45% (2021 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 11.80% (2021 - 12.84%) on pensionable earnings above this amount.

Total current and past service contributions made by the Commission to LAPP in 2022 were \$44,203 (2021 - \$30,326). Total current and past service contributions made by the employees of the Commission to the LAPP in 2022 were \$39,206 (2021 - \$28,866).

At December 31, 2021, LAPP disclosed an actuarial surplus of \$11.92 billion (2020 - \$4.96 billion).

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

13. SALARIES AND BENEFITS DISCLOSURE

Disclosures of salaries and benefits of Board members is as follows:

	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>2022 Total</u>	<u>2021 Total</u>
Board members:				
Councillor Harris	\$ 1,050	\$ 405	\$ 1,455	\$ 782
Councillor Thompson	750	313	1,063	-
Councillor Warnock	750	311	1,061	576
Councillor Cummings	750	81	831	-
Councillor Windsor	750	45	795	622
Councillor Wilcox	600	83	683	-
Councillor Ball	150	24	174	-
Councillor McCoy	150	-	150	-
Councillor Reid	-	-	-	706
Councillor Overwater	-	-	-	2,024
Councillor Leslie	-	-	-	75
Councillor Green	-	-	-	635
	<u>\$ 4,950</u>	<u>\$ 1,262</u>	<u>\$ 6,212</u>	<u>\$ 5,420</u>

(1) Salary includes regular base pay, bonuses, overtime, lump sums, gross honoraria, and any other direct cash remuneration.

(2) Mileage paid to councillors.

14. FINANCIAL INSTRUMENTS

The Commission's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, obligations under capital lease and long term debt. It is management's opinion that the Commission is not exposed to significant currency, credit, liquidity or market risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

(a) Credit Risk

The Commission is subject to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that entities to which the Commission provides services may not fulfill their obligations. This risk is minimized by the large proportion of accounts receivable from other government entities.

(B) Interest Rate Risk

The Commission is exposed to interest rate risk to the extent that the carrying value of its obligations under capital leases and long term debt are at fixed interest rates.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board and Management on April 24, 2023.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Year Ended December 31, 2022

16. BUDGET FIGURES

The 2022 budget figures which appear in these financial statements were approved by the Board on September 26, 2021. The amended budget prepared by the Commission reflects all activities including capital projects and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2022</u> (Budget)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
Annual surplus	\$ 193,590	\$ (21,853)	\$ 333,014
Add back (deduct):			
Net transfers (to) from reserves	(67,762)	(275,168)	(25,000)
Proceeds on disposal of tangible capital assets	-	200,000	593,125
Proceeds from capital lease	-	575,500	-
Principal debt repayments	(72,328)	(72,328)	(195,038)
Obligations under capital lease	-	(33,194)	-
Acquisition of tangible capital assets	<u>(53,500)</u>	<u>(1,130,042)</u>	<u>(3,105,047)</u>
Annual Surplus (deficit)	\$ <u>-</u>	\$ <u>(757,085)</u>	\$ <u>(2,398,946)</u>