

**FLAGSTAFF REGIONAL SOLID WASTE  
MANAGEMENT ASSOCIATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

# **FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION**

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**AS AT DECEMBER 31, 2023**

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## **MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING**

Management of the Flagstaff Regional Solid Waste Management Association 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 association's financial position as at December 31, 2023 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 association's board carries out its responsibilities for review of the financial statements principally through member 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 board with and without the presence of management. The association's board has approved the financial statements.

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

  
\_\_\_\_\_  
Manager

  
\_\_\_\_\_  
Date



\*Peggy Weinzierl, CPA, CA \*Scott St. Arnaud, CPA, CA \*Jolene P. Kobi, CPA, CA \*Justin J. Tanner, CPA, CA

## INDEPENDENT AUDITORS' REPORT

TO: The Members  
Flagstaff Regional Solid Waste Management Association

### Opinion

We have audited the financial statements of Flagstaff Regional Solid Waste Management Association, which comprise the statement of financial position as at December 31, 2023 and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes and schedules 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 association as at December 31, 2023, 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 association 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 asset retirement obligation. Significant changes in the costs of closure and post closure care or in the inflation or discount rate assumptions, could result in changes to this liability amount or corresponding tangible capital assets.

### 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 association 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 association'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 association'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 association'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 association 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  
April 22, 2024

*Gitzel & Company*  
CHARTERED PROFESSIONAL ACCOUNTANTS


# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	Restated (Note 3) 2022
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (Note 4)	\$ 4,030,975	\$ 3,215,312
Accounts receivable	147,608	211,990
Due from related parties (Note 5)	45	53
Equity in Co-operatives	24,633	19,710
GST receivable	-	1,334
	<u>4,203,261</u>	<u>3,448,399</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	209,122	267,784
GST payable	4,634	-
Asset retirement obligation (Note 6)	<u>2,140,008</u>	<u>1,854,270</u>
	<u>2,353,764</u>	<u>2,122,054</u>
 <b>NET FINANCIAL ASSETS (DEBT)</b>	<u>1,849,497</u>	<u>1,326,345</u>
 <b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	1,679,275	1,748,722
Inventory	32,418	50,808
Prepaid expenses	<u>30,620</u>	<u>29,434</u>
	<u>1,742,313</u>	<u>1,828,964</u>
 <b>ACCUMULATED SURPLUS (Schedule 1)</b>	<u>\$ 3,591,810</u>	<u>\$ 3,155,309</u>

APPROVED ON BEHALF OF THE BOARD:

  
\_\_\_\_\_  
Director

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	2023	Restated (Note 3) 2022
<b>REVENUE</b>			
Commercial and contracts	\$ 1,253,950	\$ 1,207,142	\$ 1,266,399
Requisitions (Note 5)	1,340,000	1,340,000	1,291,689
Gain (loss) on disposal of assets	22,000	3,702	11,475
Interest	29,500	164,498	62,244
Other	<u>2,600</u>	<u>3,187</u>	<u>3,561</u>
	<u>2,648,050</u>	<u>2,718,529</u>	<u>2,635,368</u>
<b>EXPENDITURES</b>			
Advertising	5,000	4,453	5,500
Accretion (Note 6)	131,550	88,329	84,244
Amortization (Note 7)	305,700	286,702	286,091
Bad debts (recoveries)	-	14,400	39
Concrete grind	-	21,590	20,456
Engineering	25,000	4,079	42,746
Insurance	31,900	30,121	30,944
Interest & bank charges	5,200	6,599	5,439
Machinery - fuel	246,000	198,145	263,340
- repairs	206,200	169,932	192,089
Maintenance	22,700	17,721	13,886
Office	35,000	36,978	31,948
Pit Development	16,000	7,785	10,740
Professional fees	17,000	10,545	12,064
Recycling	7,500	5,176	7,136
Supplies	22,288	78,843	30,286
Telephone, freight & postage	22,000	20,336	22,208
Toxic round-up	11,000	6,289	9,307
Training	1,500	525	60
Travel & meetings	2,600	2,976	2,767
Utilities	22,000	17,404	22,098
Wages & benefits	<u>1,511,912</u>	<u>1,253,100</u>	<u>1,311,635</u>
	<u>2,648,050</u>	<u>2,282,028</u>	<u>2,405,023</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ <u>-</u>	436,501	230,345
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		<u>3,155,309</u>	<u>2,924,964</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>		\$ <u>3,591,810</u>	\$ <u>3,155,309</u>

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## STATEMENT OF CHANGES IN FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	Restated (Note 3) 2022
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES</b>	\$ <u>436,501</u>	\$ <u>230,345</u>
Acquisition of tangible capital assets	(220,163)	(228,797)
Proceeds on disposal of tangible capital assets	6,610	19,886
Amortization of tangible capital assets	286,702	286,091
Net (Gain) loss on sale of tangible capital assets	<u>(3,702)</u>	<u>(11,475)</u>
	<u>69,447</u>	<u>65,705</u>
Acquisition of supplies inventory	(32,418)	(50,808)
Use of supplies inventory	<u>50,808</u>	<u>71,263</u>
Net use (acquisition) of inventory	<u>18,390</u>	<u>20,455</u>
Acquisition of prepaid assets	(30,620)	(29,434)
Use of prepaid assets	<u>29,434</u>	<u>24,329</u>
Net use (acquisition) of prepaid assets	<u>(1,186)</u>	<u>(5,105)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	523,152	311,400
<b>NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR</b>	<u>1,326,345</u>	<u>1,014,945</u>
<b>NET FINANCIAL ASSETS (DEBT) - END OF YEAR</b>	\$ <u>1,849,497</u>	\$ <u>1,326,345</u>



# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	Restated (Note 3) 2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 436,501	\$ 230,345
Non-cash items included		
Amortization of tangible capital assets	286,702	286,091
(Gain) loss on disposal of capital assets	(3,702)	(11,475)
Non-cash changes to operations (net change):		
Accounts receivable	65,724	(75,886)
Inventory	18,390	20,455
Prepaid expenses	(1,186)	(5,105)
Accounts payable and accrued liabilities	(54,028)	40,638
Deferred Income	-	(1,800)
Net cash provided by (used in) operating activities	<u>748,401</u>	<u>483,263</u>
<b>FINANCING ACTIVITIES</b>		
Asset retirement obligation	<u>285,738</u>	<u>84,244</u>
Net cash provided by (used in) financing activities	<u>285,738</u>	<u>84,244</u>
<b>INVESTING ACTIVITIES</b>		
Change in restricted cash	(572,485)	(551,343)
Purchase of tangible capital assets	(220,163)	(228,797)
Proceeds from sale of tangible capital assets	6,610	19,886
Change in equity in co-operatives	<u>(4,923)</u>	<u>(3,943)</u>
Net cash provided by (used in) investing activities	<u>(790,961)</u>	<u>(764,197)</u>
<b>CHANGES IN CASH AND EQUIVALENTS DURING THE YEAR</b>	243,178	(196,690)
<b>CASH AND EQUIVALENTS – BEGINNING OF YEAR</b>	<u>252,104</u>	<u>448,794</u>
<b>CASH AND EQUIVALENTS – END OF YEAR</b>	<u>495,282</u>	<u>252,104</u>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash in bank	4,030,975	3,215,312
Less: restricted portion of cash (Note 4)	<u>(3,535,693)</u>	<u>(2,963,208)</u>
	<u>\$ 495,282</u>	<u>\$ 252,104</u>

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## SCHEDULE 1 – CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023				Restated (Note 3) 2022 Total
	Unrestricted Net Assets	Contingency Fund	Equity in Tangible Capital Assets	Total	
<b>BALANCE – BEGINNING OF YEAR</b>					
As previously reported	\$ 860,791	\$ 40,163	\$ 1,675,964	\$ 2,576,918	\$ 2,332,415
Prior period restatement for asset retirement obligations	2,359,903	-	(1,781,512)	578,391	592,549
As restated	<u>3,220,694</u>	<u>40,163</u>	<u>(105,548)</u>	<u>3,155,309</u>	<u>2,924,964</u>
Excess (deficiency) of revenue over expenditures	436,501	-	-	436,501	230,345
Tangible capital assets purchased	(220,163)	-	220,163	-	-
Proceeds on disposal of tangible capital assets	6,610	-	(6,610)	-	-
Annual amortization expense	286,702	-	(286,702)	-	-
Annual accretion expense	88,329	-	(88,329)	-	-
Change in discount rate on asset retirement obligations	197,409	-	(197,409)	-	-
Gain (Loss) on sale of capital assets	<u>(3,702)</u>	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>791,686</u>	<u>-</u>	<u>(355,185)</u>	<u>436,501</u>	<u>230,345</u>
<b>BALANCE – END OF YEAR</b>	<u>\$ 4,012,380</u>	<u>\$ 40,163</u>	<u>\$ (460,733)</u>	<u>\$ 3,591,810</u>	<u>\$ 3,155,309</u>

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles for local governments 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 Flagstaff Regional Solid Waste Management Association is an unincorporated, public sector, non-profit 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. It is funded by requisitions paid by member municipalities and by charges billed to users. Its intended community of service is Sedgewick and surrounding areas. The association's activities are not taxable under 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.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

#### (c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles 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 revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant areas requiring the use of management's estimates are the asset retirement obligation for post closure care and the amortization of the corresponding tangible capital assets. Significant changes in the costs or timing of post closure care or changes in discount rates could result in a change to this obligation. Estimated useful life of landfill cells are based on expected waste volumes. If volumes available vary from those estimated, tangible capital assets, asset retirement obligations and equity in capital assets will change.

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### (c) Use of Estimates - Continued

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.

#### (d) 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.

#### (e) Asset Retirement Obligation

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the association to incur retirement costs, 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 year-end. These may include, but are not limited to, decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed; remediation of contamination of a tangible capital asset created by its normal use; post-retirement activities such as monitoring; and constructing other tangible capital assets to perform post-retirement activities.

Pursuant to the Alberta Environmental Protection and Enhancement Act, the association 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 and landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The amount of the asset retirement obligation in relation to the closure and post-closure care was estimated based on a 2022 engineering report.

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. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### (e) Asset retirement obligation – Continued

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

#### (f) 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 the acquisition, construction, development, improvement, betterment or retirement of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

	YEARS
Permanent Structures	50 years
Portable Structures	25 years
Fueling Station	15 years
Communication Systems	10 years
Weigh Scales	20 years
Office Equipment	5 years
Other Vehicles, Machinery & Equipment	10 years

##### (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.

##### (iii) Inventories

Inventory is valued at the lower of cost and net realizable value with cost determined using the average cost method.

#### (g) Reserves for Future Expenditures

Reserves are established at the discretion of Board to set aside funds for future operating and capital expenditures. Transfers to and/or from operating reserves are reflected as an adjustment to the respective fund.

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### (h) Equity in Tangible Capital Assets

Equity in tangible capital assets represents the association'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.

#### (i) 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.

#### (j) Revenue Recognition

The association recognizes revenue when it is realized or realizable and earned. The association considers revenue realized or realizable and earned when services have been provided to a customer, the price for the service is fixed or determinable and collection is reasonably assured.

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.

#### (k) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short term highly liquid investments.

#### (l) Pensions

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year. The association participates in the Local Authorities Pension Plan.

#### (m) 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.

Financial instruments of the association consist of cash, and short-term investments, accounts receivable, due from related parties and accounts payable. These financial instruments are measured at their carrying value since it is comparable to their fair values due to their short maturities.

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.

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### (m) Financial Instruments – Continued

The association 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 association not to disclose fair value information on 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 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.

#### (b) 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.

#### (c) 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.

#### (d) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework a coherent set of interrelated concepts underlying accounting and financial reporting standards, prescribes the nature, function and limits of financial accounting and reporting, and is the foundation on which standards are developed and professional judgment is applied. Effective for the fiscal years beginning on or after April 1, 2026.

#### (e) Section PS 1202 – Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard will effectively replace PS 1201 – Financial Statement Presentation. Effective for the fiscal years beginning on or after April 1, 2026.

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 3. ACCOUNTING CHANGES – ASSET RETIREMENT OBLIGATIONS

The association adopted the recommendations in the CPA Canada Handbook, Section PS 3280, *Asset Retirement Obligations*, on how to account for a liability for the retirement of a tangible capital asset for fiscal years beginning on or after April 1, 2022, applied on a modified retroactive basis with restatement of prior year comparative information. The association chose to apply the amendments at the beginning of the earliest period presented, January 1, 2022.

Adoption of this new standard lead to adjustments to the comparative figures:

	As Restated	As Previously Reported	Adjustment
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>LIABILITIES</b>			
Post Close care liability	\$ -	\$ 2,359,903	\$ 2,359,903
Asset retirement obligation	1,854,270	-	1,854,270
Total liabilities	2,122,054	2,627,687	505,633
<b>NET FINANCIAL ASSETS (DEBT)</b>	1,326,345	820,712	505,633
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (Schedule 2)	1,748,722	1,675,964	72,758
Total non-financial assets	1,828,964	1,756,206	72,758
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	3,155,309	2,576,918	578,391

### STATEMENT OF OPERATIONS

<b>EXPENDITURES</b>			
Accretion (Note 6)	84,244	-	84,244
Amortization (Note 7)	286,091	281,341	4,750
Closure & post closure care	-	74,836	74,836
Total Expenditures	2,405,023	2,390,865	14,158
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	230,345	244,503	14,158
<b>ACCUMULATED SURPLUS – BEGINNING OF YEAR</b>	2,924,964	2,332,415	592,549
<b>ACCUMULATED SURPLUS – END OF YEAR</b>	\$ 3,155,309	\$ 2,576,918	\$ 578,391

### STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	\$ 230,345	\$ 244,503	\$ (14,158)
Amortization of tangible capital assets	286,091	281,341	(4,750)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	311,400	320,808	(9,408)
<b>NET FINANCIAL ASSETS (DEBT) – BEIGNNING OF YEAR</b>	1,014,945	499,904	515,041
<b>NET FINANCIAL ASSETS (DEBT) – END OF YEAR</b>	1,326,345	820,712	505,633



# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 3. ACCOUNTING CHANGES – ASSET RETIREMENT OBLIGATIONS - Continued

	As Restated	As Previously Reported	Adjustment
<b>STATEMENT OF CASH FLOWS</b>			
<b>OPERATING ACTIVITIES</b>			
Excess of revenues over expenditures	230,345	244,503	(14,158)
Amortization of tangible capital assets	286,091	281,341	(4,750)
Cash provided by operating activities	483,263	492,671	(9,408)
<b>FINANCING ACTIVITIES</b>			
Post closure care liability	-	74,836	(74,836)
Asset retirement obligation	84,244	-	84,244
Cash provided by (used in) financing activities	\$ (84,244)	\$ (74,836)	\$ 9,408

### 4. CASH AND SHORT-TERM INVESTMENTS

	2023	2022
Cash on hand	\$ 525	\$ 525
Accounts with bank	437,451	209,005
Investment certificates	3,535,693	2,963,208
Co-operative membership shares	57,306	42,574
	<u>\$ 4,030,975</u>	<u>\$ 3,215,312</u>

Investment certificates earn interest at rates from 0.7% to 5.7% and mature from March 2024 to November 2024.

Included in cash are the following amounts:

Unrestricted cash	\$ 495,282	\$ 252,104
Cash held for contingency fund	40,163	40,163
Cash internally restricted for capital investments	1,365,680	975,774
Cash restricted for asset retirement obligation	<u>2,129,850</u>	<u>1,947,271</u>
	<u>\$ 4,030,975</u>	<u>\$ 3,215,312</u>

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 5. RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

At year end \$4 (2022 - \$4) was owing to related parties and \$45 (2022 - \$53) was receivable from related parties. The total amount paid to related parties in 2023 was \$NIL (2022 - \$346) and the total amount received was \$24,373 (2022 - \$32,004) excluding requisitions.

The association relies on requisitions received from its member municipalities. Without these requisitions, the association's ability to operate would be questionable. During the year, the association received the following requisitions:

	2023	2022
Flagstaff County	\$ 515,307	\$ 489,475
Town of Daysland	147,789	140,946
Town of Hardisty	102,647	94,762
Town of Killam	163,498	160,648
Town of Sedgewick	135,535	131,735
Village of Alliance	31,094	26,342
Village of Forestburg	151,161	149,670
Village of Heisler	24,044	25,990
Village of Lougheed	40,073	41,583
Village of Rosalind	28,852	30,538
	<u>\$ 1,340,000</u>	<u>\$ 1,291,689</u>

Related party transactions are recorded at exchange amount with regular terms of payment.

#### 6. ASSET RETIREMENT OBLIGATIONS

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 for a period of 25 years after the closure of the landfill. Landfills are not expected to reach full capacity until approximately 2058. Total capacity of the site is estimated at 617,728 cubic meters.

Cost for and the length of time until closure and post-closure care have been estimated by an engineering firm study conducted in 2019. Total closure and post closure costs were estimated at \$2,990,625 in 2019.

Undiscounted future cash flows expected for closure and post-closure costs in the year 2025 of \$749,459 for Phase I and in year 2058 of \$7,483,574 for Phase II. The estimated total liability of \$2,140,008 (2022 - \$1,854,270) is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 4.75% (2022 - 3.9%) for Phase I and 5% (2022 - 5.25%) for Phase II and assuming annual inflation of 3%.

	2023	2022
Balance, beginning of year	\$ 1,854,270	\$ 1,770,026
Change in estimated cash flows	197,409	-
Accretion expense	88,329	84,244
	<u>\$ 2,140,008</u>	<u>\$ 1,854,270</u>

# FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 6. ASSET RETIREMENT OBLIGATION - Continued

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

Reserves in the form of term deposits with the bank have been set aside to fund asset retirement obligations in the amount of \$2,129,850 (2022 - \$1,947,271).

### 7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2023	2022
Land	\$ 11,592	\$ -	\$ 11,592	\$ 11,592
Land improvements	469,680	204,263	265,417	72,758
Administration	191,651	138,981	52,670	57,310
Collections - Residential	357,450	244,402	113,048	139,391
- Bin services	3,109,153	2,452,821	656,332	796,625
Landfill	1,767,665	1,239,711	527,954	622,218
Recycling	307,333	271,119	36,214	46,308
Transfer sites	392,990	376,942	16,048	2,520
	<u>\$ 6,607,514</u>	<u>\$ 4,928,239</u>	<u>\$ 1,679,275</u>	<u>\$ 1,748,722</u>

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	Restated (Note 3) 2022
Tangible capital assets (Note 7)	\$ 1,679,275	\$ 1,748,722
Asset retirement obligations (Note 6)	<u>(2,140,008)</u>	<u>(1,854,270)</u>
	<u>\$ (460,733)</u>	<u>\$ (105,548)</u>

### 9. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments. The following analysis provides a measure of the association's risk exposure and concentrations at the balance sheet date.

#### 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 association is not exposed to significant currency, interest rate or other price risk.

# **FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

### **9. FINANCIAL INSTRUMENTS - Continued**

#### **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 association is subject to normal industry credit risk with respect to trade and other receivables. Credit risk arises from the possibility that entities to which the association provides services may experience financial difficulty and be unable to fulfill their obligations. The carrying value of accounts receivable reflects management's assessment of credit risk.

#### **Operating Lines of Credit**

At December 31, 2023 the association had short-term credit card lines of credit aggregating \$10,000 (2022 - \$10,000) of which \$3,789 (2022 - \$4,249) had been drawn down. The credit cards bear interest at 19.99%.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

### **10. LOCAL AUTHORITIES PENSION PLAN**

Employees of the association participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The plan serves about 291,259 people and 437 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

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

The association is required to make current service contributions to the Plan of 8.45% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 12.23% for the excess. Employees of the association are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current service contributions by the association to the plan in 2023 were \$73,944 (2022 - \$77,838). Total current service contributions by employees to the plan in 2023 were \$65,830 (2022 - \$69,290).

At December 31, 2022, the Plan disclosed an actuarial surplus of \$12.7 billion (2021 - \$11.9 billion).

### **11. COMPARATIVE FIGURES**

Certain 2022 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 2023.

# **FLAGSTAFF REGIONAL SOLID WASTE MANAGEMENT ASSOCIATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

### **12. 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.

### **13. APPROVAL OF FINANCIAL STATEMENTS**

The board and management have approved these financial statements.