

# Regional Waste Commission Financial Statement Presentation

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Introduction and Sample

DECEMBER 2021

DECEMBER 2019

Alberta 

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Alberta Municipal Affairs, Government of Alberta

Municipal Capacity Building, Municipal Capacity and Sustainability Branch December 2021

RSC Audited Financial Statements 20X5 - New RWMSC

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It is important to recognize that this manual has been developed as a reference for, and as an explanatory document to the Municipal Government Act.

This manual is not legal advice, and it cannot be used in place of consulting with a lawyer.

This manual cannot anticipate every aspect, circumstance or situation that municipalities may encounter while working through their specific financial reporting process.

If a municipality needs help finding a lawyer, please visit the Law Society of Alberta website.

For more information regarding this content, visit: <https://www.alberta.ca/reporting-for-regional-service-commissions.aspx>



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## Supplementary Information

### Applicable Accounting Standards

The *Municipal Government Act (MGA)* requires a municipality to prepare annual audited financial statements in accordance with generally accepted accounting principles recommended by the Chartered Professional Accountants (CPACs) of Canada for governments.

Accounting recommendations applicable to governments are included in the CPAC's Public Sector Accounting Board (PSAB) Handbook.

### Annual Financial Statements

The *MGA* requires that a Regional Services Commission (RSC) prepare audited annual financial statements by May 1 of each year for the immediately preceding year.

A copy of the financial statements must be submitted to the Minister of Municipal Affairs, and to each RSC member municipality, according to section 602.35 of the *MGA*.

### Purpose of the Sample Financial Statements

The New Sample View Regional Waste Management Commission financial statements have been prepared by Alberta Municipal Affairs to provide a suggested presentation and note disclosure. The financial statements are intended to conform to PSAB Handbook recommendations and many features that are drawn from actual current municipal financial reporting practice have been incorporated.

The sample financials statements, or any elements contained in them, are not intended to constitute accounting recommendations or standards. Financial statement preparers and auditors must consider the application of the appropriate accounting standards and guidance with reference to their particular reporting circumstances.

Adoption of the PSAB handbook for commission accounting and reporting purposes is strongly encouraged for commissions that have not already transitioned to the new model to meet the standards for financial reporting prescribed by the Chartered Professional Accountants of Canada. This approach will create consistency in the basis of accounting between municipal and commission financial statements and information returns.

### Financial Statements

- **Statement of Financial Position:** it reports the accumulated surplus as one amount. Note 10 is provided as a suggested additional disclosure of the unrestricted and internally restricted surplus, and equity in tangible capital assets. (PSG-4 *Funds and Reserves*)
- **Asset Retirement Obligation:** Note 5 is an example of required disclosure. Alberta Environment maintains a landfill financial security template as well as calculation examples for Class I, II and III landfills. This information is available online at: [www.alberta.ca/waste-facilities-financial-security.aspx](http://www.alberta.ca/waste-facilities-financial-security.aspx).
- **Budgeted financial results:** PS 1201.127 provides that "*Financial statements need to provide a comparison of the actual and budgeted financial results of the government's management on its economic resources, obligations and financial affairs. In addition, a more focused comparison of the government's actual and budgeted financial results in its management of its financial resources, obligations and financial affairs alone needs to be provided. Such comparisons serve as a starting point for understanding and assessing trends in government operations and future revenue requirements as well as for identifying variances that need to be explained.*" It may be necessary to provide additional note disclosure to reconcile the financial plan and the financial statements if the approved budget is not PSAB compliant and/or does not include the full scope of the financial statements.

### Financial Advisory Services:

Please contact Financial Advisory Services at Alberta Municipal Affairs at 780 427-2225 if you have any questions. Dial 310-0000 to call toll-free within Alberta.

NEW SAMPLE VIEW

REGIONAL WASTE MANAGEMENT  
SERVICES COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 20X5

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Board

### *Opinion*

We have audited the consolidated financial statements of the New Sample View Regional Waste Management Services Commission (the Entity), which comprise the consolidated statement of financial position as at December 31, 20X5 and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the New Sample View Regional Waste Management Services Commission as at December 31, 20X5 and the results of its operations, change in its net financial assets (debt) and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity 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.

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements for the New Sample View Regional Waste Management Services Commission, which comprise the statement of financial position as at December 31, 20X5, and the statements of operations, change in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Responsibilities of management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Material Uncertainty Related to Going Concern (OPTIONAL – this section may be included if warranted)*

We draw attention to Note X in the consolidated financial statements, which indicates that the Entity incurred a net loss of \$X during the year ended December 31, 20X5, and, as of that date, the Entity's current liabilities exceeded its total assets by \$X. As stated in Note X, these events or conditions, along with other matters as set forth in Note X, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Auditor's Responsibility for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial information return is free from material misstatement. 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 judgement 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 Entity’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 Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

[Auditor’s signature]

[Auditor Address]

[Date]

**Sampleburg, Alberta**

**February 20, 20X6**

**PUBLIC ACCOUNTANTS**

# New Sample View Regional Waste Management Services Commission

## Statement of Financial Position

For the Year Ended December 31, 20X5

<b>FINANCIAL ASSETS</b>	<b>20X5</b>	<b>20X4</b>
Cash and cash equivalents (Note 2)	\$391,000	\$352,000
Trade and other receivable	\$83,000	\$80,000
Investments (Note 3)	\$7,000	\$5,000
Due from commission members (Note 4)	\$40,000	\$50,000
	<b>\$521,000</b>	<b>\$487,000</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$83,000	\$80,000
Asset retirement obligation (Note 5)	\$240,000	\$210,000
Long-term debt (Note 7)	\$1,857,000	\$1,710,000
	<b>\$2,180,000</b>	<b>\$2,000,000</b>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(\$1,659,000)</b>	<b>(\$1,513,000)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	\$2,622,000	\$2,520,000
Inventory for consumption	\$6,000	\$4,000
Prepaid expenses	\$7,000	\$6,000
	<b>\$2,635,000</b>	<b>\$2,530,000</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$976,000</b>	<b>\$1,017,000</b>
Accumulated surplus is comprised of:		
Accumulated operating surplus (Note 10)	\$973,000	\$1,015,000
Accumulated remeasurement gains (losses)	\$3,000	\$2,000



# New Sample View Regional Waste Management Services Commission

## Statement of Operations

For the Year Ended December 31, 20X5

<b>REVENUE</b>	<b>Budget</b>	<b>20X5</b>	<b>20X4</b>
Service fees charged to commission members	\$840,000	\$850,000	\$820,000
Government Transfers	\$40,000	\$40,000	\$40,000
Other service fees and sales of goods	\$140,000	\$140,000	\$120,000
Investment Income (Note 3)	\$6,000	\$7,000	\$8,000
	<b>\$1,026,000</b>	<b>\$1,037,000</b>	<b>\$988,000</b>
<b>EXPENSES</b>			
Salaries, wages and benefits	\$365,000	\$370,000	\$360,000
Contracted and general services	\$130,000	\$120,000	\$127,000
Materials, goods and utilities	\$215,000	\$210,000	\$185,000
Provision for allowances	\$30,000	\$30,000	\$30,000
Bank charges and short-term interest	\$4,000	\$5,000	\$4,000
Interest on long-term debt	\$111,000	\$111,000	\$114,000
Amortization of tangible capital assets	\$228,000	\$228,000	\$200,000
Loss on disposal of tangible capital assets	\$ -	\$5,000	\$ -
	<b>\$1,083,000</b>	<b>\$1,079,000</b>	<b>\$1,020,000</b>
Excess (Shortfall) of Revenue over Expenses	<b>(\$57,000)</b>	<b>(\$42,000)</b>	<b>(\$32,000)</b>
<b>ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR</b>	<b>\$1,015,000</b>	<b>\$1,015,000</b>	<b>\$1,047,000</b>
<b>ACCUMULATED OPERATING SURPLUS, END OF YEAR</b>	<b>\$958,000</b>	<b>\$973,000</b>	<b>\$1,015,000</b>

# New Sample View Regional Waste Management Services Commission

## Statement of Changes in Remeasurement Gains and Losses

For the Year Ended December 31, 20X5

	20X5	20X4
Accumulated remeasurement gains (losses) at the beginning of the year	<u>\$2,000</u>	<u>\$4,000</u>
Unrealized gains (losses) attributable to:		
Equity investments (Note 3)	\$2,000	\$1,000
Amounts reclassified to statements of operations		
Equity investments realized gains (Note 3)	(\$1,000)	(\$3,000)
Net remeasurement gains (losses) for the year	<u>\$1,000</u>	<u>(\$2,000)</u>
Accumulated remeasurement gains (losses) at end of year	<u>\$3,000</u>	<u>\$2,000</u>

# New Sample View Regional Waste Management Services Commission

## Statement of Changes in Net Financial Assets (Debt)

For the Year Ended December 31, 20X5

	Budget	20X5	20X4
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<b>(\$57,000)</b>	<b>(\$42,000)</b>	<b>(\$32,000)</b>
Acquisition of tangible capital assets	(\$300,000)	(\$340,000)	(\$230,000)
Contributed tangible capital assets	\$ -	\$ -	\$ -
Proceeds on disposal of tangible capital assets	\$ -	\$5,000	\$ -
Amortization of tangible capital assets	\$225,000	\$228,000	\$200,000
(Gain) loss realized on investments		(\$1,000)	(\$3,000)
(Gain) loss on sale of tangible capital assets	\$ -	\$5,000	\$ -
	<b>(\$75,000)</b>	<b>(\$103,000)</b>	<b>(\$33,000)</b>
Acquisition of supplies inventories	(\$50,000)	(\$59,000)	(\$46,000)
Acquisition of prepaid assets	(\$40,000)	(\$27,000)	(\$38,000)
Use of supplies inventories	\$50,000	\$57,000	\$48,000
Use of prepaid assets	\$40,000	\$26,000	\$35,000
Unrealized remeasurement gains (losses)	\$ -	\$2,000	\$1,000
	<b>\$0</b>	<b>(\$1,000)</b>	<b>\$0</b>
<b>(INCREASE) DECREASE IN NET DEBT</b>	<b>(\$132,000)</b>	<b>(\$146,000)</b>	<b>(\$65,000)</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>(\$1,513,000)</b>	<b>(\$1,513,000)</b>	<b>(\$1,448,000)</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>(\$1,645,000)</b>	<b>(\$1,659,000)</b>	<b>(\$1,513,000)</b>

# New Sample View Regional Waste Management Services Commission

## Statement of Cash Flows

For the Year Ended December 31, 20X5

Net inflow (outflow) of cash related to the following activities:

	20X5	20X4
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	(\$42,000)	(\$32,000)
Non-cash items included in excess (shortfall) of revenues over expenses		
Amortization of Tangible Capital Assets	\$228,000	\$200,000
Loss on disposal of Tangible Capital Assets	\$5,000	\$0
(Gain) loss realized on investments	(\$1,000)	(\$3,000)
Non-cash charges to operations (net change)		
Decrease (increase) in trade and other receivables	(\$3,000)	\$1,000
Decrease (increase) in due from local government members	\$10,000	\$3,000
Decrease (increase) in prepaid expenses	(\$1,000)	\$1,000
Decrease (increase) in inventory for consumption	(\$2,000)	(\$1,000)
Increase (decrease) in accounts payable and accrued liabilities	\$3,000	(\$2,000)
Increase (decrease) in asset retirement obligation	\$30,000	\$30,000
<b>Cash provided by operating transactions</b>	<b>\$227,000</b>	<b>\$197,000</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(\$340,000)	(\$100,000)
Sale of tangible capital assets	\$5,000	\$0
<b>Cash applied to capital transactions</b>	<b>(\$335,000)</b>	<b>(\$100,000)</b>
<b>FINANCING</b>		
Long-term debt issued	\$200,000	\$0
Long-term debt repaid	(\$53,000)	(\$50,000)
<b>Cash provided by (applied to) financing transactions</b>	<b>\$147,000</b>	<b>(\$50,000)</b>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>\$39,000</b>	<b>\$47,000</b>
<b>CHANGE AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>\$352,000</b>	<b>\$305,000</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$391,000</b>	<b>\$352,000</b>

# Notes to Financial Statements

For the Year Ended December 31, 20X5

## 1. SIGNIFICANT ACCOUNTING POLICIES

The New Sample View Regional Waste Management Services Commission is constituted under the *Municipal Government Act* and was established for the purpose of constructing, maintaining, controlling, and managing a regional solid waste collection and disposal facility. The members of the commission are Sampleburg County, the Municipal District of New Sample View, the Town of Sampleburg, and the Village of Sample River.

The financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the commission. Significant aspects of the accounting policies adopted by the commission are as follows:

### a) Basis of Preparation

These financial statements have been prepared by management in accordance with generally accepted accounting principles recommended for governments by the Public Sector Accounting Board.

### b) Basis of Accounting

The budget amounts presented on the statement of operations are taken from the commission's annual budget prepared in November 20X4. Certain budget amounts have been reclassified to conform to the current year's financial statement presentation.

### c) Revenue Recognition

Service fees and sales of goods 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.

Government transfers are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets acquired.

### d) Inventories

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

### e) Valuation of Financial Assets and Liabilities

The Town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

**f) Investments**

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**g) Tangible Capital Assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution.

Tangible capital assets are amortized on a straight-line basis over the following periods:

Buildings	25 years
Engineering structures	35 years
Machinery and equipment	10 years
Vehicles	5 years

**h) Long-term debt**

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

**i) Landfill Closure and Post-Closure Liability**

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the commission 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. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

**j) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. CASH AND CASH EQUIVALENTS

	20X5	20X4
Cash	\$ 41,000	\$ 22,000
Short-term investments – amortized cost	\$ 350,000	\$ 330,000
	<b>\$ 391,000</b>	<b>\$ 352,000</b>

Short-term investments are short-term deposits with original maturities of three months or less which are an integral part of the regional service commission's cash management.

The Board has designated funds of \$50,000 (20X4 - \$45,000) included in the above amounts for equipment replacement.

## 3. INVESTMENTS

	20X5		20X4	
	Carrying Value \$	Market Value \$	Carrying Value \$	Market Value \$
Equity instruments quoted in active market – carried at fair value	1,000	1,000	1,000	1,000-
Short-term notes and deposits – amortized cost	2,000	2,000	2,000	2,000
Government/government - guaranteed bonds – amortized cost	4,000	5,000	2,000	3,000
Total investments carried at amortized cost	<b>6,000</b>	<b>7,000</b>	4,000	5,000
	<b>7,000</b>	<b>8,000</b>	5,000	6,000

Short-term notes and deposits have effective interest rates of 3.1% to 4.75% (20X4 – 2.7% to 4.75%) and mature in less than one year. Government and government guaranteed bonds have effective interest rates of 3.75% to 6.8% (20X4 – 3.75% to 6.5%) with maturity dates from September 17, 20X6 to March 12, 20X9.

Investment income recognized in the statement of operations includes \$6,000 (20X4 - \$5,000) of interest income and \$1,000 (20X4 - \$3,000) of realized gains on disposal of investments.

Unrealized gains on equity investments carried at fair value of \$2,000 (20X4 - \$1,000) have been recognized in the statement of remeasurement gains and losses.

## 4. RELATED PARTY TRANSACTIONS

Sampleburg County, the Municipal District of Sample View, the Town of Sampleburg, and the Village of Sample River are members of the commission and, as such, have been identified as related parties.

Service fees are based on the budgeted net operating costs of the commission and are allocated among the commission members based on actual service utilization during the year.

Service fees charged to commission members are as follows:

	<b>20X5</b>	<b>20X4</b>
Sampleburg County	\$ 150,000	\$ 140,000
Municipal District of Sample View	\$ 85,000	\$ 60,000
Town of Sampleburg	\$ 450,000	\$ 480,000
Village of Sample River	\$ 165,000	\$ 140,000
	<b>\$ 850,000</b>	<b>\$ 820,000</b>

Amounts due from commission members are payable on receipt of the invoice and have arisen from the service fees charged during the year. Amounts due from commission members at the end of the year are:

	<b>20X5</b>	<b>20X4</b>
Sampleburg County	\$ 8,000	\$ 16,000
Municipal District of Sample View	\$ 4,000	\$ 4,000
Town of Sampleburg	\$ 20,000	\$ 22,000
Village of Sample River	\$ 8,000	\$ 8,000
	<b>\$ 40,000</b>	<b>\$ 50,000</b>

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## 5. ASSET RETIREMENT OBLIGATION

### Landfill

The commission operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The commission estimates that no obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 6% and assuming annual inflation of 2%.

### Asbestos abatement

The commission owns a building which has asbestos within its construction and the Town is, therefore, legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in year 2040 of \$30,000. The estimated total liability of \$12,500 (20X4 - \$12,000) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 6% and assuming annual inflation of 2%. The commission has not designated assets for settling the abatement activities.

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 3.7 million cubic metres.



The estimated remaining capacity of the landfill site is 2.812 (20X4 – 2.923) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2040.

The commission has not designated assets for settling closure and post-closure liabilities.

	<b>20X5</b>	<b>20X4</b>
Estimated closure costs	\$ 400,000	\$ 400,000
Estimated post-closure costs	\$ 600,000	\$ 600,000
Estimated total liability	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>
Estimated capacity remaining	76%	79%
Portion of total liability remaining to be recognized	<b>\$ 760,000</b>	<b>\$ 790,000</b>
Estimated capacity used	24%	21%
Accrued liability portion	<b>\$ 240,000</b>	<b>\$ 210,000</b>

## 6. CONTAMINATED SITES LIABILITY

The commission did not identify any financial liabilities in 20X5 (20X4 – nil) as a result of contaminated sites.

## 7. LONG TERM DEBT

	<b>20X5</b>	<b>20X4</b>
Debentures	\$ 1,857,000	\$ 1,710,000
Less: current portion	\$ 59,000	\$ 53,000
<b>Long-Term portion</b>	<b>\$ 1,798,000</b>	<b>\$ 1,657,000</b>

Principal and interest repayments are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
20X5	\$ 60,000	\$ 111,000	\$ 181,000
20X6	\$ 64,000	\$ 107,000	\$ 181,000
20X7	\$ 68,000	\$ 103,000	\$ 181,000
20X8	\$ 72,000	\$ 99,000	\$ 181,000
20X9	\$ 76,000	\$ 95,000	\$ 181,000
Thereafter	\$ 1,517,000	\$ 1,744,000	\$ 3,261,000
	<b>\$ 1,857,000</b>	<b>\$ 2,259,000</b>	<b>\$ 4,116,000</b>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4% to 6% per annum. Debenture debt is issued on the credit and security of the commission at large.

## 8. TANGIBLE CAPITAL ASSETS

			20X5	20X4
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 150,000	\$ -	\$ 150,000	\$ 150,000
Buildings	\$ 250,000	\$ 90,000	\$ 160,000	\$ 172,000
Engineering structures	\$ 1,800,000	\$ 308,000	\$ 1,492,000	\$ 1,340,000
Machinery and equipment	\$ 1,560,000	\$ 800,000	\$ 760,000	\$ 810,000
Vehicles	\$ 110,000	\$ 50,000	\$ 60,000	\$ 50,000
	<b>\$3,870,000</b>	<b>\$1,248,000</b>	<b>\$2,622,000</b>	<b>\$2,520,000</b>

## 9. EQUITY IN TANGIBLE CAPITAL ASSETS

	20X5	20X4
Tangible capital assets before Amortization	\$3,870,000	\$3,530,000
Accumulated amortization	(\$1,248,000)	(\$1,120,000)
Tangible capital assets after Amortization	<b>\$2,622,000</b>	<b>\$2,410,000</b>
Asset retirement obligation	(\$240,000)	(\$210,000)
Long-term debt	(\$1,857,000)	(\$1,710,000)
	<b>\$525,000</b>	<b>\$490,000</b>

## 10. ACCUMULATED OPERATING SURPLUS

	20X5	20X4
Unrestricted surplus (deficit)	\$ 398,000	\$ 480,000
Restricted surplus (deficit)	\$ 50,000	\$ 45,000
Equity in Tangible Capital Assets	\$ 525,000	\$ 490,000
	<b>\$ 973,000</b>	<b>\$ 1,015,000</b>

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## 11. DEBT LIMITS AND DEBT SERVICING LIMIT

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the New Sample View Regional Waste Management Services Commission are to be disclosed as follows:

	20X5	20X4
Total debt limit	\$ 1,555,500	\$1,482,000
Total debt	\$ 1,857,000	\$1,710,000
<b>Amount of debt limit unused (exceeded)</b>	<b>\$ (301,500)</b>	<b>\$ (228,000)</b>
Debt servicing limit	\$ 259,250	\$ 247,000
Debt servicing	\$ 181,000	\$164,000
<b>Amount of debt servicing limit unused</b>	<b>\$ 78,250</b>	<b>\$ 83,000</b>

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principle and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

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## 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.

The commission is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% for the excess. Total current service contributions by the commission to the LAPP were

\$11,400 (20X4 - \$11,100). Total current service contributions by the employees of the commission to the LAPP were \$9,500 (20X4 - \$9,200).

At December 31, 20X5, the LAPP disclosed an actuarial surplus/deficiency of \$ xx billion.

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### 13. COMMITMENT

The commission is committed to payments under an operating lease for office premises as follows:

<b>Year</b>	<b>Amount</b>
20X6	\$ 6,000
20X7	\$ 6,000
20X8	\$ 6,000
20X9	\$ 6,600
20X0	\$ 19,800
Thereafter	<u>\$ 51,000</u>

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### 14. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.