

**FOOTHILLS REGIONAL SERVICES COMMISSION**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**

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# FOOTHILLS REGIONAL SERVICES COMMISSION

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For the year ended December 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

To: The Board of  
Foothills Regional Services Commission

### *Opinion*

We have audited the financial statements of the Foothills Regional Services Commission which comprise the statement of financial position as at December 31, 2023, and the statements of operations, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2023, its results of operations, remeasurement gains and losses, change 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter*

We draw attention to note 3 to the financial statements which describes the amendments made to the prior year's figures as a result of adoption the new accounting standard PS 3280 Asset Retirement Obligations. Our audit opinion is not modified in respect of this matter.

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

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic

## INDEPENDENT AUDITOR'S REPORT, continued

decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Lethbridge, Alberta

April 22, 2024



Chartered Professional Accountants

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2023**

	2023	2022 (restated)
<b>Financial assets</b>		
Cash and cash equivalents (note 4)	\$ 6,767,752	\$ 6,998,748
Trade and other receivables (note 5)	869,044	728,206
Due from Commission members (note 6)	78,867	84,899
Investments (note 7)	20,727,133	20,727,133
	28,442,796	28,538,986
<b>Liabilities</b>		
Accounts payable and accrued liabilities	864,201	382,294
Deferred revenue	4,980	4,156
Long-term debt (note 8)	75,902	123,841
Asset retirement obligation (note 9)	2,366,815	1,981,239
	3,311,898	2,491,530
<b>Net financial assets</b>	25,130,898	26,047,456
<b>Non-financial assets</b>		
Prepaid expenses	54,119	42,748
Tangible capital assets (schedule 1)	13,122,521	11,148,207
	13,176,640	11,190,955
<b>Accumulated surplus (note 10, schedule 4)</b>		
Accumulated operating surplus	38,307,538	37,238,411
Accumulated remeasurement gains (losses)	-	-
	\$ 38,307,538	\$ 37,238,411

Approved on behalf of the board:

Member Belilah Miller

Member Rohit Gaudin

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2023

	Budget (unaudited)	2023	2022 (restated)
<b>Revenue</b>			
Frank Lake (schedule 2)	\$ 172,322	\$ 143,257	\$ 123,338
Landfill (schedule 3)	6,153,632	6,019,241	5,889,232
	6,325,954	6,162,498	6,012,570
<b>Expenses</b>			
Frank Lake (schedule 2)	243,689	196,158	196,454
Landfill (schedule 3)	4,094,662	4,897,216	3,771,388
	4,338,351	5,093,374	3,967,842
<b>Excess of revenue over expenses</b>	1,987,603	1,069,124	2,044,728
<b>Accumulated operating surplus, beginning of year</b>	37,238,414	37,238,414	35,193,683
<b>Accumulated operating surplus, end of year</b>	\$ 39,226,017	\$ 38,307,538	\$ 37,238,411

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
For the year ended December 31, 2023

	2023	2022
<b>Accumulated remeasurement gains (losses), beginning of year</b>	\$ -	\$ -
Unrealized gains (losses) attributable to:	-	-
Amounts reclassified to statements of operations:	-	-
<b>Net remeasurement gains (losses) for the year</b>	-	-
<b>Accumulated remeasurement gains (losses), end of year</b>	\$ -	\$ -

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2023

	Budget (unaudited)	2023	2022 (restated)
<b>Excess of revenue over expenses</b>	\$ 1,987,603	\$ 1,069,124	\$ 2,044,728
Acquisition of tangible capital assets	(4,004,000)	(4,138,423)	(927,885)
Amortization of tangible capital assets	1,003,619	2,133,834	1,181,731
Loss on disposal of tangible capital assets	-	30,275	-
Write-downs of tangible capital assets	-	-	49,895
	(3,000,381)	(1,974,314)	303,741
Net change in prepaid expenses	-	(11,368)	(1,240)
<b>Change in net financial assets</b>	(1,012,778)	(916,558)	2,347,229
<b>Net financial assets, beginning of year</b>	26,047,456	26,047,456	23,700,227
<b>Net financial assets, end of year</b>	\$ 25,034,678	\$ 25,130,898	\$ 26,047,456



**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2023

	2023	2022 (restated)
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 1,069,124	\$ 2,044,728
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	30,275	-
Amortization of tangible capital assets	2,133,834	1,181,731
Accretion expense	104,350	35,913
	3,337,583	3,262,372
Net change in non-cash working capital items		
Trade and other receivables	(140,838)	(176,696)
Due from Commission members	6,035	22,667
Prepaid expenses	(11,371)	(1,240)
Accounts payable and accrued liabilities	481,907	9,963
Deferred revenue	824	384
Asset retirement obligation settled	(70,710)	(76,913)
	3,603,430	3,040,537
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,138,424)	(927,885)
Asset retirement obligation incurred	351,938	-
	(3,786,486)	(927,885)
<b>Investing transactions</b>		
Change in investments	-	(276,743)
<b>Financing transactions</b>		
Repayment of long-term debt	(47,939)	(45,913)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(230,995)</b>	<b>1,789,996</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,998,748</b>	<b>5,208,752</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,767,753</b>	<b>\$ 6,998,748</b>

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**1. Nature of operations**

Foothills Regional Services Commission is constituted under the Municipal Government Act and was approved by the Minister of Municipal Affairs on July 10, 1989 for the purpose of supplying sewage transmission and treatment services and waste management services.

The Town of Turner Valley and the Town of Black Diamond amalgamated with an effective date of January 1, 2023. The newly amalgamated Town of Diamond Valley is the new member of the Commission.

The members of the Commission are Foothills County, the Town of High River and the Town of Okotoks. The members of the landfill operation include the preceding, as well as the Town of Diamond Valley, and the Town of Nanton.

The Commission is exempt from income taxation under Section 149 of the Canada Income Tax Act.

**2. Significant accounting policies**

The financial statements are prepared in accordance with Canadian public sector accounting standards and reflect the assets, liabilities, revenues and expenses, and change in the financial position of the Commission. Significant aspects of the accounting policies adopted by the Commission are as follows:

(a) Basis of presentation

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

(b) 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.

Restricted investment income is recognized in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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

(c) Cash and cash equivalents

The Commission includes cash on hand, held by financial institutions in operating accounts, and temporary investments in the determination of cash.

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**2. Significant accounting policies**

(d) 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 investment is written down to recognize the loss.

(e) Long-term debt

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

(f) Contaminated sites liability

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

(g) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Commission 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. 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.

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**2. Significant accounting policies**

(g) Asset retirement obligation, continued

At each financial reporting date, the Commission reviews the carrying amount of the liability. The Commission recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Commission continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(h) 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 for the year.

(i) Tangible capital assets

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

	Years
Land improvements	10 - 30
Buildings	25 - 45
Engineered structures	35
Machinery and equipment	10 - 20
Transfer sites	10

Full annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Budget amounts

The budget amounts presented on the statement of operations are taken from the Commission's annual budget. Certain budget amounts have been reclassified to conform with the current year's financial statement presentation.

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**2. Significant accounting policies**

(j) Valuation of financial assets and liabilities

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

Financial statement component	Measurement
Cash	Cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost

(k) 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 revenue and expense 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.

There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amount, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

The effect on the financial statements of changes in such estimates in future periods could be significant.

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**3. Change in accounting policy**

Effective January 1, 2023, the Commission adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the Commission recognized the following to conform to the new standard:

- asset retirement obligations, adjusted for accumulated accretion to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of the accumulated surplus/deficit.

Amounts are measured using information, assumptions and discount rates where applicable that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

Impact on the prior year's financial statements as a result of the change in accounting policy is as follows:

	2022		As restated
	As previously reported	Adjustment recognized	
<b>Statement of operations</b>			
Revenue	6,012,570	-	6,012,570
Expenses	3,748,746	219,096	3,967,842
Excess (deficit) of revenue over expenses	2,263,824	(219,096)	2,044,728
Accumulated surplus (deficit), beginning of year	34,266,889	926,794	35,193,683
Accumulated surplus, end of year	36,530,713	707,698	37,238,411
<b>Statement of financial position</b>			
Financial assets	28,538,986	-	28,538,986
Liabilities	2,686,537	(195,007)	2,491,530
Net financial assets	25,852,449	195,007	26,047,456
Non-financial assets	10,678,264	512,691	11,190,955
Accumulated surplus, end of year	36,530,713	707,698	37,238,411
<b>Statement of change in net financial assets</b>			
Excess (deficit) of revenue over expenses	2,263,824	(219,096)	2,044,728
Net financial assets, beginning of year	23,579,117	121,110	23,700,227
Net financial assets, end of year	25,852,449	195,007	26,047,456

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**4. Cash and cash equivalents**

	2023	2022
Cash	\$ 4,767,752	\$ 6,998,748
Guaranteed Investment Certificate	2,000,000	-
	<b>\$ 6,767,752</b>	<b>\$ 6,998,748</b>

The Guaranteed Investment Certificate bears interest at 5.7% and matures February 26, 2024.

**5. Trade and other receivables**

	2023	2022
Trade receivables	\$ 644,413	\$ 609,134
Interest receivable	119,659	87,251
GST receivable	105,527	31,821
Allowance for doubtful accounts	(555)	-
	<b>\$ 869,044</b>	<b>\$ 728,206</b>

**6. Due from Commission members**

	2023	2022
Town of High River	\$ 30,394	\$ 33,115
Foothills County	21,660	22,190
Town of Okotoks	19,099	21,241
Town of Diamond Valley	4,357	-
Town of Nanton	3,357	2,623
Town of Black Diamond	-	3,190
Town of Turner Valley	-	2,540
	<b>\$ 78,867</b>	<b>\$ 84,899</b>

**7. Investments**

	2023		2022	
	Cost	Market value	Cost	Market value
Treasury Board and Finance	\$ 10	\$ 10	\$ 10	\$ 10
Fixed income	20,727,123	20,312,157	20,727,123	19,455,958
	<b>\$ 20,727,133</b>	<b>\$ 20,312,167</b>	<b>\$ 20,727,133</b>	<b>\$ 19,455,968</b>

Fixed income investments consists of bonds, notes, and debentures with interest rates ranging from 1.03% to 3.22% and maturity dates ranging from 2024 to 2032.

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**8. Long-term debt**

	2023	2022
Debentures payable	\$ 75,902	\$ 123,841

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2024	\$ 50,053	\$ 2,774	\$ 52,827
2025	25,849	564	26,413
	\$ 75,902	\$ 3,338	\$ 79,240

Debenture debt is repayable to Treasury Board and Finance and matures in 2025. The interest rate is 4.364%, before Provincial subsidy. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Commission at large.

Section 3 of Alberta Regulation 76/2000 requires that debt and debt limits for the Commission be disclosed as follows:

	2023	2022
Total debt limit	\$ 12,324,996	\$ 12,025,140
Total debt	75,902	123,841
	\$ 12,249,094	\$ 11,901,299
Debt servicing limit	\$ 2,156,874	\$ 2,104,400
Debt servicing	52,826	52,826
	\$ 2,104,048	\$ 2,051,574

The debt limit is calculated at 2 times revenue of the Commission (as defined in Alberta Regulation 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions which 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.



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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

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**9. Asset retirement obligation**

**Asbestos abatement**

The Commission owns a building which contains asbestos and, therefore, the Commission is legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposal of the asbestos in a prescribed manner when it is disturbed.

**Machinery and equipment**

The Commission owns a fuel tank where there is a legal obligation under an environmental code of practice to dispose of the asset in a prescribed manner at the end of its useful life.

**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. Undiscounted future cash flows expected for closure cost between 2024 to 2038 are \$2,292,200 with annual post closure activities starting in year 2046 of \$140,000 per year, increasing at an annual inflation rate of 4.65%, for 30 years to year 2076. The existing landfill site is expected to reach capacity by approximately 2046.

At December 31, 2023 the undiscounted amount (2022 - discounted) of estimated future cash flows require to settle these obligations are \$2,366,815 (2022 - \$1,981,239) and are discounted using a rate of 4.65%.

The Commission has designated a portion of investments for settling the retirement activities.

Asset retirement obligations are expected to be settled over the next 1 to 23 years.

	2023	2022 (restated)
Balance, beginning of year	\$ 1,981,239	\$ 2,072,134
Liabilities incurred	351,938	-
Liabilities settled	(70,712)	(76,913)
Change in estimated cash flows	-	(49,895)
Accretion expenses	104,350	35,913
Balance, end of year	\$ 2,366,815	\$ 1,981,239

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**10. Accumulated operating surplus**

Accumulated operating surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2023	2022 (restated)
Unrestricted surplus	\$ 10,295,746	\$ 9,084,418
Internally restricted surplus (reserves) (note 11)	17,331,988	19,110,866
Equity in tangible capital assets (note 12)	10,679,804	9,043,127
	\$ 38,307,538	\$ 37,238,411

**11. Reserves**

	2023	2022
<b>Operating</b>		
Site closure/replacement and trench liner	\$ 13,480,805	\$ 12,980,805
Equipment replacement	3,218,797	5,563,797
Recycling initiative	20,000	20,000
	16,719,602	18,564,602
<b>Capital</b>		
Equipment replacement	612,386	546,264
	\$ 17,331,988	\$ 19,110,866

**12. Equity in tangible capital assets**

	2023	2022 (restated)
Tangible capital assets (schedule 1)	\$ 27,279,838	\$ 23,221,641
Accumulated amortization (schedule 1)	(14,157,317)	(12,073,434)
Asset retirement obligation (note 9)	(2,366,815)	(1,981,239)
Long-term debt (note 8)	(75,902)	(123,841)
	\$ 10,679,804	\$ 9,043,127

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**13. Related party transactions**

Foothills County, the Town of High River, the Town of Okotoks, the Town of Diamond Valley, and the Town of Nanton 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:

	2023	2022
Town of High River	\$ 304,866	\$ 314,542
Town of Okotoks	288,637	252,159
Town of Diamond Valley	94,176	-
Town of Nanton	59,254	40,541
Foothills County	41,814	86,313
Town of Turner Valley	-	56,476
Town of Black Diamond	-	55,940
	<b>\$ 788,747</b>	<b>\$ 805,971</b>

Expenses charged by Commission members are as follows:

	2023	2022
Foothills County	\$ 2,319,314	\$ 2,101,523
Town of High River	12,616	16,694
	<b>\$ 2,331,930</b>	<b>\$ 2,118,217</b>

Accounts payable and accrued liabilities include amounts payable to:

	2023	2022
Foothills County	\$ 208,051	\$ 250,596
Town of High River	1,021	1,073
	<b>\$ 209,072</b>	<b>\$ 251,669</b>

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

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**14. Financial instruments**

The Commission's financial instruments consist of investments, trade and other receivables, amounts due from Commission members and accounts payable and accrued liabilities.

The Commission is exposed to credit risk on its accounts receivable. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Commission has adopted credit policies and performs regular review of customer accounts in order to reduce its credit risk.

The Commission is exposed to interest rate risk through its investment portfolio. Fluctuations in market interest rates will impact the fair value of these investments. The company minimizes interest rate risk by holding investments with varying maturity dates and interest rates.

The carrying value of these financial instruments approximates their fair value, except as noted in these financial statements.

**15. Budget amounts**

The 2023 budget was approved by the Commission and has been reported in the financial statements for information purposes only. The budget amounts have not been audited, reviewed, or otherwise verified.

Budgeted surplus per financial statements	\$ 1,987,603
Less: Capital expenditures	(4,004,000)
Long-term debt repayments	(47,939)
Transfers to reserves	1,936,878
Add: Frank Lake's amortization	134,489
<hr/>	
Equals: budgeted surplus	<u>\$ 7,031</u>

**16. Contaminated sites liability**

The Commission did not identify any financial liabilities in 2023 (2022 - nil) as a result of contaminated sites.

**17. Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

**18. Approval of financial statements**

These financial statements were approved by the Board and Management.

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

Schedule of tangible capital assets	Schedule 1						
	Land improvements	Buildings	Engineered structures	Machinery and equipment	Transfer sites	Construction in progress	2022 (restated)
<b>Cost:</b>							
Balance, beginning of year	\$ 12,489,245	\$ 1,635,587	\$ 3,280,239	\$ 5,469,549	\$ 80,262	\$ 266,760	\$ 22,343,650
Acquisitions	3,666,052	-	-	427,399	-	44,972	4,138,423
Construction-in-progress	266,760	-	-	-	-	(266,760)	-
Disposals	(9,990)	-	-	(70,237)	-	-	-
Write downs	-	-	-	-	-	-	(49,894)
Balance, end of year	16,412,067	1,635,587	3,280,239	5,826,711	80,262	44,972	23,221,641
<b>Accumulated amortization:</b>							
Balance, beginning of year	5,906,251	809,011	2,243,914	3,033,996	80,262	-	12,073,434
Annual amortization	1,504,558	59,218	93,721	476,337	-	-	2,133,834
Disposals	(5,997)	-	-	(43,954)	-	-	(49,951)
Balance, end of year	7,404,812	868,229	2,337,635	3,466,379	80,262	-	14,157,317
<b>Net book value</b>	<b>\$ 9,007,255</b>	<b>\$ 767,358</b>	<b>\$ 942,604</b>	<b>\$ 2,360,332</b>	<b>\$ -</b>	<b>\$ 44,972</b>	<b>\$ 13,122,521</b>
<b>2022 net book value (restated)</b>	<b>\$ 6,582,993</b>	<b>\$ 826,576</b>	<b>\$ 1,036,325</b>	<b>\$ 2,435,553</b>	<b>\$ -</b>	<b>\$ 266,760</b>	<b>\$ 11,148,207</b>

Public Sector Accounting Standards requires the review of the amortization method and estimate of the useful life of the remaining unamortized portion of tangible capital assets on a regular basis.

The Commission revised the estimated useful life of certain landfill cells included under land improvements and a fuel tank under machinery and equipment to correspond with new information obtained during the implementation of the new accounting standard PS 3280 Asset Retirement Obligations.

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**Schedule of Frank Lake**  
**Schedule 2**

	Budget (Unaudited)	2023	2022
<b>Revenue</b>			
Other service fees and sales of goods	\$ 150,322	\$ 109,166	\$ 109,458
Investment income	22,000	34,091	13,880
	172,322	143,257	123,338
<b>Expenses</b>			
Materials, goods and utilities	41,700	40,219	42,494
Contracted and general services	67,500	26,472	24,493
Amortization of tangible capital assets	134,489	129,467	129,467
	243,689	196,158	196,454
<b>Deficiency of revenue over expenses</b>	<b>\$ (71,367)</b>	<b>\$ (52,901)</b>	<b>\$ (73,116)</b>

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
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**Schedule of Landfill  
Schedule 3**

	Budget (Unaudited)	2023	2022 (restated)
<b>Revenue</b>			
Landfill service fees	\$ 5,460,456	\$ 4,783,442	\$ 5,099,808
Investment income	450,000	638,829	555,150
Other service fees and sales of goods	243,176	596,970	234,274
	6,153,632	6,019,241	5,889,232
<b>Expenses</b>			
Salaries, wages and benefits	1,674,995	1,520,548	1,423,494
Contracted and general services	967,000	816,377	801,880
Materials, goods and utilities	442,650	380,461	424,339
Bank charges and short-term interest	36,000	36,041	26,673
Interest on long-term debt	4,887	4,795	6,825
Accretion expense	100,000	104,350	35,913
Loss on disposal of tangible capital assets	-	30,277	-
Amortization of tangible capital assets	869,130	2,004,367	1,052,264
	4,094,662	4,897,216	3,771,388
<b>Excess of revenue over expenses</b>	<b>\$ 2,058,970</b>	<b>\$ 1,122,025</b>	<b>\$ 2,117,844</b>

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

**Schedule of changes in accumulated surplus**  
**Schedule 4**

	Unrestricted	Internally restricted	Equity in tangible capital assets	2023	2022 (restated)
Balance, beginning of year	\$ 9,084,421	\$ 19,110,866	\$ 9,043,127	\$ 37,238,414	\$ 35,193,683
Excess of revenue over expenses	1,069,124	-	-	1,069,124	2,044,728
Unrestricted funds designated for future use	(566,122)	566,122	-	-	-
Restricted funds used for operations	2,345,000	(2,345,000)	-	-	-
Current year funds used for tangible capital assets	(4,138,424)	-	4,138,424	-	-
Disposal of tangible capital assets	30,277	-	(30,277)	-	-
Annual amortization expense	2,133,834	-	(2,133,834)	-	-
Long-term debt repaid	(47,939)	-	47,939	-	-
Asset retirement obligation incurred	351,938	-	(351,938)	-	-
Asset retirement obligation settled	(70,713)	-	70,713	-	-
Asset retirement obligation accretion expense	104,350	-	(104,350)	-	-
Change in accumulated surplus	1,211,325	(1,778,878)	1,636,677	1,069,124	2,044,728
<b>Balance, end of year</b>	<b>\$ 10,295,746</b>	<b>\$ 17,331,988</b>	<b>\$ 10,679,804</b>	<b>\$ 38,307,538</b>	<b>\$ 37,238,411</b>