

**FOOTHILLS REGIONAL SERVICES COMMISSION**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2024**

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# FOOTHILLS REGIONAL SERVICES COMMISSION

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For the year ended December 31, 2024

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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, 2024, 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, 2024, 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.

### *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 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:

## INDEPENDENT AUDITOR'S REPORT, continued

- 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 28, 2025



Chartered Professional Accountants

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2024**

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents (note 3)	\$ 8,591,076	\$ 6,767,752
Trade and other receivables (note 4)	912,924	869,044
Due from Commission members (note 5)	133,235	78,867
Investments (note 6)	21,356,353	20,727,133
	30,993,588	28,442,796
<b>Liabilities</b>		
Accounts payable and accrued liabilities	989,631	864,202
Deferred revenue	6,626	4,980
Long-term debt (note 7)	25,849	75,902
Asset retirement obligation (note 8)	2,409,791	2,366,815
	3,431,897	3,311,899
<b>Net financial assets</b>	27,561,691	25,130,897
<b>Non-financial assets</b>		
Prepaid expenses	60,397	54,119
Tangible capital assets (schedule 1)	12,682,052	13,122,521
	12,742,449	13,176,640
<b>Accumulated surplus (note 9, schedule 4)</b>		
Accumulated operating surplus	40,304,140	38,307,537
Accumulated remeasurement gains (losses)	-	-
	\$ 40,304,140	\$ 38,307,537

Approved on behalf of the board:

Member B Miller

Member Rachel Swendseid

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF OPERATIONS**  
For the year ended December 31, 2024

	Budget (unaudited)	2024	2023
<b>Revenue</b>			
Frank Lake (schedule 2)	\$ 179,067	\$ 153,811	\$ 143,257
Landfill (schedule 3)	5,872,769	6,722,980	6,019,241
	6,051,836	6,876,791	6,162,498
<b>Expenses</b>			
Frank Lake (schedule 2)	238,667	207,737	196,157
Landfill (schedule 3)	4,205,854	4,672,451	4,897,217
	4,444,521	4,880,188	5,093,374
<b>Excess of revenue over expenses</b>	1,607,315	1,996,603	1,069,124
<b>Accumulated operating surplus, beginning of year</b>	38,307,537	38,307,537	37,238,413
<b>Accumulated operating surplus, end of year</b>	\$ 39,914,852	\$ 40,304,140	\$ 38,307,537

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
For the year ended December 31, 2024

	2024	2023
<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>	\$ -	\$ -

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2024

	Budget (unaudited)	2024	2023
<b>Excess of revenue over expenses</b>	\$ 1,607,315	\$ 1,996,603	\$ 1,069,124
Acquisition of tangible capital assets	(1,419,445)	(918,526)	(4,138,423)
Amortization of tangible capital assets	1,015,546	1,358,995	2,133,834
(Gain) loss on disposal of tangible capital assets	-	(45,000)	30,275
Proceeds on disposal of tangible capital assets	-	45,000	-
	(403,899)	440,469	(1,974,314)
Net change in prepaid expenses	-	(6,278)	(11,371)
<b>Change in net financial assets</b>	1,203,416	2,430,794	(916,561)
<b>Net financial assets, beginning of year</b>	25,130,897	25,130,897	26,047,458
<b>Net financial assets, end of year</b>	\$ 26,334,313	\$ 27,561,691	\$ 25,130,897

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2024

	2024	2023
<b>Operating transactions</b>		
Excess of revenue over expenses	\$ 1,996,603	\$ 1,069,124
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(45,000)	30,275
Amortization of tangible capital assets	1,358,995	2,133,834
Accretion expense	110,057	104,350
	3,420,655	3,337,583
Net change in non-cash working capital items		
Trade and other receivables	(43,880)	(140,836)
Due from Commission members	(54,368)	6,032
Prepaid expenses	(6,278)	(11,371)
Accounts payable and accrued liabilities	125,429	481,909
Deferred revenue	1,646	824
Asset retirement obligation settled	(67,081)	(70,712)
Cash provided by operating transactions	3,376,123	3,603,429
<b>Capital transactions</b>		
Proceeds on disposal of tangible capital assets	45,000	-
Acquisition of tangible capital assets	(918,526)	(4,138,424)
Asset retirement obligation incurred	-	351,938
Cash applied to capital transactions	(873,526)	(3,786,486)
<b>Investing transactions</b>		
Change in investments	(629,220)	-
<b>Financing transactions</b>		
Repayment of long-term debt	(50,053)	(47,939)
<b>Increase (decrease) in cash and cash equivalents</b>	1,823,324	(230,996)
<b>Cash and cash equivalents, beginning of year</b>	6,767,752	6,998,748
<b>Cash and cash equivalents, end of year</b>	\$ 8,591,076	\$ 6,767,752
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 8,591,076	\$ 4,767,752
Guaranteed Investment Certificate	-	2,000,000
	\$ 8,591,076	\$ 6,767,752

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2024**

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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 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, 2024**

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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, 2024**

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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, 2024**

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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 the 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.

**3. Cash and cash equivalents**

	2024	2023
Cash	\$ 8,591,076	\$ 4,767,752
Guaranteed Investment Certificate	-	2,000,000
	<u>\$ 8,591,076</u>	<u>\$ 6,767,752</u>

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2024

**4. Trade and other receivables**

	2024	2023
Trade receivables	\$ 744,169	\$ 644,413
Interest receivable	112,189	119,659
GST receivable	56,566	105,527
Allowance for doubtful accounts	-	(555)
	<b>\$ 912,924</b>	<b>\$ 869,044</b>

**5. Due from Commission members**

	2024	2023
Town of High River	\$ 45,415	\$ 30,394
Town of Okotoks	44,440	19,099
Foothills County	30,853	21,660
Town of Diamond Valley	7,795	4,357
Town of Nanton	4,732	3,357
	<b>\$ 133,235</b>	<b>\$ 78,867</b>

**6. Investments**

	2024		2023	
	Cost	Market value	Cost	Market value
Treasury Board and Finance	\$ 10	\$ 10	\$ 10	\$ 10
Fixed income	21,356,343	21,618,777	20,727,123	20,312,157
	<b>\$ 21,356,353</b>	<b>\$ 21,618,787</b>	<b>\$ 20,727,133</b>	<b>\$ 20,312,167</b>

Fixed income investments consists of bonds, notes, and debentures with interest rates ranging from 1.55% to 4.20% and maturity dates ranging from 2025 to 2032.

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2024

**7. Long-term debt**

	2024	2023
Debentures payable	\$ 25,849	\$ 75,902

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2025	\$ 25,849	\$ 564	\$ 26,413
	\$ 25,849	\$ 564	\$ 26,413

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:

	2024	2023
Total debt limit	\$ 13,753,582	\$ 12,324,996
Total debt	25,849	75,902
	\$ 13,727,733	\$ 12,249,094
Debt servicing limit	\$ 2,406,877	\$ 2,156,874
Debt servicing	26,413	52,826
	\$ 2,380,464	\$ 2,104,048

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, 2024

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**8. 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 2025 to 2038 are \$2,225,119 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, 2024 the discounted amount (2023 - discounted) of estimated future cash flows require to settle these obligations are \$2,409,791 (2023 - \$2,366,815) 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 22 years.

	2024	2023
Balance, beginning of year	\$ 2,366,815	\$ 1,981,239
Liabilities incurred	-	351,938
Liabilities settled	(67,081)	(70,712)
Change in estimated cash flows	-	-
Accretion expenses	110,057	104,350
Balance, end of year	\$ 2,409,791	\$ 2,366,815

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2024

**9. Accumulated operating surplus**

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

	2024	2023
Unrestricted surplus	\$ 11,960,873	\$ 10,295,745
Internally restricted surplus (reserves) (note 10)	18,096,855	17,331,988
Equity in tangible capital assets (note 11)	10,246,412	10,679,804
	<b>\$ 40,304,140</b>	<b>\$ 38,307,537</b>

**10. Reserves**

	2024	2023
<b>Operating</b>		
Site closure/replacement and trench liner	\$ 13,730,805	\$ 13,480,805
Equipment replacement	3,663,797	3,218,797
Recycling initiative	20,000	20,000
	<b>17,414,602</b>	<b>16,719,602</b>
<b>Capital</b>		
Equipment replacement	682,253	612,386
	<b>\$ 18,096,855</b>	<b>\$ 17,331,988</b>

**11. Equity in tangible capital assets**

	2024	2023
Tangible capital assets (schedule 1)	\$ 28,093,566	\$ 27,279,838
Accumulated amortization (schedule 1)	(15,411,514)	(14,157,317)
Asset retirement obligation (note 8)	(2,409,791)	(2,366,815)
Long-term debt (note 7)	(25,849)	(75,902)
	<b>\$ 10,246,412</b>	<b>\$ 10,679,804</b>

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2024**

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**12. 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:

	2024	2023
Town of High River	\$ 327,466	\$ 304,866
Town of Okotoks	278,462	288,637
Town of Diamond Valley	115,269	94,176
Town of Nanton	50,964	59,254
Foothills County	43,353	41,814
	<u>\$ 815,514</u>	<u>\$ 788,747</u>

Expenses charged by Commission members are as follows:

	2024	2023
Foothills County	\$ 2,110,718	\$ 2,319,314
Town of High River	13,858	12,616
	<u>\$ 2,124,576</u>	<u>\$ 2,331,930</u>

Accounts payable and accrued liabilities include amounts payable to:

	2024	2023
Foothills County	\$ 376,613	\$ 208,051
Town of High River	1,199	1,021
	<u>\$ 377,812</u>	<u>\$ 209,072</u>

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, 2024**

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**13. 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.

**14. Budget amounts**

The 2024 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	\$ 1,607,315
Less: Capital expenditures	(1,419,445)
Long-term debt repayments	(50,053)
Transfers to reserves	(264,867)
Add: Frank Lake amortization expense	129,467
Equals: budgeted surplus	<u>\$ 2,417</u>

**15. Contaminated sites liability**

The Commission did not identify any financial liabilities in 2024 (2023 - nil) as a result of contaminated sites.

**16. Comparative figures**

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

**17. 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, 2024

**Schedule of tangible capital assets**

**Schedule 1**

	Land improvements	Buildings	Engineered structures	Machinery and equipment	Transfer sites	2024	2023
<b>Cost:</b>							
Balance, beginning of year	\$ 16,412,067	\$ 1,680,559	\$ 3,280,239	\$ 5,826,711	\$ 80,262	\$ 27,279,838	\$ 23,221,642
Acquisitions	183,330	-	-	260,652	-	443,982	4,138,423
Construction-in-progress	-	474,544	-	-	-	474,544	-
Disposals	-	-	-	(104,798)	-	(104,798)	(80,227)
Balance, end of year	16,595,397	2,155,103	3,280,239	5,982,565	80,262	28,093,566	27,279,838
<b>Accumulated amortization:</b>							
Balance, beginning of year	7,404,812	868,229	2,337,635	3,466,379	80,262	14,157,317	12,073,434
Annual amortization	711,052	59,218	93,721	495,004	-	1,358,995	2,133,834
Disposals	-	-	-	(104,798)	-	(104,798)	(49,951)
Balance, end of year	8,115,864	927,447	2,431,356	3,856,585	80,262	15,411,514	14,157,317
<b>Net book value</b>	<b>\$ 8,479,533</b>	<b>\$ 1,227,656</b>	<b>\$ 848,883</b>	<b>\$ 2,125,980</b>	<b>\$ -</b>	<b>\$ 12,682,052</b>	<b>\$ 13,122,521</b>
<b>2023 net book value</b>	<b>\$ 9,007,255</b>	<b>\$ 812,330</b>	<b>\$ 942,604</b>	<b>\$ 2,360,332</b>	<b>\$ -</b>	<b>\$ 13,122,521</b>	

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2024**

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**Schedule of Frank Lake**

**Schedule 2**

	Budget (Unaudited)	2024	2023
<b>Revenue</b>			
Other service fees and sales of goods	\$ 149,067	\$ 120,520	\$ 109,166
Investment income	30,000	33,291	34,091
	179,067	153,811	143,257
<b>Expenses</b>			
Materials, goods and utilities	43,700	42,311	40,219
Contracted and general services	65,500	35,959	26,471
Amortization of tangible capital assets	129,467	129,467	129,467
	238,667	207,737	196,157
<b>Deficiency of revenue over expenses</b>	<b>\$ (59,600)</b>	<b>\$ (53,926)</b>	<b>\$ (52,900)</b>

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**FOOTHILLS REGIONAL SERVICES COMMISSION**  
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For the year ended December 31, 2024

Schedule of Landfill	Budget (Unaudited)	2024	Schedule 3 2023
<b>Revenue</b>			
Landfill service fees	\$ 5,057,006	\$ 5,440,236	\$ 4,783,442
Investment income	500,000	904,001	638,829
Other service fees and sales of goods	315,763	333,743	596,970
Gain on disposal of tangible capital assets	-	45,000	-
	5,872,769	6,722,980	6,019,241
<b>Expenses</b>			
Salaries, wages and benefits	1,751,737	1,667,711	1,520,548
Contracted and general services	1,021,896	1,223,208	816,373
Materials, goods and utilities	406,650	399,133	380,466
Accretion expense	100,000	110,057	104,350
Bank charges and short-term interest	36,720	40,138	36,041
Interest on long-term debt	2,772	2,676	4,795
Loss on disposal of tangible capital assets	-	-	30,277
Amortization of tangible capital assets	886,079	1,229,528	2,004,367
	4,205,854	4,672,451	4,897,217
<b>Excess of revenue over expenses</b>	\$ 1,666,915	\$ 2,050,529	\$ 1,122,024

**FOOTHILLS REGIONAL SERVICES COMMISSION**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2024

**Schedule of changes in accumulated surplus**

**Schedule 4**

	Unrestricted	Internally restricted	Equity in tangible capital assets	2024	2023
Balance, beginning of year	\$ 10,295,745	\$ 17,331,988	\$ 10,679,804	\$ 38,307,537	\$ 37,238,413
Excess of revenue over expenses	1,996,603	-	-	1,996,603	1,069,124
Unrestricted funds designated for future use	(819,867)	819,867	-	-	-
Restricted funds used for operations	55,000	(55,000)	-	-	-
Current year funds used for tangible capital assets	(918,526)	-	918,526	-	-
Annual amortization expense	1,358,995	-	(1,358,995)	-	-
Long-term debt repaid	(50,053)	-	50,053	-	-
Asset retirement obligation settled	(67,081)	-	67,081	-	-
Asset retirement obligation accretion expense	110,057	-	(110,057)	-	-
Change in accumulated surplus	1,665,128	764,867	(433,392)	1,996,603	1,069,124
<b>Balance, end of year</b>	<b>\$ 11,960,873</b>	<b>\$ 18,096,855</b>	<b>\$ 10,246,412</b>	<b>\$ 40,304,140</b>	<b>\$ 38,307,537</b>