

Portage la Prairie Regional Landfill
Authority Inc.
Financial Statements
For the Year Ended December 31, 2022

Portage la Prairie Regional Landfill Authority Inc.
Financial Statements
For the Year Ended December 31, 2022

Contents

Management's Responsibility	1
Independent Auditor's Report	2-3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15

Management's Responsibility

To the Board of Directors of Portage la Prairie Regional Landfill Authority Inc.

The accompanying financial statements are the responsibility of management of Portage la Prairie Regional Landfill Authority Inc. and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Standards Board of The Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal control and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board of Directors of the Entity met with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

BDO Canada LLP as the Entity's appointed external auditors, have audited the financial statements. The auditor's report is addressed to the Board of Directors and appears on the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Entity in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Director



Tel: 204 727 0671
Fax: 1 833 888 1678
Toll Free: 800 775 3328
www.bdo.ca

BDO Canada LLP
148 - 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Board of Directors of Portage la Prairie Regional Landfill Authority Inc.

Opinion

We have audited the financial statements of Portage la Prairie Regional Landfill Authority Inc. (the "Entity"), which comprise the statement of financial position as at December 31, 2022, the statements of operations, changes in net 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 Entity as at December 31, 2022, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

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 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.

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 for not-for-profit organizations, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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:

- 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.

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.

BDO Canada LLP

Chartered Professional Accountants

Brandon, Manitoba
May 2, 2023

Portage la Prairie Regional Landfill Authority Inc.
Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash	\$ 1,227,266	\$ 1,031,177
Reserve funds (Note 3)	825,986	550,605
Accounts receivable (Note 2)	181,067	136,051
Prepaid expenses	2,384	-
GST receivable	2,144	8,734
	2,238,847	1,726,567
Reserve funds (Note 3)	182,215	400,591
Capital assets (Note 4)	1,588,846	1,719,753
	\$ 4,009,908	\$ 3,846,911
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 128,988	\$ 159,891
Landfill closure and post closure liability (Note 5)	324,877	162,293
	453,865	322,184
Net Assets		
Restricted for capital reserve	332,937	331,637
Restricted for closure reserve	380,960	325,306
Invested in capital assets	1,588,846	1,719,753
Restricted for land improvements reserve	25,000	25,000
Unrestricted	1,228,300	1,123,031
	3,556,043	3,524,727
	\$ 4,009,908	\$ 3,846,911

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

Portage la Prairie Regional Landfill Authority Inc.
Statement of Changes in Net Assets

	Restricted for capital reserve	Restricted for closure reserve	Invested in capital assets	Restricted for improvements reserve	Unrestricted	2022 Total	2021 Total
For the year ended December 31	\$ 331,637	\$ 325,306	\$ 1,719,753	\$ 25,000	\$ 1,123,031	\$ 3,524,727	\$ 3,138,060
Net assets, beginning of year							
Excess of revenue over expenses	1,300	5,654	(181,376)	-	205,738	31,316	386,667
Investment in capital assets	-	-	50,469	-	(50,469)	-	-
Internal transfer (Note 7)	-	50,000	-	-	(50,000)	-	-
Net assets, end of year	\$ 332,937	\$ 380,960	\$ 1,588,846	\$ 25,000	\$ 1,228,300	\$ 3,556,043	\$ 3,524,727

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

**Portage la Prairie Regional Landfill Authority Inc.
Statement of Operations**

For the year ended December 31	2022	2021
Revenue		
Tipping fees - Commercial	\$ 498,077	\$ 834,139
Tipping fees - City residential	151,377	151,981
Tipping fees - R.M. residential	88,828	73,466
Septic waste	41,889	50,700
Other disposals	62,014	3,183
	<u>842,185</u>	<u>1,113,469</u>
Expenses		
Amortization	181,376	168,457
Bank charges and interest	12,705	11,028
Board	2,308	3,401
Fuel	50,951	40,118
Ground maintenance	4,943	4,616
Landfill closure costs	162,584	34,895
Office	68,191	70,206
Professional fees	23,704	33,793
Repairs and maintenance	19,156	9,681
Roadside pick up	1,900	2,081
Training and education	3,051	2,392
Wages and benefits	289,377	352,048
	<u>820,246</u>	<u>732,716</u>
Excess of revenues over expenses before other item	21,939	380,753
Other item		
Interest income	9,377	5,916
Excess of revenue over expenses	<u>\$ 31,316</u>	<u>\$ 386,669</u>

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

**Portage la Prairie Regional Landfill Authority Inc.
Statement of Cash Flows**

For the year ended December 31	2022	2021
Cash flows from operating activities		
Excess of revenue over expenses	\$ 31,316	\$ 386,669
Items not affecting cash:		
Amortization of capital assets	181,376	168,457
Change in closure and post closure liability	162,584	34,895
	<u>375,276</u>	<u>590,021</u>
Changes in non-cash working capital:		
Accounts receivable	(45,017)	30,383
GST receivable	6,589	(1,723)
Prepaid expenses	(2,383)	-
Accounts payable and accrued liabilities	(30,904)	1,628
	<u>303,561</u>	<u>620,309</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(50,467)</u>	<u>(233,810)</u>
Cash flows from financing activities		
Change in reserve account	<u>(57,005)</u>	<u>(74,714)</u>
Net increase in cash	196,089	311,785
Cash, beginning of the year	<u>1,031,177</u>	<u>719,392</u>
Cash, end of the year	<u>\$ 1,227,266</u>	<u>\$ 1,031,177</u>

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

Portage la Prairie Regional Landfill Authority Inc.

Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization	The Entity is a self sustaining not-for-profit responsible for maintaining the landfill in the Rural Municipality of Portage la Prairie. The Entity was established by the Rural Municipality of Portage la Prairie and the City of Portage la Prairie under the Regional Waste Management Authorities Act (RWMAA) on December 21, 2004. Any surplus it generates is non-taxable.
Basis of Accounting	The financial statements have been prepared using Canadian public sector accounting standards for not-for-profit organizations.
Revenue Recognition	<p>The Entity follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Revenue from commercial, residential, septic and miscellaneous tipping fees is recognized upon transfer of materials, when the related service is provided.</p> <p>Investment income is recognized when earned on the related investment balance.</p>
Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>

Portage la Prairie Regional Landfill Authority Inc.
Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Contributed capital assets are subsequently amortized. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Building	Straight-line	40 years
Equipment	Straight-line	10 years
Computers	Straight-line	4 years
Land improvements	Straight-line	30 years
Land improvements - sludge	Straight-line	3 years
Land improvements - windbreak	Straight-line	20 years

Capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

When a capital asset no longer contributes to an Entity's ability to provide goods and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

When a capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the capital asset disposed of is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Landfill Closure and Post
Closure Liabilities

The estimated cost to close and maintain the solid waste landfill site is based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

Portage la Prairie Regional Landfill Authority Inc.
Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of capital assets.

Expenditures that relate to on-going environmental and reclamation programs are charged against earnings as incurred. Future site restoration costs are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration. Annual provisions for these costs are recorded in the closure reserve account.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

Portage la Prairie Regional Landfill Authority Inc.
Notes to Financial Statements

December 31, 2022

1. Significant Accounting Policies (continued)

Funded Reserves

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Entity, the accounts are maintained as funded reserves. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the directives issued by the Board of Directors. Five funds are maintained: Unrestricted, Restricted for Capital Reserve, Restricted for Closure Reserve, Invested in Capital Assets and Restricted for Land Improvements Reserve.

The Unrestricted Fund is used to account for all revenue and expenses related to general operations of the Entity.

The Restricted for Capital Reserve is maintained for the purpose of funding future landfill equipment repairs and maintenance.

The Restricted for Closure Reserve is maintained for the purposes of funding estimated future closure costs of the regional landfill.

The Invested in Capital Assets fund is used to account for all capital assets of the Entity and to present the flow of funds related to their acquisition and disposal.

The Restricted for Land Improvements Reserve is maintained for the purpose of funding future land improvement requirements.

Portage la Prairie Regional Landfill Authority Inc.
Notes to Financial Statements

December 31, 2022

2. Accounts Receivable

	2022	2021
Accounts receivable	\$ 175,275	\$ 132,681
Allowance for doubtful accounts	(175)	(175)
Accrued interest	5,967	3,545
	\$ 181,067	\$ 136,051

3. Reserve Funds

	2022	2021
Current		
Stride Credit Union capital reserve account bearing interest at 2.36%	\$ 551,884	\$ 550,583
Stride Credit Union closure reserve GIC bearing interest at 1.15%, maturing May 2023	274,062	-
Stride Credit Union closure reserve account bearing interest at 2.11%	40	22
	825,986	550,605
Long-term		
Stride Credit Union closure reserve GIC bearing interest at 3.5%, maturing November 2024	132,215	129,644
Stride Credit Union closure reserve GIC bearing interest at 3.5%, maturing November 2024	50,000	-
Stride Credit Union closure reserve GIC bearing interest at 1.15%, maturing May 2023 (moved to current portion for 2022)	-	270,947
	\$ 1,008,241	\$ 951,196

Portage la Prairie Regional Landfill Authority Inc.
Notes to Financial Statements

December 31, 2022

4. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 864,339	\$ 206,435	\$ 504,473	\$ 176,832
Equipment	1,453,448	682,717	1,446,192	541,911
Computer	13,131	12,950	13,131	13,131
Land improvements	428,043	268,013	428,044	256,866
Asset under construction	-	-	316,653	-
	2,758,961	1,170,115	2,708,493	988,740
		\$ 1,588,846		\$ 1,719,753

Portage la Prairie Regional Landfill Authority Inc.
Notes to Financial Statements

December 31, 2022

5. Landfill Closure and Post Closure Liability

	2022	2021
Estimated closure costs (2024)	\$ 30,000	\$ 30,000
Estimated post-closure costs (2025 through 2058)	782,000	384,000
Total closure and post-closure costs	812,000	414,000
Discount rate	5.25%	5.25%
Discounted costs	353,127	180,326
Percentage utilized	92	90
Landfill closure and post-closure liability	\$ 324,877	\$ 162,293
Expected year capacity will be reached	2024	2024

Future closure and post-closure costs will be funded by the closure bank account and term deposit (see Note 3) held by the Entity with a combined carrying value of \$456,317 (2021 - \$400,613). The Board transferred funds to the closure accounts in the amount of \$50,000 (2021 - \$70,766) and has approved an annual allocation of \$50,000 until such time as the site is fully closed.

	Capacity (tonnes) 2022	% Utilized 2022	Capacity (tonnes) 2021	% Utilized 2021
Used to date	957,434	0.93	923,910	0.90
Remaining	76,566	0.07	110,090	0.10
Total	1,034,000	1.00	1,034,000	1.00

The Entity has received approval to vertically expand their existing cells in order to create further capacity. The required preparatory work has not yet been completed and as such this additional capacity has not been included in the calculation of the estimated closure and post-closure liability for the 2022 year.

6. Contingent Liability

The Portage la Prairie Regional Landfill Authority Inc. has not recognized a liability for non-compliance with Conservation and Climate Manitoba, primarily for the secretion of leachate out of the landfill land. The fair value of the liability cannot be reasonably estimated.

Portage la Prairie Regional Landfill Authority Inc. Notes to Financial Statements

December 31, 2022

7. Funded Reserves

The Capital Reserve is maintained for the purpose of funding future landfill equipment repairs and maintenance. In 2022, \$Nil was transferred into the Capital Reserve (2021 - \$Nil) from unrestricted net assets. Cash reserved for use in the Capital Reserve is segregated and interest earned on these funds is allocated to the Capital Reserve. In 2022, interest earned amounted to \$1,300 (2021 - \$1,297).

The Capital Reserve is funded by the equipment reserve bank account (see Note 3) with a balance of \$551,884 (2021 - \$550,583) resulting in an overfunded reserve in the amount of \$218,947 (2021 - \$218,948).

The Closure Reserve is maintained for the purpose of funding estimated future closure costs of the regional landfill. In 2022, \$50,000 was transferred into the Closure Reserve (2021 - \$70,766) from unrestricted net assets. Cash reserved for use in the Closure Reserve is segregated and interest earned on these funds is allocated to the Closure Reserve. In 2022, interest earned amounted to \$5,654 (2021 - \$2,475).

The Closure Reserve is funded by the closure reserve bank account and term deposits (see Note 3) with a combined balance of \$456,317 (2021 - \$400,613) resulting in an overfunded reserve in the amount of \$75,357 (2021 - \$75,307).

The Land Improvements Reserve is maintained for the purpose of funding future land improvement requirements. In 2022, \$Nil was transferred into the Land Improvements Reserve fund (2021 - \$Nil) from the unrestricted fund. The Land Improvements Reserve is un-funded as at December 31, 2022 and December 31, 2021.

8. Related Party Transactions

The City of Portage la Prairie and the Rural Municipality of Portage la Prairie are related through joint control of the Entity. During the year, various transactions occurred between the Entity, the City of Portage la Prairie and the Rural Municipality of Portage la Prairie. Such transactions include the transfer of waste from the City of Portage la Prairie and Rural Municipality of Portage la Prairie to the Authority in exchange for tipping fees. The transactions were in the normal course of operations, conducted on the same terms and at similar prices as transactions with arm's length parties, and measured at the exchange amount.

Transactions with the Rural Municipality of Portage la Prairie amounted to \$120,394 (2021 - \$101,945) of tipping fee revenue. Included in accounts receivables is \$4,744 (2021 - \$5,367) for transactions in the normal course of business. Included in accounts payable is \$20,150 (2021 - \$26,707) for transactions in the normal course of business.

Transactions with the City of Portage la Prairie amounted to \$178,381 (2021 - \$192,487) of tipping fee revenue. Included in accounts receivables is \$28,022 (2021 - \$43,019) for transactions in the normal course of business. Included in accounts payable is \$70 (2021 - \$70) for transactions in the normal course of business.
