

Portage la Prairie Regional Landfill  
Authority Inc.  
Financial Statements  
For the Year Ended December 31, 2023

Portage la Prairie Regional Landfill Authority Inc.  
Financial Statements  
For the Year Ended December 31, 2023

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## Management's Responsibility

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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.

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.

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Director



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## Independent Auditor's Report

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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, 2023, 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, 2023, and the results of its operations 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 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.

### Emphasis of Matters - Basis of Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Entity to meet the internal reporting requirements of its board of directors. As a result, the financial statements may not be suitable for another purpose. Our 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 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  
June 30, 2024

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

December 31	2023	2022
		(Restated - Note 2)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 624,350	\$ 1,227,266
Reserve funds (Note 4)	1,470,108	825,986
Accounts receivable (Note 3)	207,994	181,067
Prepaid expenses	4,668	2,384
GST receivable	25,701	2,143
	<u>2,332,821</u>	<u>2,238,846</u>
Reserve funds (Note 4)	-	182,215
Capital assets (Note 5)	<u>1,823,443</u>	<u>1,609,530</u>
	<u>\$ 4,156,264</u>	<u>\$ 4,030,591</u>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 140,997	\$ 128,987
Asset retirement obligations (Note 6)	<u>519,639</u>	<u>493,719</u>
	<u>660,636</u>	<u>622,706</u>
<b>Net Assets</b>		
Restricted for capital reserve	334,241	332,937
Restricted for closure reserve	438,453	380,960
Invested in capital assets	1,823,443	1,609,530
Restricted for land improvements reserve	225,000	25,000
Restricted for Contingencies and Mitigation	100,000	-
Restricted for Regional Waste Programs	100,000	-
Unrestricted	474,491	1,059,458
	<u>3,495,628</u>	<u>3,407,885</u>
	<u>\$ 4,156,264</u>	<u>\$ 4,030,591</u>

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

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

For the year ended December 31	Restricted for capital reserve	Restricted for closure reserve	Invested in capital assets	Restricted for improvements reserve	Restricted for Contingencies and Mitigation	Restricted for Regional Waste Programs	Unrestricted	2023 Total	2022 Total
Net assets, beginning of year	\$ 332,937	\$ 380,960	\$ 1,609,530	\$ 25,000	\$ -	\$ -	\$ 1,059,458	\$ 3,407,885	\$ 3,524,727
Excess of revenue over expenses	1,304	7,493	(232,153)	-	-	-	311,099	87,743	162,378
Investment in capital assets	-	-	446,066	-	-	-	(446,066)	-	-
Internal transfer (Note 8)	-	50,000	-	200,000	100,000	100,000	(450,000)	-	-
Change in accounting policy (Note 2)	-	-	-	-	-	-	-	-	(279,220)
Net assets, end of year	\$ 334,241	\$ 438,453	\$ 1,823,443	\$ 225,000	\$ 100,000	\$ 100,000	\$ 474,491	\$ 3,495,628	\$ 3,407,885

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	2023	2022
		(Restated - Note 2)
Revenue		
Tipping fees - Commercial	\$ 578,008	\$ 498,077
Tipping fees - City residential	146,139	151,377
Tipping fees - R.M. residential	92,511	88,828
Septic waste	46,526	41,889
Other disposals	19,617	62,014
	882,801	842,185
Expenses		
Accretion expense	25,920	24,627
Amortization	224,902	188,271
Bank charges and interest	11,165	12,705
Board	2,340	2,308
Fuel	53,672	50,951
Ground maintenance	3,325	4,943
Office	81,130	68,191
Professional fees	22,193	23,704
Training and education	7,615	3,051
Wages and benefits	340,147	289,377
Repairs and maintenance	22,105	19,156
Roadside pick up	2,090	1,900
	796,604	689,184
Excess of revenues over expenses before other item		
	796,604	689,184
Other item		
Interest income	8,797	9,377
Loss on disposal of capital assets	(7,251)	-
	1,546	9,377
Excess of revenue over expenses	\$ 87,743	\$ 162,378

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	2023	2022
		(Restated - Note 2)
Cash flows from operating activities		
Excess of revenue over expenses	\$ 87,743	\$ 162,378
Items not affecting cash:		
Amortization	224,902	188,271
Loss on disposal of capital assets	7,251	-
Accretion expense	25,920	24,627
	<u>345,816</u>	<u>375,276</u>
Changes in non-cash working capital:		
Accounts receivable	(26,926)	(45,017)
GST receivable	(23,557)	6,589
Prepaid expenses	(2,284)	(2,383)
Accounts payable and accrued liabilities	12,007	(30,904)
	<u>305,056</u>	<u>303,561</u>
Cash flows from capital activities		
Purchase of capital assets	(449,400)	(50,467)
Proceeds on sale of capital assets	3,334	-
	<u>(446,066)</u>	<u>(50,467)</u>
Cash flows from financing activities		
Change in reserve account	(461,906)	(57,005)
	<u>(461,906)</u>	<u>(57,005)</u>
Net (decrease) increase in cash	(602,916)	196,089
Cash, beginning of the year	<u>1,227,266</u>	<u>1,031,177</u>
Cash, end of the year	<u>\$ 624,350</u>	<u>\$ 1,227,266</u>

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

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# Portage la Prairie Regional Landfill Authority Inc.

## Notes to Financial Statements

December 31, 2023

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### 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** 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.

Revenue from commercial, residential, septic and miscellaneous tipping fees is recognized upon transfer of materials, when the related service is provided.

Investment income is recognized when earned on the related investment balance.

**Financial Instruments** The Entity applies the recommendations of Sections PS 4200, Financial Statement Presentation, and PS 3450, Financial Instruments, of the CPA Public Sector Accounting Handbook.

#### *Initial Measurement*

The Entity recognizes a financial asset or a financial liability on the statement of financial position when and only when, it becomes a party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at cost, previously, and the amount of the reversal is recognized in net income.

The Entity's financial instruments consist of cash, reserve funds, accounts receivable, and accounts payable and accrued liabilities

#### *Subsequent Measurement*

At each reporting date, the Entity measures its financial assets and liabilities at amortized cost (including impairment in the case of financial assets). The Entity determines whether there is any objective evidence of impairment of the financial assets. Any financial asset impairment is recognized in the statement of operations.

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

December 31, 2023

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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
Landfill site	Straight-line	3 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.

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# Portage la Prairie Regional Landfill Authority Inc.

## Notes to Financial Statements

December 31, 2023

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### 1. Significant Accounting Policies (continued)

**Liability for contaminated sites** 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 contaminated sites is recognized when all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- The Entity:
  - is directly responsible; or
  - accepts responsibility; and
- a reasonable estimate of the amount can be made.

**Asset Retirement Obligations**

Asset retirement obligations reflect the legal obligations arising from the retirement of the Entity's capital assets, and are recognized when:

- there is a legal obligation for the Entity to incur costs in relation to a specific capital asset,
- there is a past transaction or event causing the liability that has occurred,
- when economic benefits will need to be given up to remediate the liability, and
- when a reasonable estimate of the liability can be made.

Capital assets that are in use, no longer in use, or that are leased may all give rise to asset retirement obligations.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related capital asset if it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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

December 31, 2023

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1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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.

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.

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

December 31, 2023

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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.

The Restricted for Contingencies and Mitigation Reserve is maintained for the purpose of funding future contingencies and mitigation requirements.

The Restricted for Regional Waste Program Reserve is maintained for the purpose of funding future regional waste program requirements.

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

December 31, 2023

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2. Change in Accounting Policy

Effective January 1, 2023, the Entity adopted the new Public Sector Accounting Handbook Standard, PSAS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are as of the first date of the current period, which was January 1, 2023.

The impact of adoption of this standard is as follows:

	2022 Originally Presented	Restatement	2022 Restated
Capital assets - cost	\$ 2,758,961	\$ 151,687	\$ 2,910,648
Accumulated amortization - capital assets	1,170,115	131,002	1,301,117
Asset retirement obligation	-	493,720	493,720
Landfill closure and post closure liability	324,877	(324,877)	-
Net assets	3,556,043	(148,158)	3,407,885
Excess of revenues over expenses	31,316	131,062	162,378
Amortization expense	181,376	6,895	188,271
Accretion expense	-	24,627	24,627
Landfill closure costs	162,584	(162,584)	-
	<u>\$ 8,185,272</u>	<u>\$ 303,374</u>	<u>\$ 8,488,646</u>

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3. Accounts Receivable

	2023	2022
Accounts receivable	\$ 206,781	\$ 175,275
Allowance for doubtful accounts	(1,892)	(175)
Accrued interest	3,105	5,967
	<u>\$ 207,994</u>	<u>\$ 181,067</u>

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

December 31, 2023

4. Reserve Funds	2023	2022
Current		
Stride Credit Union closure reserve account bearing interest at 0.24%	\$ 728,209	\$ 40
Stride Credit Union capital reserve account bearing interest at 0.24%	553,188	551,884
Stride Credit Union closure reserve GIC bearing interest at 3.50%, maturing November 2024	136,951	-
Stride Credit Union closure reserve GIC bearing interest at 3.50%, maturing November 2024	51,760	-
Stride Credit Union closure reserve GIC bearing interest at 1.15%, matured May 2023.	-	274,062
	1,470,108	825,986
Long-term		
Stride Credit Union closure reserve GIC bearing interest at 3.5%, maturing November 2024 (moved to current portion for 2023)	-	132,215
Stride Credit Union closure reserve GIC bearing interest at 3.5%, maturing November 2024 (moved to current portion for 2023)	-	50,000
	-	182,215
	\$ 1,470,108	\$ 1,008,201



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

December 31, 2023

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5. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Building	\$ 864,201	\$ 227,975	\$ 864,339	\$ 206,435
Equipment	1,865,048	840,493	1,453,448	682,717
Computer	13,131	13,131	13,131	12,950
Land improvements	428,043	279,170	428,043	268,013
Landfill site	151,687	137,898	151,687	131,003
	3,322,110	1,498,667	2,910,648	1,301,118
		\$ 1,823,443		\$ 1,609,530

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

December 31, 2023

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6. Asset Retirement Obligations

The Entity's asset retirement obligation consists of the following obligations:

Landfill closure and post-closure costs

The Entity owns and operates a landfill for which a liability had previously been recorded under PS 3270 Solid Waste Landfill Closure and Post-closure Costs. Adoption of PS 3280 Asset Retirement Obligations has resulted in an increase to the previously recorded landfill closure costs in the amount of \$31,714 as at January 1, 2022. The final closure of the last landfill is currently expected to occur in 2025 at a cost of \$30,000. Monitoring of the landfill will be required for an additional 35 years after final closure of the Landfill, at a cost of \$23,000 per year. The closure and post-closure costs were discounted using a rate of 5.25%.

	<u>2023</u>	<u>2022</u>
Balance, Beginning of year	\$ 493,719	\$ 469,092
Accretion expense	<u>25,920</u>	<u>24,627</u>
Estimated total liability	<u>\$ 519,639</u>	<u>\$ 493,719</u>

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs is being amortized on a straight-line basis over the remaining useful lives of the assets.

Significant estimates and assumptions are made in determining the asset retirement cost as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to the asset retirement obligation, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related capital asset in the current period on a prospective basis.

Future closure and post-closure costs will be funded by the the Closure Reserve (Note 8).

The Entity is seeking approval to vertically expand their existing cells in order to create further capacity. As such this additional capacity has not been included in the calculation of the estimated closure and post-closure liability for the 2023 year.

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7. 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.

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

December 31, 2023

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8. Funded Reserves

The Capital Reserve is maintained for the purpose of funding future landfill equipment repairs and maintenance. In 2023, \$Nil was transferred into the Capital Reserve (2022 - \$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 2023, interest earned amounted to \$1,304 (2022 - \$1,300).

The Capital Reserve is funded by the equipment reserve bank account (see Note 4) with a balance of \$553,188 (2022 - \$551,884) resulting in an overfunded reserve in the amount of \$218,947 (2022 - \$218,947).

The Closure Reserve is maintained for the purpose of funding estimated future closure costs of the regional landfill. In 2023, \$50,000 was transferred into the Closure Reserve (2022 - \$50,000) 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 2023, interest earned amounted to \$7,493 (2022 - \$5,654).

The Closure Reserve is funded by the closure reserve bank account and term deposits (see Note 4) with a combined balance of \$916,943 (2022 - \$456,317) resulting in an overfunded reserve in the amount of \$478,490 (2022 - \$75,357).

The Land Improvements Reserve is maintained for the purpose of funding future land improvement requirements. In 2023, \$200,000 was transferred into the Land Improvements Reserve fund (2022 - \$Nil) from the unrestricted fund. The Land Improvements Reserve is un-funded as at December 31, 2023.

The Contingencies and Mitigation Reserve is maintained for the purpose of funding future contingencies and mitigation requirements. In 2023, \$100,000 was transferred into the Contingencies and Mitigation Reserve fund (2022 - \$Nil) from the unrestricted fund. The Contingencies and Mitigation Reserve is un-funded as at December 31, 2023.

The Regional Waste Program Reserve is maintained for the purpose of funding future regional waste program requirements. In 2023, \$100,000 was transferred into the Regional Waste Program fund (2022 - \$Nil) from the unrestricted fund. The Regional Waste Program Reserve is un-funded as at December 31, 2023.

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

December 31, 2023

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9. 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 \$123,172 (2022 - \$120,394) of tipping fee revenue. Included in accounts receivables is \$5,538 (2022 - \$4,744) for transactions in the normal course of business. Included in accounts payable is \$26,607 (2022 - \$20,150) for transactions in the normal course of business.

Transactions with the City of Portage la Prairie amounted to \$172,963 (2022 - \$178,381) of tipping fee revenue. Included in accounts receivables is \$29,049 (2022 - \$28,022) for transactions in the normal course of business. Included in accounts payable is \$70 (2022 - \$70) for transactions in the normal course of business.

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# Portage la Prairie Regional Landfill Authority Inc.

## Notes to Financial Statements

December 31, 2023

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### 10. Financial Risk Management

The Entity, as part of its operations carried a number of financial instruments. It is management's opinion that the Entity is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise noted.

#### Liquidity Risk

Liquidity risk is the risk that the Entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Entity will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Entity is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, as presented on the statement of financial position.

The Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises principally from receivables. The entity's receivables are the result of capital funds receivable from municipal and provincial governments. The Entity is exposed to this risk mainly in respect of its accounts receivable as presented in Note 3. The entity's receivables are the result of capital funds receivable from municipal and provincial governments.

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Entity is exposed to changes in interest rates related to its investments in marketable securities. The Entity's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. The Entity is exposed to this risk mainly in respect to its reserve funds as presented in Note 4.

There have not been any changes in these risks from the prior year.

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