

**Valley Region Solid Waste-Resource
Management Authority
Financial Statements**

March 31, 2024

Valley Region Solid Waste-Resource Management Authority
Financial Statements

For the year ended March 31, 2024

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To the Municipal Parties of Valley Region Solid Waste - Resource Management Authority:

Opinion

We have audited the financial statements of Valley Region Solid Waste - Resource Management Authority (the "Authority"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, remeasurement gains and losses, changes 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 Authority as at March 31, 2024, and the results of its operations, its remeasurement gains and losses, changes in its 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 Authority 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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.

Sydney, Nova Scotia
September 6, 2024

MNP LLP
Chartered Professional Accountants

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Valley Region Solid Waste-Resource Management Authority (the "Authority") are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The audit committee meets 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.

The financial statements have been audited by MNP LLP, independent external auditors appointed by the Authority. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.



Andrew Garrett, Interim General Manager

Valley Region Solid Waste-Resource Management Authority
Statement of Financial Position

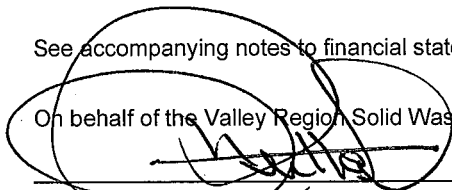
As at March 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents – operating fund	\$ 1,583,304	\$ 1,357,345
Cash and cash equivalents – equipment reserve fund	320,171	93,059
Accounts receivable (Note 4)	882,656	455,308
Portfolio investments – capital reserve fund (Note 5)	2,738,144	2,388,101
	5,524,275	4,293,813
FINANCIAL LIABILITIES		
Trade payables	1,035,587	575,834
Accrued liabilities	135,096	746,638
Accrued employee liabilities	240,178	218,522
Term financing (Note 7)	1,731,210	2,099,215
Annual surplus payable to municipal parties (Note 8)	1,466,007	371,902
	4,608,078	4,012,111
NET FINANCIAL ASSETS	916,197	281,702
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	3,282,864	3,667,225
Prepaid expenses	146,369	–
	3,429,233	3,667,225
ACCUMULATED SURPLUS	\$ 4,345,430	\$ 3,948,927
Comprised of:		
Accumulated surplus (Note 18)	\$ 4,211,899	\$ 3,838,448
Accumulated remeasurement gains	133,531	110,479
	\$ 4,345,430	\$ 3,948,927

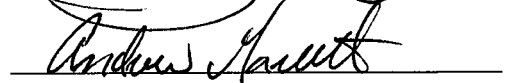
Contractual obligations and commitments (Note 10)

See accompanying notes to financial statements.

On behalf of the Valley Region Solid Waste-Resource Management Authority



Chairperson



Interim General Manager

Valley Region Solid Waste-Resource Management Authority
Statement of Operations and Accumulated Surplus

For the year ended March 31, 2024

	Budget	2024	2023
REVENUES			
Municipal contributions	\$ 6,621,586	\$ 6,621,586	\$ 6,515,880
West management centre	523,786	455,534	500,974
East management centre	2,601,781	3,020,676	2,584,985
Investment income	-	74,143	53,672
Administration	475,600	778,262	536,918
Communications and enforcement	255,490	274,683	219,612
Divert NS approved programs	70,000	68,452	67,104
Wind turbine	43,000	23,196	40,506
Municipal service agreement	1,015,200	959,271	954,047
	<u>11,606,443</u>	<u>12,275,803</u>	<u>11,473,698</u>
EXPENSES			
General administration	792,742	820,613	654,460
Fiscal services	183,323	96,694	98,992
West management centre	708,619	592,234	643,016
East management centre	1,277,250	1,625,926	1,181,646
Residential collection	2,821,022	2,828,582	2,747,116
Construction and demolition debris processing	153,930	134,067	131,538
Recyclable processing and transportation	798,321	712,347	688,823
Organics processing and transportation	1,083,400	1,114,198	931,829
Residuals processing and transportation (Note 10(a))	2,268,262	1,256,310	2,692,832
Communications and enforcement	597,441	579,909	485,819
Wind turbine	19,700	12,405	17,098
Information technology	53,030	58,479	58,830
Household hazardous waste	196,090	190,304	193,433
	<u>10,953,130</u>	<u>10,022,068</u>	<u>10,525,432</u>
Annual surplus before other items	653,313	2,253,735	948,266
OTHER INCOME (EXPENSES)			
Amortization of tangible capital assets	-	(548,718)	(581,470)
Gain on disposal of tangible capital assets	-	133,050	18,114
Gain on disposal of portfolio investments	-	1,391	62
ANNUAL SURPLUS	<u>653,313</u>	<u>1,839,458</u>	<u>384,972</u>
ANNUAL SURPLUS PAYABLE TO MUNICIPAL PARTIES		(1,466,007)	(371,902)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,838,448	3,838,448	3,825,378
ACCUMULATED SURPLUS, END OF YEAR	<u>4,491,761</u>	<u>\$ 4,211,899</u>	<u>\$ 3,838,448</u>

See accompanying notes to financial statements.

Valley Region Solid Waste-Resource Management Authority
Statement of Remeasurement Gains and Losses

For the year ended March 31, 2024

	2024	2023
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	\$ 110,479	\$ 145,831
Net remeasurements during the year		
Gains realized during the year, reclassified to the statement of operations and accumulated surplus	(1,391)	(62)
Changes in market value of portfolio investments traded in an active market	24,443	(35,290)
	23,052	(35,352)
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	\$ 133,531	\$ 110,479
Comprised of:		
Market value of portfolio investments	\$ 2,738,144	\$ 2,388,101
Cost of portfolio investments	(2,604,613)	(2,277,622)
	\$ 133,531	\$ 110,479

See accompanying notes to financial statements.

Valley Region Solid Waste-Resource Management Authority
Statement of Changes in Net Financial Assets

For the year ended March 31, 2024

	Budget	2024	2023
ANNUAL SURPLUS	\$ 653,313	\$ 1,839,458	\$ 384,972
Annual surplus payable to municipal parties (Note 8)	-	(1,466,007)	(371,902)
	653,313	373,451	13,070
Change in tangible capital assets			
Acquisition of tangible capital assets	(2,531,000)	(276,901)	(188,073)
Amortization of tangible capital assets	-	548,718	581,470
Gain on disposal of tangible capital assets	-	(133,050)	(18,114)
Proceeds on sale of tangible capital assets	-	245,594	18,114
NET CHANGE IN TANGIBLE CAPITAL ASSETS	(2,531,000)	384,361	393,397
Change in other non-financial assets			
(Increase) decrease in prepaid expenses	-	(146,369)	9,866
Net remeasurement gains (losses), during the year	-	23,052	(35,352)
CHANGE IN NET FINANCIAL ASSETS DURING THE YEAR	(1,877,687)	634,495	380,981
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	281,702	281,702	(99,279)
NET FINANCIAL ASSETS, END OF YEAR	\$ (1,595,985)	\$ 916,197	\$ 281,702

See accompanying notes to financial statements.

Valley Region Solid Waste-Resource Management Authority
Statement of Cash Flows
For the year ended March 31, 2025

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 1,839,458	\$ 384,972
Items not involving cash		
Amortization of tangible capital assets	548,718	581,470
Gain on disposal of tangible capital assets	(133,050)	(18,114)
Gain on disposal of investments	(1,391)	(62)
Non-cash investment income and cost base adjustment	-	10,395
	2,253,735	958,661
Net change in non-cash working capital balances related to operations (Note 12)	(703,850)	(266,560)
Net cash generated from operations	1,549,885	692,101
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term financing	(368,005)	(302,282)
Proceeds from term financing	-	805,271
Repayment of bank indebtedness	-	(684,877)
	(368,005)	(181,888)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of portfolio investments	(229,254)	(1,009,406)
Proceeds on disposal of portfolio investments	103,100	51,627
Increase in accrued investment income receivable	(2,216)	(3,431)
Repayment of surplus to related parties	(371,902)	(188,829)
	(500,272)	(1,150,039)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Net acquisitions of tangible capital assets	(276,901)	(188,073)
Proceeds on disposal of tangible capital assets	245,594	18,114
	(31,307)	(169,959)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	650,031	(809,785)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,591,457	2,401,242
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,241,758	\$ 1,591,457
Represented by		
Cash and cash equivalents – operating fund	\$ 1,583,304	\$ 1,357,345
Cash and cash equivalents – equipment reserve	320,171	93,059
Investment cash and cash equivalents – capital reserve fund (Note 5)	338,283	141,053
	\$ 2,241,758	\$ 1,591,457

See accompanying notes to financial statements.

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements

For the year ended March 31, 2024

The Valley Region Solid Waste-Resource Management Authority (the "Authority") was established through an intermunicipal services agreement by the Municipality of the County of Kings and the Towns of Berwick, Kentville, Middleton, Annapolis Royal and Wolfville (the "Municipal Parties"). It was created for the purpose of managing all solid waste resources in the Valley Region.

The percentage of contributions by each municipal party are based on population and uniform assessment. The following table summarizes each municipal parties' percentage of interest for the years ended March 31, 2024 and 2023:

	2024	2023
Municipality of the County of Kings	74.04%	74.56%
Town of Kentville	10.24	10.05
Town of Wolfville	8.80	8.31
Town of Berwick	3.42	3.53
Town of Middleton	2.45	2.50
Town of Annapolis Royal	1.05	1.05

The Authority is required under its surplus disbursement policy to redistribute any surplus operating funds to its municipal parties unless the board permits the retention of the surplus by motion and likewise the municipal parties are required to fund any operating deficits. The Authority's annual surplus payable to the municipal parties is detailed in Note 8.

1. ECONOMIC DEPENDENCE

As described above, the Authority is an inter-municipal service corporation dependent on funding from its municipal parties so its ability to continue as a viable operation is dependent on maintaining this funding.

2. CHANGE IN ACCOUNTING POLICY

Revenue

Effective April 1, 2023, the Authority adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements of the Valley Region Solid Waste-Resource Management Authority have been prepared, in all material respects, in accordance with Canadian public sector accounting standards.

(b) Basis of fund accounting

These financial statements reflect the assets, liabilities, revenues, expenses, changes in fund balances and changes in financial position of the reporting entity. Interfund and organizational transactions and balances are eliminated. The funds are:

- General Operating Fund
- Capital Reserve Fund
- Equipment Reserve Fund

(c) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(d) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances with financial institutions and highly liquid investments with original maturities of three months or less.

(e) Interest capitalization

The Authority does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

(f) Fund accounting

The resources and operations of the Authority are comprised of the general operating, capital reserve and equipment reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(g) Municipal transfers

Municipal transfers and Divert NS funding are recognized in the financial statements when the transfer is authorized and eligibility criteria have been met except, when and to the extent stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require the funds be used only for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Items requiring the use of estimates include the valuation of the contract costs related to the Municipality of the District of Chester as described in Note 9(a), the valuation of accounts receivable which are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary and the estimated accrual for sick benefits. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become known.

(i) Financial instruments

All financial instruments are measured using either the amortized cost method or the fair value method. Financial instruments included in the amortized cost category are initially recorded at fair market value and subsequently recorded at either cost or amortized cost using the effective interest rate method. Transaction costs are included in the initial cost of financial instruments recognized using the cost method.

Financial instruments included in the fair value category are initially recorded at fair value with each subsequent change in fair value recognized in the statement of remeasurement gains and losses until such time that the financial instrument is unrecognized. When the financial instrument is unrecognized the accumulated remeasurement gain or loss is reversed and recognized on the statement of operations. Transaction costs associated with financial instruments in the fair value category are expensed when incurred.

Accounts receivable, trade payables, accrued liabilities, surplus payable to municipal parties, and term financing are recorded using the cost method. Cash and portfolio investments are recorded using the fair value method utilizing quoted prices in active markets to determine the fair value.

(j) 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 ordinary course of operations. The change in non-financial assets during the year, together with the operating surplus or deficit, the net remeasurement gains or losses, and transfers with the municipal parties provides for the change in net financial debt for the year.

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

(k) Tangible capital assets

Tangible capital assets are recorded at cost which includes all costs directly attributable to the acquisition, construction, development, installation or betterment of the assets. The cost, less residual value of the tangible capital assets, are amortized on a straight-line basis over their estimated useful lives, as disclosed in Note 9. Amortization is calculated at one-half the annual rate in the years of acquisition and disposal. Assets under construction are not amortized until the asset is available for use.

(l) Impairment of tangible capital assets

Service producing tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate there is a change in their ability to provide future services. An impairment loss is recognized on service providing assets when the asset no longer contributes to the Authority's ability to provide services resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its future service potential.

Income producing tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(m) Revenue recognition

The east and west management centre revenues are made up of tipping fees, scale rentals, the sale of materials such as metals, and other miscellaneous revenues. Tipping fees are recognized as revenues as solid waste is dropped off at either management centre. Scale rental revenues are recognized as the scales are used by the lessee. The sale of materials is recognized as revenues when the materials are received by the purchaser.

(n) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefits will be given up; and
- d) A reasonable estimate of the amount can be made.

The liability associated with the rehabilitation/closure plan requirements contained in the approvals for construction and operation of waste transfer stations between the Authority and the Province of Nova Scotia has been recognized based on estimated future expenses of the asset retirement.

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements

For the year ended March 31, 2024

4. ACCOUNTS RECEIVABLE

	2024	2023
Tipping fees and other trade receivables	\$ 437,070	\$ 265,436
Municipal party receivables (Note 10)	336	387
Chester landfill net operating receivable	76,983	-
Divert NS receivable	78,670	58,820
Public service bodies' rebate receivable	289,597	135,777
Allowance for doubtful accounts	-	(5,112)
	\$ 822,656	\$ 455,308

5. PORTFOLIO INVESTMENTS – CAPITAL RESERVE FUND

	2024	2023
Investments, at cost	\$ 2,256,564	\$ 2,129,019
Accrued investment income	9,766	7,550
Accumulated remeasurement gains	133,531	110,479
	2,399,861	2,247,048
Investment cash and cash equivalents	338,283	141,053
	\$ 2,738,144	\$ 2,388,101

6. BANK INDEBTEDNESS (CONTINUED)

As at March 31, 2024, the Authority has an available, non-revolving, demand instalment loan in the amount of \$2,105,000 of which \$Nil has been drawn. Repayable in monthly payments of interest only. The bridge loan bears interest at the bank's prime rate minus 0.75% per annum, is secured by a security agreement granting a first security in all present and after acquired personal property, and is guaranteed by the following municipal partners with supporting corporate or other resolution in an amount that is limited to the following:

The Municipality of the County of Kings	\$ 1,555,990
Town of Kentville	215,352
Town of Wolfville	186,301
Town of Berwick	72,205
Town of Middleton	52,417
Town of Annapolis Royal	22,735

Other security includes a Temporary Borrowing Resolution with Ministerial Approval.

The prime rate of interest as at March 31, 2024 is 6.95% (2023 – 6.7%).

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

7. TERM FINANCING

	2024	2023
Municipality of the County of Kings - 4.00% term loan repaid during the year	\$ -	\$ 14,596
Debenture 37-A-1, amortized and maturing in November 2027, repayable in equal annual instalments of \$133,034 plus interest paid semi-annually at rates varying from 2.62% to 3.07%. Secured by a guarantee from the municipal parties as detailed below.	532,130	665,163
Debenture 38-A-1, amortized to and maturing in May 2028, repayable in equal annual instalments of principal of \$96,038 plus interest to May 2023 and \$18,273 plus interest thereafter. Interest rates vary from 2.88% to 3.30%. Secured by a guarantee from the municipal parties as detailed below.	91,360	187,397
Debenture 41-A-1, amortized and maturing in May 2036 repayable in equal annual installments of \$35,943 until May 2026 and \$28,301 until May 2036, plus interest paid semi-annually at varying rates from .57% to 2.81%. Secured by a guarantee from the municipal parties as detailed below.	390,845	426,788
Debenture 42-A-1, amortized and maturing through repayable equal annual installments of \$88,396 until May 2027, \$63,947 until May 2032 and \$8,711 until May 2037, plus interest paid semi-annually at varying rates from 2.57% to 4.12%. Secured by a guarantee from the municipal parties as detailed below.	716,875	805,271
	\$ 1,731,210	\$ 2,099,215

Principal payments required in each of the next five years and thereafter on debt held as at March 31, 2024 are as follows:

2025		\$ 275,646
2026		275,646
2027		275,646
2028		268,001
2029		110,516
Thereafter		525,755

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements

For the year ended March 31, 2024

7. TERM FINANCING (CONTINUED)

The outstanding debentures are guaranteed in the following proportions by the municipal parties:

	37-A-1	38-A-1	39-A-1	41-A-1	42-A-1
Municipality of the County of Kings	58.13%	74.71%	74.71%	74.56%	74.69%
Municipality of the County of Annapolis	20.71	—	—	—	—
Town of Kentville	7.84	9.95	9.95	10.05	9.99
Town of Wolfville	6.46	8.26	8.26	8.31	8.24
Town of Berwick	2.74	3.53	3.53	3.53	3.53
Town of Middleton	2.00	2.55	2.55	2.50	2.51
Municipality of the District of West Hants	1.33	—	—	—	—
Town of Annapolis Royal	0.79	1.00	1.00	1.05	1.04

The Authority also has access to a credit card with a limit of \$20,000 bearing interest at 19.99%. At March 31, 2024 and March 31, 2023 this credit card had a balance of \$Nil.

8. ANNUAL SURPLUS PAYABLE TO MUNICIPAL PARTIES

For the purpose of the Authority's surplus disbursement policy, the operating fund annual surplus owing to the municipal parties is calculated as follows:

	2024	2023
Annual surplus	\$ 1,839,458	\$ 384,972
Add amortization of tangible capital assets	548,718	581,470
Less:		
Principal repayment of debts	(368,005)	(302,282)
Capital and equipment reserve fund transfer	(499,064)	(259,372)
Surplus of the capital and equipment reserve funds	(55,100)	(32,886)
Annual surplus payable to municipal parties	\$ 1,466,007	\$ 371,902

In unusual or extenuating circumstances, the Authority's operating surplus/deficit policy allows it to retain its annual surplus when it is in the best interest of the Authority and a motion is passed with a majority vote. If the Authority retains the surplus in a subsequent fiscal year, the retention must be reapproved. When a surplus is retained, the funds cannot be used for normal operational or capital expenditures.

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

8. TANGIBLE CAPITAL ASSETS	Rate (in years)	COST		ACCUMULATED AMORTIZATION			NET BOOK VALUE			
		Opening	Additions (Disposals)	Ending	Opening	Additions (Disposals)	Amortization	Ending	2024	2023
Land		\$ 252,907	—	\$ 252,907	—	—	—	\$ —	\$ 252,907	\$ 252,907
Western management centre		41,246	—	41,246	—	—	—	—	41,246	41,246
Buildings										
Eastern management centre	25	3,869,180	—	3,869,180	3,547,029	128,409	3,675,438	3,675,438	193,742	322,151
Western management centre	25	2,828,705	—	2,828,705	2,510,596	99,406	2,610,002	2,610,002	218,703	318,109
Administration building	25	2,033,005	—	2,033,005	853,029	81,320	934,349	934,349	1,098,656	1,179,976
Cart storage building	25	284,139	—	284,139	99,158	11,900	111,058	111,058	173,081	184,981
Computer system upgrade	5	121,050	40,216	161,266	40,941	25,581	66,522	66,522	94,744	80,109
Scales	10	226,645	—	226,645	147,804	22,664	170,468	170,468	56,177	78,841
Seasonal drop off bins	10	13,974	(13,974)	—	7,685	4,430	—	—	—	6,289
Utility trailer	10	14,235	34,447	48,682	712	9,588	10,300	10,300	38,382	13,523
HHW depots	10	69,627	—	69,627	69,627	—	69,627	69,627	—	—
Signage	10	5,138	—	5,138	3,854	514	4,368	4,368	770	1,284
Trucks	5-10	1,075,584	(305,285)	770,299	824,581	43,238	609,995	609,995	160,304	251,003
Loader	10	943,598	—	943,598	372,447	89,013	461,460	461,460	482,138	571,151
Retaining walls	20	3,707	—	3,707	2,166	203	2,369	2,369	1,338	1,541
Compaction equipment	10	134,878	—	134,878	129,088	3,861	132,949	132,949	1,929	5,790
Wind turbine	20	571,816	—	571,816	214,431	28,591	243,022	243,022	328,794	357,385
Capital works in progress	—	939	139,014	139,953	—	—	—	—	139,953	939
		\$ 12,490,373	\$ (105,582)	\$ 12,384,791	\$ 8,823,148	\$ (269,939)	\$ 9,101,927	\$ 9,101,927	\$ 3,282,864	\$ 3,687,225

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

10. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Authority has entered into the following long-term agreements to meet their mandate of providing solid waste management services to residents of the municipal parties:

(a) Disposal of residual solid waste

The Authority has entered into a twenty-year contract, expiring March 31, 2036, with the Municipality of the District of Chester (the "Municipality") for the disposal of residual solid waste at its Kaizer Meadow landfill. The contract stipulates the Authority shall pay a per tonne tipping fee in an amount equal to the Authority's proportionate share of the net per tonne operating cost of the landfill's operations. These per tonne operating costs include an allowance for the asset retirement costs associated with the landfill. Included in the residuals processing and transportation expense is \$639,591 (2023 - \$2,051,273) related to this contract.

It is the responsibility of the Municipality to maintain a reserve to fund the asset retirement costs, although deficiencies in the Municipality's reserves could result in an increase in the Authority's future cost of tipping fees.

The Authority shares in the surpluses and deficits of the landfill, based on its proportional share of the operating costs. If landfill revenues exceed the actual net operating costs (surplus), then the Municipality shall reimburse the Authority for its portion of the surplus. If there was a short fall of revenues to cover the actual net operating costs (deficit), then the Authority shall reimburse the Municipality for its proportional share of the deficit. The calculation of the surplus or deficit has a high degree of estimate uncertainty due to large fluctuations in the Municipality's retirement asset obligation relating to the landfill.

(b) Collection and transportation of source separated solid waste

The Authority has entered into a five-year contract for the collection and transportation of source separated solid waste. The contract includes the monthly cost of curbside collection and transportation and the per tonne cost of spring and fall clean up and leaf collection. The contract expires on March 31, 2025. For the year ended March 31, 2024, the Authority paid \$2,668,474 (2023 - \$2,632,195) in relation to this contract. The amounts reported are net of HST rebates.

(c) Organics composting

The Authority has entered into an eleven-year contract for the composting of organic solid waste collected through its source separated curbside program and requires for all organics to be sent exclusively to this contractor. The contract is set to expire March 31, 2029, subject to a per tonne price review for year six (6) of the contract, pursuant to the terms of the agreement. For the year ended March 31, 2024, the Authority paid \$1,105,860 (2023 - \$931,833) in relation to this contract. The amounts reported are net of HST rebates.

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

10. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (CONTINUED)

(d) Recyclables processing

The Authority has entered into a ten-year contract for the processing of recyclable solid waste at the eastern and western management centres. This contract is set to expire on March 31, 2028. For the year ended March 31, 2024, the Authority paid \$657,214 (2023 - \$672,274) in relation to this contract. The amounts reported are net of HST rebates.

(e) Transportation of source separated solid waste

The Authority has entered into a five-year contract for the transportation of source separated solid waste. The contract includes the per tonne cost of transporting compacted solid waste from the eastern and western management centres and expires on March 31, 2025. For the year ended March 31, 2024, the Authority paid \$616,718 (2023 - \$641,559) in relation to this contract. The amounts reported are net of HST rebates.

11. RELATED PARTY BALANCES & TRANSACTIONS

Included in revenues for the current period are \$6,621,586 (2023 - \$6,515,880) of contributions and \$9,113 (2023 - \$7,062) of tipping fees from related municipal parties. The contributions and sales were in the normal course of operations and measured at the exchange amount, which is the amount consideration established and agreed to by the related parties.

At the end of the year, included in accounts receivable are amounts due from related parties as follows:

The Municipality of the County of Kings	\$	(95)
Town of Kentville		431
Total amounts due from related parties	\$	336

At the end of the year, included in accounts payable and accrued liabilities are amounts due to related parties as follows:

The Municipality of the County of Kings	\$	100,390
Total amounts due to related parties	\$	100,390

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

	2024	2023
Change in cash resulting from:		
Accounts receivable	\$ (427,348)	\$ 73,109
Trade payables	459,753	(950,201)
Accrued liabilities	(611,542)	593,728
Accrued employee liabilities	21,656	6,938
Prepaid expenses	(146,369)	9,866
	\$ (703,850)	\$ (266,560)

13. BUDGET INFORMATION

The Authority's budget is prepared on a break-even cash flow basis to align with the intermunicipal services agreement. The budget presented on the statement of operations and accumulated surplus differ from the approved budget as follows:

	2024	2023
Term financing principal repayments	\$ 368,005	\$ 302,290
Transfers to the capital reserve fund	285,308	259,370
	\$ 653,313	\$ 561,660

The disclosed budget information has been approved by the Interim IMSA Board at the board meeting on March 13, 2023.

14. INTERNALLY RESTRICTED RESERVE FUNDS

Capital reserve fund

The Authority has committed to fund a capital reserve for the purpose of financing future significant repairs or replacement of the eastern and western management centres, as agreed to by the municipal parties. This agreement stipulates estimated annual contributions from 2011 to 2025. The estimated contributions over the next year is as follows:

2025		\$ 313,842
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Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements
For the year ended March 31, 2024

14. INTERNALLY RESTRICTED RESERVE FUNDS (CONTINUED)

The capital reserve fund agreement outlines contributions to continue through to 2025 with an annual increase of 10%. The capital reserve fund cash is restricted for this purpose. The funds in the capital reserve are held in an interest-bearing account with the CIBC and in investments with Scotia Wealth Management.

Equipment reserve fund

The Authority has established an equipment reserve fund for the purpose of financing the cost of future equipment replacements. The reserve is funded by proceeds from the sale of surplus equipment. There are no budgeted annual transfers to the equipment reserve fund. The funds are held in an interest-bearing account with the CIBC.

15. PENSION

Certain employees of the Authority are members of the Municipality of the County of Kings defined contribution pension plan. The Authority matches employee contributions equal to 8% of gross wages to the pension plan. During the year, the Authority contributed \$293,345 (2023 - \$128,467) to the pension plan.

16. FINANCIAL INSTRUMENTS

The following are the significant risks the Authority is exposed to through its financial instruments:

(a) 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. The Authority's main credit risks relate to its tipping fees and other trade receivables. In order to reduce its credit risk, the Authority has adopted credit policies which include credit checks on specified customers.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's portfolio investments in publicly traded securities expose the Authority to market risk as such investments are subject to price changes in the open market.

(c) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The Authority is exposed to liquidity risks mainly from its trade payables and surplus payable to the municipal parties. The Authority's ability to meet its obligations depends on the receipt of funds whether in the form of revenue, advances from municipal parties and the deferral of the surplus payable.

Valley Region Solid Waste-Resource Management Authority

Notes to Financial Statements

For the year ended March 31, 2024

17. CLASSIFICATION OF EXPENDITURES BY OBJECT

	2024	2023
Debt financing costs	\$ 56,773	\$ 59,938
Office, supplies and other operating	1,148,133	765,575
Professional services	103,232	98,946
Salaries, wages and benefits	2,480,983	2,235,288
Significant contract services	6,150,895	7,293,423
Utilities	82,052	72,262
	10,022,068	10,525,432
Amortization of tangible capital assets	548,718	581,470
Total expenditures	\$ 10,570,786	\$ 11,106,902

18. ACCUMULATED SURPLUS

	General Operating Fund	Capital Reserve Fund	Equipment Reserve Fund	Investment in Capital Assets	2024 Total	2023 Total
Opening balance	\$ 88,828	\$ 2,277,561	\$ 93,059	\$ 1,379,000	\$ 3,838,448	\$ 3,825,378
Annual surplus (deficit)	2,333,076	41,745	13,355	(548,718)	1,839,458	384,972
Surplus payable to the municipal parties	(1,466,007)	-	-	-	(1,466,007)	(371,902)
Repayment of term financing	(368,005)	-	-	368,005	-	-
Interfund transfers	(499,064)	285,307	213,757	-	-	-
Closing balance	\$ 88,828	\$ 2,604,613	\$ 320,171	\$ 1,198,287	\$ 4,211,899	\$ 3,838,448

19. REMUNERATION

Pursuant to the Public Sector Compensation Disclosure Act, the Authority is required to disclose individuals with compensation greater than \$100,000. These individuals are as follows:

	2024	2023
Interim General Manager, Andrew Garrett	\$ 119,743	\$ -
Former General Manager, Andrew Wort	-	126,322

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year presentation.

