

Mid-Huron Landfill Site Board
Financial Statements
December 31, 2023



Takalo & Burt

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INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the participating Municipalities as listed in Note 2 to the Financial Statements

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mid-Huron Landfill Site Board, which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net debt, accumulated remeasurement gains and losses, and cash flows for the years 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 Mid-Huron Landfill Site Board as at December 31, 2023, and its financial performance 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Mid-Huron Landfill Site Board 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 Mid-Huron Landfill Site Board'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 Mid-Huron Landfill Site Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mid-Huron Landfill Site Board'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 Auditors' 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 Mid-Huron Landfill Site Board'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 Mid-Huron Landfill Site Board'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 Auditors' Report. However, future events or conditions may cause the Mid-Huron Landfill Site Board 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Goderich, Ontario
May 8, 2024

TAKALO & BURT

LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS



Takalo & Burt

Mid-Huron Landfill Site Board
Statement of Financial Position
As at December 31

2023

2022

FINANCIAL ASSETS

| | | |
|----------------------------------|------------------|------------------|
| Cash | \$ 168,934 | \$ 318,667 |
| Investments (Note 6) | 4,724,324 | 4,614,600 |
| Receivables | 59,585 | 7,890 |
| Prepaid expenses | 15,482 | - |
| Government remittance receivable | <u>8,773</u> | <u>7,650</u> |
| | <u>4,977,098</u> | <u>4,948,807</u> |

FINANCIAL LIABILITIES

| | | |
|--|-------------------|-------------------|
| Payables and accruals | 30,825 | 36,253 |
| Due to related parties (Note 7) | 27,260 | 12,000 |
| Closure and post-closure liability (Note 11) | <u>10,846,529</u> | <u>10,908,968</u> |
| | <u>10,904,614</u> | <u>10,957,221</u> |

NET FINANCIAL NET DEBT

(5,927,516) (6,008,414)

NON-FINANCIAL ASSETS

| | | |
|----------------------------------|----------------|----------------|
| Tangible capital assets (Note 8) | <u>133,279</u> | <u>135,134</u> |
|----------------------------------|----------------|----------------|

ACCUMULATED DEFICIT (Note 9)

\$ (5,794,237) \$ (5,873,280)

Commitment (Note 5)

Contingent liabilities (Note 11)

Accumulated deficit is comprised of:

| | | |
|---------------------------------|-----------------------|-----------------------|
| Accumulated operating deficit | \$ (5,885,916) | \$ (5,873,280) |
| Accumulated rereasurement gains | <u>91,679</u> | <u>-</u> |
| | \$ <u>(5,794,237)</u> | \$ <u>(5,873,280)</u> |

ON BEHALF OF THE BOARD:

Date

Date

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

Mid-Huron Landfill Site Board
Statement of Operations
Year ended December 31

| | 2023 Budget (Note 12) | 2023 Actual | 2022 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Revenue | | | |
| Investment | \$ 500 | \$ 279,156 | \$ 113,331 |
| Municipal contributions | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> |
| | <u>50,500</u> | <u>329,156</u> | <u>163,331</u> |
| Expenditures (Note 10) | | | |
| Operating (Schedule A) | 371,140 | 402,376 | 382,466 |
| Amortization of tangible capital assets | - | 1,855 | 1,855 |
| Change in post closure liability (Schedule A) | <u>-</u> | <u>(62,439)</u> | <u>(52,561)</u> |
| | <u>371,140</u> | <u>341,792</u> | <u>331,760</u> |
| Annual operating surplus (deficit) | (320,640) | (12,636) | (168,429) |
| Accumulated operating deficit, beginning of year (Note 9) | <u>(5,873,280)</u> | <u>(5,873,280)</u> | <u>(5,704,851)</u> |
| Accumulated operating deficit, end of year (Note 9) | \$ (6,193,920) | \$ (5,885,916) | \$ (5,873,280) |

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

Mid-Huron Landfill Site Board
Statement of Changes in Net Debt
Year ended December 31

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Annual surplus (deficit) | \$ (12,636) | \$ (168,429) |
| Amortization of tangible capital assets | 1,855 | 1,855 |
| Net remeasurement gains | <u>91,679</u> | <u>-</u> |
| (Increase) decrease in net debt | 80,898 | (166,574) |
| Net debt, beginning of year | <u>(6,008,414)</u> | <u>(5,841,840)</u> |
| Net debt, end of year | <u>\$ (5,927,516)</u> | <u>\$ (6,008,414)</u> |

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

Mid-Huron Landfill Site Board**Statement of Accumulated Remeasurement Gains and Losses**

Year ended December 31

2023

2022

Unrealized gains attributable to:

Portfolio investments

\$ 91,679 \$ -**Net remeasurement gains and losses**91,679 -**Accumulated remeasurement gains,**
beginning of year- -**Accumulated remeasurement gains,**
end of year\$ 91,679 \$ -

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

Mid-Huron Landfill Site Board
Statement of Cash Flows
Year ended December 31

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Operating | | |
| Annual operating surplus (deficit) | \$ (12,636) | \$ (168,429) |
| Items not involving cash | | |
| Amortization of tangible capital assets | 1,855 | 1,855 |
| Increase (decrease) in closure and post-closure liability | (62,439) | (52,561) |
| Change in non-cash assets and liabilities | | |
| Decrease (increase) in receivables | (51,695) | (698) |
| Decrease (increase) in prepaid expenses | (15,482) | - |
| Decrease (increase) in government remittance receivable | (1,123) | 3,615 |
| Increase (decrease) in payables and accruals | (5,428) | (8,593) |
| Increase (decrease) in due to/from related parties | <u>15,260</u> | <u>11,926</u> |
| Net increase (decrease) in cash from operating activities | <u>(131,688)</u> | <u>(212,885)</u> |
| Investment | | |
| Change in accumulated remeasurement gains and losses - net | 91,679 | - |
| Change in investments - net | <u>(109,724)</u> | <u>(327,426)</u> |
| Net increase (decrease) in cash from investing activities | <u>(18,045)</u> | <u>(327,426)</u> |
| Net increase (decrease) in cash | (149,733) | (540,311) |
| Opening cash balance | <u>318,667</u> | <u>858,978</u> |
| Closing cash balance | <u>\$ 168,934</u> | <u>\$ 318,667</u> |
| Cash consists of: | | |
| Cash | <u>\$ 168,934</u> | <u>\$ 318,667</u> |

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

Mid-Huron Landfill Site Board
Notes to the Financial Statements
December 31, 2023

The Mid-Huron Landfill Site Board is a run by six participating municipalities. The purpose is to operate a landfill site for the six municipalities. In June of 2018, the landfill ceased accepting waste, as it reached its full capacity. The six municipalities are required by the Municipal Act to ensure that the landfill is properly taken out of commission over the expected period of 50 years.

1. ACCOUNTING POLICIES

The financial statements of the Mid-Huron Landfill Site Board are the representation of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Board are as follows:

(a) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenditures 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.

Financial Assets

Financial assets are resources that can be used to discharge existing liabilities or finance future operations. They include cash, temporary investments, accounts receivable.

Investments in guaranteed investment certificates are reported at of cost.

Portfolio investments that are quoted in an active market are recorded at fair value. Unrealized gains and losses are recorded in the statement of remeasurement gains and losses.

Accounts receivables are recorded at cost. A valuation allowance is recorded when collection of the receivable is considered doubtful.

Non-Financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Mid-Huron Landfill Site Board because they can be used to provide landfill site services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

(b) Revenue Recognition

The Board recognizes revenues as they are earned and measurable;

- i) Investment income is recorded as revenue in the period earned. Gains/losses on investments are recorded when realized.
- ii) Municipal contributions are recorded as revenue in the year that the contributions attributed to.
- iii) All other revenues are recorded as they become available and measurable and collection is reasonably assured.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with original maturity of 90 days or less as at the end of the year.

Mid-Huron Landfill Site Board
Notes to the Financial Statements
December 31, 2023

(d) Capital Assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development but excludes interest. Estimated historical cost was used to record existing tangible capital assets if actual cost was unknown when the Board first implemented tangible capital assets accounting. Tangible capital assets, except land, are amortized over the estimated useful lives of the assets on a straight-line basis.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. External contributions for acquisition of tangible capital assets are recorded as deferred revenue and amortized on the same basis as the related tangible capital assets.

Amortization is reflected on a straight-line basis over the estimated useful life of the assets at the following amortization rates:

| | |
|--------|-----------|
| Linear | 100 years |
|--------|-----------|

Annual amortization is charged in the year of acquisition. No amortization is recorded in the year of disposal.

(e) Asset Retirement Obligation

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

- i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) the past transaction or event giving rise to the liability has occurred;
- iii) it is expected that future economic benefits will be given up; and
- iv) a reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure has been recognized based on estimated future expenses.

(f) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the current estimates. Significant items subject to such estimates and assumptions include the carrying value of the landfill closure and post closure liability. Additional disclosure related to the landfill closure and post-closure liability is contained in Note 11 to these financial statements. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Mid-Huron Landfill Site Board
Notes to the Financial Statements
December 31, 2023

(g) Allocation of Expenditures

As per the Ontario Environmental and Protection Act, closure and post closure care is required. Expenditures, as defined in accordance to industry standards, relating to closure and post closure care are tracked separately and include covering and landscaping of the landfill, pumping and removal of groundwater and leachates from the site, and ongoing environmental monitoring, site inspection, and maintenance. The net change to the closure and post closure liability is recorded on the statement of operations.

Through the legislated post closure activities, the Mid-Huron Landfill Site Board is committed to administration of the required activities over the estimated time period of 50 years from the year of closure, which was 2018. The expenditures relating to the administrative activities are determined and approved during the annual budget process, and are recorded as operating costs on the statement of operations.

2. PARTICIPATING MUNICIPALITIES

The following are participating municipalities operating pursuant to an agreement dated March 11, 2002:

Town of Goderich
Township of Huron-Kinloss
Municipality of Central Huron
Municipality of Bluewater
Municipality of Huron East
Township of Ashfield-Colborne-Wawanosh

3. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

The Mid-Huron Landfill Site Board adopted the following standards concurrently beginning January 1, 2023 on a prospective basis:

(i) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation.

This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(ii) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation.

The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

(iii) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments.

The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

Mid-Huron Landfill Site Board
Notes to the Financial Statements
December 31, 2023

(iv) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives.

The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

(v) PS 3280 Asset Retirement Obligations (ARO)

The standard establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a prospective basis as no adjustments were required.

In the past, the Mid-Huron Landfill Site Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

The Mid-Huron Landfill Site Board has reported its obligations related to the closure and post-closure activities of the landfill site as described in Note 11. The landfill site ceased operations in June 2018 and no adjustment has been made to record a carrying amount of the asset associated with the post-closure liability as a result. No additional asset retirement obligations were identified upon the adoption of this standard.

4. AGREEMENT WITH PARTICIPATING MUNICIPALITIES

The board has established a reserve fund for the purpose of funding the care and perpetual maintenance of the site. If the reserve fund is insufficient to fund the site costs, the participating municipalities are required to make up the deficiency by each party paying their proportionate share as stated in the landfill site agreement.

5. COMMITMENT

Through the legislated post closure activities, the Mid-Huron Landfill Site Board and its members are committed to cover all costs for the closure, maintenance and perpetual care of the site. The expected commitment is estimated to be 50 years from the year of closure of the site; site closure was in 2018. The expenditures relating to the annual costs of the site will be determined and approved during the board's annual budget process.

Mid-Huron Landfill Site Board
Notes to the Financial Statements
December 31, 2023

6. INVESTMENTS

An accounting policy change to conform with PS 3041 portfolio investments was adopted prospectively on January 1, 2023 that requires portfolio investments to be recorded at fair value on the statement of financial position. Investments in guaranteed investment certificates are recorded at cost on the statement of financial position. Equity investments are pooled and managed by investment advisors. The Board has approved policies and parameters under which the advisors make investments.

The fair market value of investments held on December 31, 2023 are as follows:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Fixed income - GICs | \$ 3,508,108 | \$ 1,497,238 |
| Pooled funds - equities | 932,075 | 1,457,456 |
| Cash in portfolio - high interest savings account | <u>284,141</u> | <u>1,659,906</u> |
| | <u>\$ 4,724,324</u> | <u>\$ 4,614,600</u> |

The cost of pooled funds - equities is **\$840,395** (2022 - \$1,457,456).

The cost of cash in portfolio - high interest savings account and fixed income - GICs also represents the fair market value of the investments.

Guaranteed Investment Certificates held bear interest ranging from 2.1% to 5.6% with maturities from January 2024 to December 2025.

Cash in portfolio receives interest at a variable rate that can fluctuate regularly. The rate of interest at December 31, 2023 is reflected by active market rates.

7. RELATED PARTY TRANSACTIONS

At year end, the Mid-Huron Landfill Site Board owed **\$24,128** (2022 - \$12,000) to the Town of Goderich. This amount is unsecured and non-interest bearing.

At year end, the Mid-Huron Landfill Site Board owed **\$3,132** (2022 - \$nil) to the Mid-Huron Recycle Centre Board. This amount is unsecured and non-interest bearing.

An annual administration fee of **\$12,000** (2022 - \$12,000) was paid to the Town of Goderich which is a participating municipality in the Mid-Huron Landfill Site Board.

Leachate processing fees of **\$104,177** (2022 - \$92,807) were paid to the Town of Goderich.

Compensation of **\$4,000** (2022 - \$4,000) was paid to the Municipality of Central Huron for additional costs involved in having the landfill site within their Municipality. Central Huron is a participating municipality in the Mid-Huron Landfill Site Board.

Fees in the amount of **\$899** (2022 - \$nil) were paid to the Mid-Huron Recycle Centre to cover site maintenance costs. The Board of the Recycle Centre is made up of three of the six municipalities that are participating municipalities of the Mid-Huron Landfill Site Board.

These transactions are in the normal course of operation and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Mid-Huron Landfill Site Board
Notes to the Financial Statements
December 31, 2023

8. TANGIBLE CAPITAL ASSETS

| <u>Net Book Value</u> | | | | <u>2023</u> | <u>2022</u> |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|
| Linear | | | | \$ <u>133,279</u> | \$ <u>135,134</u> |
| <u>Cost</u> | <u>Balance at</u> | <u>Additions to</u> | <u>Disposals to</u> | <u>Balance at</u> | |
| | <u>Dec. 31, 2022</u> | <u>Dec. 31, 2023</u> | <u>Dec. 31, 2023</u> | <u>Dec. 31, 2023</u> | |
| Linear | \$ <u>185,562</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>185,562</u> | |
| <u>Accumulated Amortization</u> | <u>Balance at</u> | <u>Amortization</u> | <u>Reversals</u> | <u>Balance at</u> | |
| | <u>Dec. 31, 2022</u> | <u>Dec. 31, 2023</u> | <u>Dec. 31, 2023</u> | <u>Dec. 31, 2023</u> | |
| Linear | \$ <u>50,428</u> | \$ <u>1,855</u> | \$ <u>-</u> | \$ <u>52,283</u> | |
| <u>Net Book Value</u> | | | | <u>2022</u> | <u>2021</u> |
| Linear | | | | \$ <u>135,134</u> | \$ <u>136,989</u> |
| <u>Cost</u> | <u>Balance at</u> | <u>Additions to</u> | <u>Disposals to</u> | <u>Balance at</u> | |
| | <u>Dec. 31, 2021</u> | <u>Dec. 31, 2022</u> | <u>Dec. 31, 2022</u> | <u>Dec. 31, 2022</u> | |
| Linear | \$ <u>185,562</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>185,562</u> | |
| <u>Accumulated Amortization</u> | <u>Balance at</u> | <u>Amortization</u> | <u>Reversals</u> | <u>Balance at</u> | |
| | <u>Dec. 31, 2021</u> | <u>Dec. 31, 2022</u> | <u>Dec. 31, 2022</u> | <u>Dec. 31, 2022</u> | |
| Linear | \$ <u>48,573</u> | \$ <u>1,855</u> | \$ <u>-</u> | \$ <u>50,428</u> | |

The land on which the landfill site is located is owned by the Municipality of Central Huron.

9. ACCUMULATED DEFICIT

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| Reserves set aside by Board | | |
| Capital works | \$ <u>75,000</u> | \$ <u>75,000</u> |
| Reserve funds set aside for specific purpose by Board | | |
| Perpetual care | 4,752,334 | 4,825,554 |
| Surplus (deficit) | | |
| Invested in tangible capital assets | 133,279 | 135,134 |
| Accumulated remeasurement gains | 91,679 | - |
| Unfunded: closure and post-closure liability | (10,846,529) | (10,908,968) |
| Total accumulated deficit | \$ <u>(5,794,237)</u> | \$ <u>(5,873,280)</u> |

10. EXPENDITURES BY OBJECT

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Operating goods and services | \$ <u>402,376</u> | \$ <u>382,466</u> |
| Change in closure / post closure liability | <u>(62,439)</u> | <u>(52,561)</u> |
| | 339,937 | 329,905 |
| Amortization of tangible capital assets | <u>1,855</u> | <u>1,855</u> |
| | \$ <u>341,792</u> | \$ <u>331,760</u> |

Mid-Huron Landfill Site Board
Notes to the Financial Statements
December 31, 2023

11. CLOSURE AND POST-CLOSURE LIABILITY

Closure costs include final cover and vegetation and completing facilities for drainage control features, leachate monitoring, water quality monitoring and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste including acquisition of additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery and ongoing maintenance of various control systems, drainage systems and final cover. The estimated length of time needed for post-closure care is 50 years from the year of closure.

Public sector accounting standards require the recognition of a liability for anticipated closure and post-closure costs for existing and closed landfill sites. The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The estimated future liability for the closure and post-closure expenses is recorded on the statement of financial position. This liability is recognized as the landfill's capacity is used and is calculated based on the ratio of utilization to total capacity for the landfill site and the discounted estimated cash flows associated with the closure and post-closure activities. The liability as at year end was **\$10,846,529** (2022 - \$10,908,968) and reflects a discount rate of **1.9%** (2022 - 1.9%). This liability is based on the site reserve fund assessment performed in 2017 and the site closure in June 2018.

Key assumptions of the 2017 reserve fund assessment used in calculating the liability are:

| | |
|---|--------------------------|
| Remaining life span | Site closure 2018 |
| Annual capacity | Capacity reached in 2018 |
| Total undiscounted projected cash outflows | \$17,173,715 |
| Expected inflation rate | 1.6% |
| Real rate of return on investment | 2.0% |
| Estimated time needed for post-closure care | 50 years |

The landfill has a reserve fund established to fund the closure and post closure costs. The reserve fund balance at year end is **\$4,752,334** (2022 - \$4,825,554).

12. BUDGET DATA

The unaudited budget figures are presented for comparison purposes as prepared and approved by the Board. Amortization was not contemplated on development of the budget and, as such, has not been included. The following reconciles the approved budget to the budget figures reported on these financial statements:

| | |
|---------------------------|----------------------------|
| Revenue | |
| Operating budget | \$ 421,140 |
| Less: interfund transfers | <u>(370,640)</u> |
| | <u>50,500</u> |
| Expenditures | |
| Operating budget | 421,140 |
| Less: interfund transfers | <u>(50,000)</u> |
| | <u>371,140</u> |
| Annual deficit | \$ <u>(320,640)</u> |

Mid-Huron Landfill Site Board
Statement of Operating Expenditures
Year ended December 31

Schedule A

| | 2023 <u>Budget</u> (Note 12) | 2023 <u>Actual</u> | 2022 <u>Actual</u> |
|--|---|-------------------------------|-------------------------------|
| Leachate processing and trucking (Note 7) | \$ 246,040 | \$ 284,917 | \$ 253,607 |
| Engineering | 42,500 | 50,808 | 49,910 |
| Insurance | 40,000 | 19,470 | 35,213 |
| Transfer facility | 9,100 | 17,255 | 13,823 |
| Board administration (Note 7) | 12,000 | 12,000 | 12,000 |
| Audit and legal | 5,500 | 5,217 | 4,986 |
| Municipality of Central Huron (Note 7) | 4,000 | 4,000 | 4,000 |
| Other professional services | - | 3,254 | - |
| Grant-in-lieu | 3,000 | 2,834 | 2,745 |
| Site Maintenance | 9,000 | 2,578 | 6,128 |
| Telephone and postage | - | 43 | 54 |
| | <u>371,140</u> | <u>402,376</u> | 382,466 |
| Change in closure / post closure liability | - | <u>(62,439)</u> | <u>(52,561)</u> |
| | <u>\$ 371,140</u> | <u>\$ 339,937</u> | <u>\$ 329,905</u> |