



**New Sample View Regional Waste
Management Services Commission**

**Financial Statement Presentation
for December 31, 2017**

Introduction and Sample

Annual Financial Statements

The *Municipal Government Act (MGA)* requires that a Regional Services Commission (RSC) prepare audited annual financial statements by **May 1** of each year for the immediately preceding year. A copy of the financial statements must be submitted to the Minister of Municipal Affairs, and to each RSC member municipality, according to section 602.34 of the *MGA*.

RSCs are also required to prepare and submit an annual financial information return to Municipal Affairs. The return is to be prepared using the same basis of accounting used in the annual audited financial statements.

Purpose of the Sample Financial Statements

The RSC sample financial statements have been prepared by Alberta Municipal Affairs to provide a model for financial statement presentation and note disclosure.

The sample financial statements, or any elements contained in them, are not intended to constitute accounting recommendations or standards. Financial statement preparers and auditors must consider the application of the appropriate accounting standards and guidance with reference to their particular reporting circumstances.

The New Sample View Regional Waste Management Commission financial statements are based on the net financial assets/net debt reporting model utilized by municipalities.

Adoption of the Public Sector Accounting Board (PSAB) handbook for commission accounting and reporting purposes is strongly encouraged for commissions that have not already transitioned to the new model to meet the standards for financial reporting prescribed by the Chartered Professional Accountants of Canada. This approach will create consistency in the basis of accounting between municipal and commission financial statements and information returns.

Beginning in 2015 local governments were required to account for and report liabilities associated with the remediation of inactive contaminated sites, other than landfills. Commissions should also consider the impact of this standard. Specifically, the PSAB handbook section:

- defines which activities would be included in a liability for remediation;
- establishes when to recognize and how to measure a liability for remediation; and
- provides the related financial statement presentation and disclosure requirements.

Please contact Financial Advisory Services at Alberta Municipal Affairs at 780-427-2225 if you have any questions. Dial 310-0000 to call toll-free within Alberta.

**NEW SAMPLE VIEW REGIONAL WASTE
MANAGEMENT SERVICES COMMISSION**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

AUDITOR'S REPORT

To the Members of the Board:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements for the New Sample View Regional Waste Management Services Commission, which comprise the statement of financial position as at December 31, 20XX, and the statements of operations, change in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the New Sample View Regional Waste Management Services Commission, as at December 31, 20XX, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Sampleburg, Alberta
February 20, 20XX**

Public Accountants

New Sample View Regional Waste Management Services Commission
Statement of Financial Position
As at December 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	395,000	355,000
Trade and other receivables	83,000	80,000
Due from commission members	40,000	50,000
	<u>518,000</u>	<u>485,000</u>
LIABILITIES		
Accounts payable and accrued liabilities	83,000	80,000
Landfill closure and post-closure liability (Note 5)	240,000	210,000
Long-term debt (Note 4)	1,857,000	1,710,000
	<u>2,180,000</u>	<u>2,000,000</u>
NET FINANCIAL ASSETS (DEBT)	<u>(1,662,000)</u>	<u>(1,515,000)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	2,622,000	2,520,000
Inventory for consumption	6,000	4,000
Prepaid expenses	7,000	6,000
	<u>2,635,000</u>	<u>2,530,000</u>
ACCUMULATED SURPLUS (Note 7)	<u>973,000</u>	<u>1,015,000</u>

Commitment (See Note 10)

**New Sample View Regional Waste Management Services Commission
Statement of Operations
For the Year Ended December 31, 2017**

	Budget \$	2017 \$	2016 \$
REVENUE			
Service fees charged to commission members	840,000	850,000	820,000
Government transfers	40,000	40,000	40,000
Other service fees and sales of goods	140,000	140,000	120,000
Investment income	6,000	7,000	8,000
Total Revenue	<u>1,026,000</u>	<u>1,037,000</u>	<u>988,000</u>
EXPENSES			
Salaries, wages and benefits	365,000	370,000	360,000
Contracted and general services	130,000	120,000	127,000
Materials, goods and utilities	215,000	210,000	185,000
Provision for allowances	30,000	30,000	30,000
Bank charges and short-term interest	4,000	5,000	4,000
Interest on long-term debt	111,000	111,000	114,000
Amortization of tangible capital assets	228,000	228,000	200,000
Loss on disposal of tangible capital assets	-	5,000	-
Total Expenses	<u>1,083,000</u>	<u>1,079,000</u>	<u>1,020,000</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(57,000)	(42,000)	(32,000)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,047,000</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>958,000</u></u>	<u><u>973,000</u></u>	<u><u>1,015,000</u></u>

**New Sample View Regional Waste Management Services Commission
Statement of Changes in Net Financial Assets (Debt)
For the Year Ended December 31, 2017**

	Budget \$	2017 \$	2016 \$
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	(57,000)	(42,000)	(32,000)
Acquisition of tangible capital assets	(300,000)	(340,000)	(100,000)
Contributed tangible capital assets			-
Proceeds on disposal of tangible capital assets	-	5,000	-
Amortization of tangible capital assets	225,000	228,000	200,000
(Gain) loss on sale of tangible capital assets	-	5,000	-
	<u>(75,000)</u>	<u>(102,000)</u>	<u>100,000</u>
Acquisition of supplies inventories	(50,000)	(59,000)	(46,000)
Acquisition of prepaid assets	(40,000)	(27,000)	(38,000)
Use of supplies inventories	50,000	57,000	48,000
Use of prepaid assets	40,000	26,000	35,000
	<u>-</u>	<u>(3,000)</u>	<u>(1,000)</u>
(INCREASE) DECREASE IN NET DEBT	(132,000)	(147,000)	67,000
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(1,515,000)</u>	<u>(1,515,000)</u>	<u>(1,448,000)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u><u>(1,647,000)</u></u>	<u><u>(1,662,000)</u></u>	<u><u>(1,515,000)</u></u>

**New Sample View Regional Waste Management Services Commission
Statement of Cash Flows
For the Year Ended December 31, 2017**

	2017	2016
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses:	(42,000)	(32,000)
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization of tangible capital assets	228,000	200,000
Loss on disposal of tangible capital assets	5,000	-
Non-cash charges to operations (net change):		
Decrease (increase) in trade and other receivables	(3,000)	1,000
Decrease (increase) in due from local government members	10,000	3,000
Decrease (increase) in prepaid expenses	(1,000)	1,000
Decrease (increase) in inventory for consumption	(2,000)	(1,000)
Increase (decrease) in accounts payable and accrued liabilities	3,000	(2,000)
Increase (decrease) in landfill closure and post-closure liability	30,000	30,000
Cash provided by operating transactions	228,000	200,000
CAPITAL		
Acquisition of tangible capital assets	(340,000)	(100,000)
Sale of tangible capital assets	5,000	-
Cash applied to capital transactions	(335,000)	(100,000)
FINANCING		
Long-term debt issued	200,000	-
Long-term debt repaid	(53,000)	(50,000)
Cash provided by (applied to) financing transactions	147,000	(50,000)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	40,000	50,000
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	355,000	305,000
CASH AND CASH EQUIVALENTS, END OF YEAR	395,000	355,000

New Sample View Regional Waste Management Services Commission
Notes to Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The New Sample View Regional Waste Management Services Commission is constituted under the *Municipal Government Act* and was established for the purpose of constructing, maintaining, controlling, and managing a regional solid waste collection and disposal facility. The members of the commission are Sampleburg County, the Municipal District of New Sample View, the Town of Sampleburg, and the Village of Sample River.

The financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the commission. Significant aspects of the accounting policies adopted by the commission are as follows:

a) Basis of Presentation

These financial statements have been prepared by management in accordance with generally accepted accounting principles recommended for governments by the Public Sector Accounting Board.

b) Budget Amounts

The budget amounts presented on the statement of operations are taken from the commission's annual budget prepared in November 2016. Certain budget amounts have been reclassified to conform to the current year's financial statement presentation.

c) Revenue Recognition

Service fees and sales of goods are recognized as revenue in the period in which the service is delivered or in which the transactions or events occurred that gave rise to the revenue.

Government transfers are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets acquired.

d) Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

e) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution.

Tangible capital assets are amortized on a straight-line basis over the following periods:

Buildings	25 years
Engineering structures	35 years
Machinery and equipment	10 years
Vehicles	5 years

f) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the commission is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

New Sample View Regional Waste Management Services Commission
Notes to Financial Statements
For the Year Ended December 31, 2017

g) 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
	\$	\$
Cash	45,000	25,000
Temporary investments	350,000	330,000
	395,000	355,000

Temporary investments are short-term deposits with original maturities of three months or less.

The Board has designated funds of \$50,000 (2016 - \$45,000) included in the above amounts for equipment replacement.

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2017	2016
	\$	\$	Net Book Value	Net Book Value
			\$	\$
Land	150,000	-	150,000	150,000
Buildings	250,000	90,000	160,000	170,000
Engineering structures	1,800,000	308,000	1,492,000	1,340,000
Machinery and equipment	1,560,000	800,000	760,000	810,000
Vehicles	110,000	50,000	60,000	50,000
	3,870,000	1,248,000	2,622,000	2,520,000

New Sample View Regional Waste Management Services Commission
Notes to Financial Statements
For the Year Ended December 31, 2017

4. LONG-TERM DEBT

	2017	2016
	\$	\$
Debentures	1,857,000	1,710,000
Less: current portion	59,000	53,000
Long-term portion	1,798,000	1,657,000

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2018	60,000	121,000	181,000
2019	64,000	117,000	181,000
2020	68,000	113,000	181,000
2021	72,000	109,000	181,000
2022	76,000	105,000	181,000
Thereafter	1,517,000	1,744,000	3,261,000
	1,857,000	2,309,000	4,166,000

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4% to 6% per annum. Debenture debt is issued on the credit and security of the commission at large.

Section 3 of Alberta Regulation No. 76/2000 requires that debt and debt limits for the commission be disclosed as follows:

	2017	2016
	\$	\$
Total debt limit	2,074,000	1,976,000
Total debt	1,857,000	1,710,000
Amount of debt limit unused	217,000	266,000
Debt servicing limit	362,950	345,800
Debt servicing	181,000	164,000
Amount of debt servicing limit unused	181,950	181,800

The debt limit is calculated at 2 times revenue of the commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify commissions that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the commission. Rather, the financial statements must be interpreted as a whole.

New Sample View Regional Waste Management Services Commission
Notes to Financial Statements
For the Year Ended December 31, 2017

5. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 40 years after closure using a discount rate of 6% and assuming annual inflation of 2%.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 3.7 million cubic metres. The estimated remaining capacity of the landfill site is 2.812 (2016 – 2.923) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2040.

The commission has not designated assets for settling closure and post-closure liabilities.

	2017	2016
	\$	\$
Estimated closure costs	400,000	400,000
Estimated post-closure costs	600,000	600,000
Estimated total liability	1,000,000	1,000,000
Estimated capacity remaining	76%	79%
Portion of total liability remaining to be recognized	760,000	790,000
Estimated capacity used	24%	21%
Accrued liability portion	240,000	210,000

6. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
	\$	\$
Tangible capital assets	3,870,000	3,530,000
Accumulated amortization	(1,248,000)	(1,120,000)
Long term debt	(1,857,000)	(1,710,000)
	765,000	700,000

7. ACCUMULATED SURPLUS

	2017	2016
	\$	\$
Unrestricted surplus (deficit)	158,000	270,000
Restricted surplus (deficit)	50,000	45,000
Equity in tangible capital assets	765,000	700,000
	973,000	1,015,000

New Sample View Regional Waste Management Services Commission
Notes to Financial Statements
For the Year Ended December 31, 2017

8. RELATED PARTY TRANSACTIONS

Sampleburg County, the Municipal District of Sample View, the Town of Sampleburg, and the Village of Sample River are members of the commission and, as such, have been identified as related parties.

Service fees are based on the budgeted net operating costs of the commission and are allocated among the commission members based on actual service utilization during the year. Service fees charged to commission members are as follows:

	2017	2016
	\$	\$
Sampleburg County	150,000	140,000
Municipal District of Sample View	85,000	60,000
Town of Sampleburg	450,000	480,000
Village of Sample River	165,000	140,000
	850,000	820,000

Amounts due from commission members are payable on receipt of the invoice and have arisen from the service fees charged during the year. Amounts due from commission members at the end of the year are as follows:

	2017	2016
	\$	\$
Sampleburg County	8,000	16,000
Municipal District of Sample View	4,000	4,000
Town of Sampleburg	20,000	22,000
Village of Sample River	8,000	8,000
	40,000	50,000

9. LOCAL AUTHORITIES PENSION PLAN

Employees of the commission participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings.

The commission is required to make current service contributions to the LAPP of 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% for the excess.

Total current service contributions by the commission to the LAPP were \$11,400 (2016 - \$11,100). Total current service contributions by the employees of the commission to the LAPP were \$9,500 (2016 - \$9,200).

At December 31, 2017, the LAPP disclosed an actuarial surplus/deficiency of \$ xx billion.

**New Sample View Regional Waste Management Services Commission
Notes to Financial Statements
For the Year Ended December 31, 2017**

10. COMMITMENT

The commission is committed to payments under an operating lease for office premises as follows:

2018	6,000
2019	6,000
2020	6,000
2021	6,600
2022	6,600
Thereafter	19,800
	<hr/> 51,000 <hr/>

11. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.