

**MOUNTAIN VIEW REGIONAL WASTE
MANAGEMENT COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

INDEPENDENT AUDITORS' REPORT

To the Members of Mountain View Regional Waste Management Commission

We have audited the accompanying financial statements of Mountain View Regional Waste Management Commission, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, changes in net 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Mountain View Regional Waste Management Commission as at December 31, 2017, the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of Mountain View Regional Waste Management Commission for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on March 27, 2017.

METRIX GROUP LLP

Chartered Professional Accountants

April 30, 2018
Edmonton, Alberta



MANAGEMENT'S REPORT

To the Members of Mountain View Regional Waste Management Commission:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial reports are properly maintained to provide reliable information for the preparation of financial statements.

The elected board is composed entirely of neither management nor employees of the Commission. The board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The board is responsible for recommending the appointment of the Commission's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by the board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the board and management to discuss their audit findings. The accompanying financial statements are the responsibility of the management of Mountain View Regional Waste Management Commission.



Pat Sliworsky
Chief Administrative Officer

April 30, 2018

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Statement of Financial Position

As At December 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 843,468	\$ 1,559,274
Accounts receivable (Note 3)	150,059	258,807
Investments (Note 4)	<u>806,836</u>	<u>502,935</u>
	<u>1,800,363</u>	<u>2,321,016</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	221,649	177,696
Obligations under capital lease (Note 6)	98,644	179,288
Long term debt (Note 7)	1,735,156	2,374,126
Landfill closure and post-closure costs (Note 8)	<u>1,136,219</u>	<u>1,015,673</u>
	<u>3,191,668</u>	<u>3,746,783</u>
NET DEBT	<u>(1,391,305)</u>	<u>(1,425,767)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	4,697,009	5,070,170
Inventory for consumption	5,922	2,084
Prepaid expenses and deposits	<u>34,501</u>	<u>35,963</u>
	<u>4,737,432</u>	<u>5,108,217</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 3,346,127</u>	<u>\$ 3,682,450</u>

ON BEHALF OF THE BOARD:

_____ Director

_____ Director

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2017

	<u>2017</u> (Budget)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
REVENUE			
Tipping fees	\$ 2,001,250	\$ 1,739,035	\$ 2,258,755
Fees for service	534,279	534,241	501,584
Recyclables	138,100	170,032	151,207
Other	29,700	33,642	51,155
Investment income	28,000	18,642	46,637
Rentals	-	-	4,500
Gain on disposal of tangible capital assets	-	-	46,088
	<u>2,731,329</u>	<u>2,495,592</u>	<u>3,059,926</u>
EXPENSES			
Contracted and general services	1,301,240	1,255,272	1,326,090
Salaries, wages and benefits	824,528	900,735	837,473
Amortization of tangible capital assets	184,080	409,986	515,395
Landfill closure and post-closure provision (Note 8)	150,650	120,546	(62,247)
Materials, goods and utilities	122,210	101,161	145,242
Interest on long term debt	35,550	33,882	39,448
Interest and bank charges	5,800	10,230	5,867
Bad debts	2,000	103	28,261
	<u>2,626,058</u>	<u>2,831,915</u>	<u>2,835,529</u>
ANNUAL SURPLUS (DEFICIT)	105,271	(336,323)	224,397
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,682,450</u>	<u>3,682,450</u>	<u>3,458,053</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 3,787,721</u>	<u>\$ 3,346,127</u>	<u>\$ 3,682,450</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
Statement of Changes in Net Debt
For the Year Ended December 31, 2017

	<u>2017</u> (Budget)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ <u>105,271</u>	\$ <u>(336,323)</u>	\$ <u>224,397</u>
Acquisition of tangible capital assets	(41,100)	(36,826)	(1,938,421)
Proceeds on disposal of tangible capital assets	-	-	955,202
Amortization of tangible capital assets	184,080	409,986	515,395
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(46,088)</u>
	<u>142,980</u>	<u>373,160</u>	<u>(513,912)</u>
Use (acquisition) of supplies inventories	(3,839)	(3,837)	2,879
Acquisition of prepaid expenses and deposits	<u>-</u>	<u>1,462</u>	<u>(6,367)</u>
	<u>(3,839)</u>	<u>(2,375)</u>	<u>(3,488)</u>
DECREASE (INCREASE) IN NET DEBT	<u>244,412</u>	<u>34,462</u>	<u>(293,003)</u>
NET DEBT, BEGINNING OF YEAR	<u>(1,425,767)</u>	<u>(1,425,767)</u>	<u>(1,132,764)</u>
NET DEBT, END OF YEAR	<u>\$(1,181,355)</u>	<u>\$(1,391,305)</u>	<u>\$(1,425,767)</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION**Statement of Cash Flows**

For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (336,323)	\$ 224,397
Amortization of tangible capital assets	409,986	515,395
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>(46,088)</u>
	<u>73,663</u>	<u>693,704</u>
Change in non-cash working capital:		
Accounts receivable	108,748	224,597
Inventory of supplies	(3,837)	2,879
Prepaid expenses and deposits	1,462	(6,367)
Accounts payable and accrued liabilities	43,953	(52,734)
Landfill closure and post-closure costs	<u>120,546</u>	<u>(146,754)</u>
	<u>270,872</u>	<u>21,621</u>
Cash provided by operating activities	<u>344,535</u>	<u>715,325</u>
INVESTING ACTIVITIES		
Purchases of investments	<u>(303,901)</u>	<u>-</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(36,826)	(1,938,421)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>955,202</u>
Cash provided (used) by capital activities	<u>(36,826)</u>	<u>(983,219)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(80,644)	(82,872)
Repayment of long term debt	(638,970)	(715,079)
Long term debt issued	<u>-</u>	<u>1,917,813</u>
Cash provided (used) by financing activities	<u>(719,614)</u>	<u>1,119,862</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(715,806)	851,968
CASH, BEGINNING OF YEAR	<u>1,559,274</u>	<u>707,306</u>
CASH, END OF YEAR	<u>\$ 843,468</u>	<u>\$ 1,559,274</u>

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

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
Schedule of Tangible Capital Assets
As At December 31, 2017

	<u>Land</u>	<u>Buildings</u>	<u>Land Improvements</u>	<u>Vehicles</u>	<u>Machinery & Equipment</u>	<u>2017</u>	<u>2016</u>
COST:							
Balance, Beginning of Year	\$ 916,673	\$ 1,518,502	\$ 5,404,025	\$ 208,187	\$ 2,069,854	\$ 10,117,241	\$ 10,598,219
Acquisition of tangible capital assets	-	-	-	36,826	-	36,826	1,938,421
Disposal of tangible capital assets	-	-	-	-	-	-	<u>(2,419,399)</u>
Balance, End of Year	<u>916,673</u>	<u>1,518,502</u>	<u>5,404,025</u>	<u>245,013</u>	<u>2,069,854</u>	<u>10,154,067</u>	<u>10,117,241</u>
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	536,869	3,708,592	60,070	741,541	5,047,072	6,041,961
Amortization	-	44,608	175,585	30,916	158,877	409,986	515,395
Accumulated amortization on disposals	-	-	-	-	-	-	<u>(1,510,285)</u>
Balance, End of Year	<u>-</u>	<u>581,477</u>	<u>3,884,177</u>	<u>90,986</u>	<u>900,418</u>	<u>5,457,058</u>	<u>5,047,071</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 916,673</u>	<u>\$ 937,025</u>	<u>\$ 1,519,848</u>	<u>\$ 154,027</u>	<u>\$ 1,169,436</u>	<u>\$ 4,697,009</u>	<u>\$ 5,070,170</u>

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

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

NATURE OF ORGANIZATION

The Mountain View Regional Waste Management Commission (the "Commission") was established under the Municipal Government Act in 2001. The Commission is authorized to provide solid waste management services for six member municipalities. The member municipalities are: the Town of Carstairs, the Town of Didsbury, the Town of Olds, the Town of Sundre, the Village of Cremona, and Mountain View County.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, and change in financial position of the Commission.

(b) Basis of Presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards.

(c) Revenue Recognition

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Government transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Municipal requisitions are based on an agreement where the Commission requests funding as required. The requisition amounts are allocated to each member municipality on a per capita basis.

Tipping fees, recyclables and other fees 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.

Investment income is recognized as revenue in the period earned.

(d) Landfill Closure and Post-Closure Liability

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

(e) Pension Expenditure

Contributions for current and past service pension benefits are recorded as expenditures in the year which they become due.

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 expenditures during the period. Actual results could differ from those estimates. The landfill closure and post-closure liability, recoverability of accounts receivable, and valuation, residual values and useful lives of tangible capital assets represent significant estimates in the financial statements.

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MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives existing beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net debt for the year.

I. Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. The Commission provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. Amortization rates are as follows:

Buildings	15 - 50 years
Land improvements	10 - 40 years
Machinery and Equipment	5 - 15 years
Vehicles	5 - 10 years

In the year of acquisition and in the year of disposal, amortization is calculated at one-half the normal rates. Assets under construction are not amortized until the asset is available for productive use.

Included in land improvements are landfill cell development costs which are amortized based on the volume of landfill capacity used.

II. Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also recorded as revenue.

III. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

IV. Inventory

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

2. CASH

The Commission has a policy to restrict cash and investments sufficient to fund the landfill closure and post-closure liability. As at December 31, 2017 the landfill closure and post-closure liability is \$1,136,219 (2016 - \$1,015,673) as described in Note 8. The Commission plans to have sufficient cash and investments on hand to fund the liability at the time the sites are closed, however in the interim there may be times when cash and investments are less than the accrued closure and post-closure liability. Therefore, the Board has restricted additional cash and investments to cover future landfill closure and post-closure, capital and recycling reserves of \$1,583,507 (2016 - \$1,910,616) Note 10. As at December 31, 2017 the Commission had \$843,468 and \$806,836 in cash and investments totaling \$1,650,304.

The Commission has access to an operating line of credit of \$100,000 bearing interest at prime plus 0.25%. There was no amount withdrawn for 2017 or 2016.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

3. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Trade	154,807	215,410
Goods and Services Tax recoverable	15,752	27,375
Requisitions	<u>-</u>	<u>36,522</u>
	170,559	279,307
Allowance for doubtful accounts	<u>(20,500)</u>	<u>(20,500)</u>
	<u>\$ 150,059</u>	<u>\$ 258,807</u>

4. INVESTMENTS

	<u>2017</u>	<u>2016</u>
Guaranteed investment certificates	<u>\$ 806,836</u>	<u>\$ 502,935</u>

Guaranteed investment certificates maturing in 2021 with interest rates varying between 1.86% and 1.91%, with an option to convert to cash with monetary penalty. The purpose of this investment is to cover future landfill closure and post-closure liabilities.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 172,390	\$ 120,644
Wages payable	32,740	33,699
Vacation accrual	<u>16,519</u>	<u>23,353</u>
	<u>\$ 221,649</u>	<u>\$ 177,696</u>

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2017</u>	<u>2016</u>
Obligations under capital leases, repayable \$7,992 blended monthly, expiring between September 2018 and June 2019, secured by the specific leased assets with a net book value of \$293,204 (2016 - \$401,388). The remaining rates range from 4.45% to 6.5% per year.	<u>\$ 98,644</u>	<u>\$ 179,288</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 83,778	\$ 3,343	\$ 87,121
2019	<u>14,866</u>	<u>242</u>	<u>15,108</u>
	<u>\$ 98,644</u>	<u>\$ 3,585</u>	<u>\$ 102,229</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

7. LONG TERM DEBT

			<u>2017</u>	<u>2016</u>
Debentures	Rate	Maturing		
Alberta Capital Finance Authority	4.311%	March 2017	\$ -	\$ 17,143
Alberta Capital Finance Authority	1.661%	September 2017	-	154,729
Alberta Capital Finance Authority	1.797%	December 2018	4,669	9,255
Alberta Capital Finance Authority	1.797%	December 2018	27,436	54,385
Alberta Capital Finance Authority	1.797%	December 2018	35,434	70,241
Alberta Capital Finance Authority	1.719%	September 2019	84,133	125,132
Alberta Capital Finance Authority	1.637%	December 2019	117,626	175,016
Alberta Capital Finance Authority	2.081%	March 2026	612,393	677,608
Alberta Capital Finance Authority	1.238%	June 2021	853,465	1,090,617
			<u>\$ 1,735,156</u>	<u>\$ 2,374,126</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 474,256	\$ 26,092	\$ 500,348
2019	412,770	19,127	431,897
2020	315,492	13,410	328,902
2021	195,038	8,902	203,940
2022	72,328	6,651	78,979
Thereafter	<u>265,272</u>	<u>11,155</u>	<u>276,427</u>
	<u>\$ 1,735,156</u>	<u>\$ 85,337</u>	<u>\$ 1,820,493</u>

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

	<u>2017</u>	<u>2016</u>
Total debt limit	\$ 4,991,184	\$ 6,119,852
Total debt	<u>(1,833,800)</u>	<u>(2,553,414)</u>
Total debt limits available	<u>\$ 3,157,384</u>	<u>\$ 3,566,438</u>
Service on debt limit	\$ 873,457	\$ 1,070,974
Service on debt	<u>(587,469)</u>	<u>(762,777)</u>
Service on debt limit available	<u>\$ 285,988</u>	<u>\$ 308,197</u>

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.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

8. LANDFILL CLOSURE AND POST CLOSURE COSTS

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 25 years after closure using a discount rate of 4% (2016 - 4%) and assuming annual inflation of 3% (2016 - 3%).

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 1.385 million cubic metres. The estimated remaining capacity of the landfill site is 0.665 (2016 - 0.694) million cubic metres. The existing landfill is expected to reach capacity in approximately the year 2035.

The Commission has designated assets for settling closure and post-closure liabilities.

	<u>2017</u>	<u>2016</u>
Estimated closure costs	\$ 1,725,871	\$ 1,795,978
Estimated post-closure costs	<u>459,584</u>	<u>230,800</u>
Estimated total liability	<u>\$ 2,185,455</u>	<u>\$ 2,026,778</u>
Percentage of liability accrued by the Commission	<u>51.99%</u>	<u>50.11%</u>
Amount accrued by the Commission	<u>\$ 1,136,219</u>	<u>\$ 1,015,673</u>
Estimated liability still to be accrued	<u>\$ 1,049,236</u>	<u>\$ 1,011,105</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (<i>Schedule 1</i>)	\$ 10,154,067	\$ 10,117,241
Accumulated amortization (<i>Schedule 1</i>)	(5,457,058)	(5,047,071)
Long-term debt (<i>Note 7</i>)	(1,735,156)	(2,374,126)
Obligation under capital lease (<i>Note 6</i>)	<u>(98,644)</u>	<u>(179,288)</u>
	<u>\$ 2,863,209</u>	<u>\$ 2,516,756</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

10. ACCUMULATED SURPLUS

	<u>2017</u>	<u>2016</u>
Unrestricted surplus (deficit)	\$(1,100,589)	\$ (744,922)
Restricted surplus		
Landfill closure and post closure reserve	1,117,826	1,296,873
Capital reserve	352,861	509,929
Recycling reserve	<u>112,820</u>	<u>103,814</u>
Total reserves (Note 2)	<u>1,583,507</u>	<u>1,910,616</u>
Equity in tangible capital assets	<u>2,863,209</u>	<u>2,516,756</u>
	<u>\$ 3,346,127</u>	<u>\$ 3,682,450</u>

11. RELATED PARTY TRANSACTIONS

During the year, the Commission entered into transactions with related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The related party transactions are summarized as follows:

As at December 31, 2017, included in accounts receivable is \$19,770 (2016 - \$36,522) due from the member municipalities. As at December 31, 2017, included in accounts payable is \$5,467 (2016 - \$NIL) due to member municipalities. The amounts owing are unsecured with no specific terms of repayment and bear interest as may be determined from time to time.

In 2017, \$946,979 (2016 - \$902,709) of the Commission's operating revenue came from the six member municipalities, either from requisitions or for the services provided by the Commission.

In 2017, \$85,792 (2016 - \$NIL) of the Commission's operating expenses was paid to the Town of Olds and Mountain View County.

The Commission is economically dependent on the member municipalities, Alberta Environment and its users for funding.

12. 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 of the LAPP Fund.

The Commission is required to make current service contributions to LAPP of 11.39% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 15.84% for the excess. Employees of the Commission are required to make current service contributions of 10.39% of pensionable earnings up to the year's maximum pensionable earnings and 14.84% on pensionable earnings above this amount.

Total current and past service contributions made by the Commission to LAPP in 2017 were \$53,648 (2016 - \$50,603). Total current and past service contributions made by the employees of the Commission to the LAPP in 2017 were \$49,243 (2016 - \$46,440).

At December 31, 2016, the LAPP disclosed an actuarial deficit of \$637 million (2015 - \$923 million).

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

13. SALARIES AND BENEFITS DISCLOSURE

Disclosures of salaries and benefits of Board members is as follows:

	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>2017 Total</u>	<u>2016 Total</u>
Board members:				
Councillor Aalbers	\$ 5,542	\$ 158	\$ 5,700	\$ 718
Councillor Gil	5,000	-	5,000	5,409
Councillor Hagen	4,587	70	4,657	4,600
Councillor Hollinger	5,657	119	5,776	1,388
Councillor Leslie	533	8	541	-
Councillor McFadden	3,649	51	3,700	7,632
Councillor McKean	6,587	130	6,717	9,248
Councillor Overwater	9,821	294	10,115	12,136
Councillor Shulz	-	-	-	4,291
Councillor Temple	351	-	351	711
Councillor Windsor	<u>544</u>	<u>12</u>	<u>556</u>	<u>-</u>
	<u>\$ 42,271</u>	<u>\$ 842</u>	<u>\$ 43,113</u>	<u>\$ 46,133</u>

(1) Salary includes regular base pay, bonuses, overtime, lump sums, gross honoraria, and any other direct cash remuneration.

(2) Employer's share of CPP.

14. FINANCIAL INSTRUMENTS

The Commission's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, obligations under capital lease and long term debt. It is management's opinion that the Commission is not exposed to significant currency, credit, liquidity or market risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

(a) Credit Risk

The Commission is subject to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that entities to which the Commission provides services may not fulfill their obligations. This risk is minimized by the large proportion of accounts receivable from other government entities.

(B) Interest Rate Risk

The Commission is exposed to interest rate risk to the extent that the carrying value of its obligations under capital leases and long term debt are at fixed interest rates.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board and Management.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

For the Year Ended December 31, 2017

16. BUDGET FIGURES

The 2017 amended budget figures which appear in these financial statements were approved by the Board on March 27, 2017. The amended budget prepared by the Commission reflects all activities including capital projects and reserves for future use. The reconciliation below is provided to encompass these items and is provided for information purposes only.

	<u>2017</u> (Budget)	<u>2017</u> (Actual)	<u>2016</u> (Actual)
Annual Surplus (deficit)	105,271	(336,323)	224,397
Add back (deduct):			
Amortization expense	\$ 184,080	\$ 409,986	\$ 515,395
Net transfers (to) from reserves	393,264	327,109	(1,044,397)
Proceeds on disposal of tangible capital assets	-	-	955,202
Long term debt issues	-	-	1,917,813
Principal debt repayments	(638,970)	(638,970)	(715,079)
Obligations under capital lease	-	(80,644)	(82,872)
Acquisition of tangible capital assets	<u>(41,100)</u>	<u>(36,826)</u>	<u>(1,938,421)</u>
Annual Surplus (deficit)	\$ <u>2,545</u>	\$ <u>(355,668)</u>	\$ <u>(167,962)</u>

17. COMPARATIVE FIGURES

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