

Financial Statements of

**WEST YELLOWHEAD  
REGIONAL WASTE  
MANAGEMENT AUTHORITY**

Year ended December 31, 2016

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of West Yellowhead Regional Waste Management Authority

We have audited the accompanying financial statements of West Yellowhead Regional Waste Management Authority, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes, comprising 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 accounting standards for private enterprises, 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of West Yellowhead Regional Waste Management Authority as at December 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

*KPMG LLP*

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Chartered Professional Accountants

March 23, 2017

Edmonton, Canada

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 71,217	\$ 56,359
Trade receivable (note 2)	220,485	171,147
Due from members (note 3)	-	1,741,232
Investments (note 4)	1,515,688	6,375
	<u>1,807,390</u>	<u>1,975,113</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	132,894	120,603
Due to members (note 3)	355,444	-
Landfill closure and post-closure liability (note 5)	207,609	111,888
	<u>695,947</u>	<u>232,491</u>
Net financial assets	1,111,443	1,742,622
<b>Non-financial assets:</b>		
Tangible capital assets (note 6)	3,923,116	3,119,825
Accumulated surplus (note 7)	\$ 5,034,559	\$ 4,862,447

See accompanying notes to financial statements

On behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
<b>Revenue:</b>			
Contributions from Town of Hinton	\$ 554,328	\$ 529,685	\$ 520,535
Contributions from Town of Edson	404,988	302,128	297,295
Hydrosoils and other revenues	180,000	296,401	196,367
Contributions from Yellowhead County	205,684	228,522	238,276
Contributions from Jasper	214,000	196,357	206,690
Interest income	15,000	21,642	16,883
	<u>1,574,000</u>	<u>1,574,735</u>	<u>1,476,046</u>
<b>Administrative expenses:</b>			
Amortization of tangible capital assets	-	386,127	231,636
Contracted professional services (note 8)	166,000	155,768	78,788
Landfill closure and post-closure allowance	59,000	95,721	10,280
Other administrative expenses (note 8)	42,000	52,616	30,074
	<u>267,000</u>	<u>690,232</u>	<u>350,778</u>
<b>Buildings and grounds expenses:</b>			
Contracted services	450,000	453,784	455,467
Other buildings and grounds expenses	217,000	258,607	193,850
	<u>667,000</u>	<u>712,391</u>	<u>649,317</u>
Excess of revenues over expenses	640,000	172,112	475,951
Accumulated surplus, beginning of year	4,862,447	4,862,447	4,386,496
<b>Accumulated surplus, end of year</b>	<b>\$ 5,502,447</b>	<b>\$ 5,034,559</b>	<b>\$ 4,862,447</b>

See accompanying notes to financial statements.

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

## Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	Budget	2016	2015
Annual surplus	\$ 640,000	\$ 172,112	\$ 475,951
Acquisition of tangible capital assets	(1,843,000)	(1,189,418)	(815,440)
Amortization of tangible capital assets	-	386,127	231,636
Change in net financial assets	(1,203,000)	(631,179)	(107,853)
Net financial assets, beginning of year	1,742,622	1,742,622	1,850,475
Net financial assets, end of year	\$ 539,622	\$ 1,111,443	\$ 1,742,622

See accompanying notes to financial statements.

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

## Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash and cash equivalents provided by (used in):		
Operating activities:		
Annual surplus	\$ 172,112	\$ 475,951
Items not involving cash:		
Amortization of tangible capital assets	386,127	231,636
Landfill closure and post-closure allowance	95,721	10,280
Change in non-cash assets and liabilities:		
Trade receivable	(49,338)	(41,225)
Accounts payable and accrued liabilities	12,291	(6,725)
	616,913	669,917
Capital activities:		
Acquisition of tangible capital assets	(1,189,418)	(815,440)
Cash applied to capital activities	(1,189,418)	(815,440)
Financing and investing activities:		
Increase (decrease) in due to members	2,096,676	(817,504)
Purchases of investments	(1,509,313)	-
Proceeds on disposition of investments	-	986,825
Cash applied to financing and investing activities	587,363	169,321
Increase in cash and cash equivalents	14,858	23,798
Cash and cash equivalents, beginning of year	56,359	32,561
Cash and cash equivalents, end of year	\$ 71,217	\$ 56,359

See accompanying notes to financial statements.



# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2016

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## 1. Significant accounting policies:

The financial statements of the West Yellowhead Regional Waste Management Authority (the "Authority") are the representations of management prepared in accordance with Canadian public sector accounting standards (PSAS). Significant aspects of the accounting policies adopted by the Authority are as follows.

### (a) Reporting entity:

The Town of Hinton, Yellowhead County, Town of Edson and Municipality of Jasper are all members of the Authority which was established to construct, maintain, control and manage a regional solid waste disposal system.

By agreement, the Town of Hinton, Town of Edson, Yellowhead County and Municipality of Jasper contribute to the costs of operating the landfill site on a per tonne basis.

The Town of Hinton, by agreement, provides management and administrative services to the Authority.

### (b) Basis of accounting:

The Authority follows the accrual basis of accounting for revenues and expenses. Revenues are accounted for in the period in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipts of goods and services and/or the creation of a legal obligation to pay.

### (c) Investments:

Investments are recorded at amortized cost. Premiums and discounts arising on the purchase of these investments are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Interest income is reported as revenue in the period earned.

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (d) Landfill closure and post-closure liability:

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Authority 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.

### (e) 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.

#### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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	Rate
Land improvements	5-75
Buildings	25-50
Engineered structures	10-75
Machinery and equipment	10-25

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Amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 1. Significant accounting policies (continued):

### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Significant estimates include assumptions used in estimating the provisions for uncollectible accounts receivable, assumptions related to recording accrued liabilities, useful lives of tangible capital assets and landfill closure and post-closure costs. Actual results could differ from those estimates.

### (g) Future accounting standard pronouncements:

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2017, the Authority will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

<b>Public Sector Accounting Standard</b>	<b>Name</b>	<b>Effective date for fiscal years beginning on or after</b>
PS2200	Related Party Transactions	April 1, 2017
PS3420	Inter-Entity Transactions	April 1, 2017
PS3210	Assets	April 1, 2017
PS3320	Contingent Assets	April 1, 2017
PS3380	Contractual Rights	April 1, 2017
PS3430	Restructuring Transactions	April 1, 2018
PS1201	Financial Statement Presentation	April 1, 2019
PS3450	Financial Instruments	April 1, 2019
PS2601	Foreign Currency Translation	April 1, 2019
PS3041	Portfolio Investments	April 1, 2019

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 2. Trade receivables:

	2016	2015
Trade receivables	\$ 230,485	\$ 181,147
Allowance for doubtful accounts	(10,000)	(10,000)
	<b>\$ 220,485</b>	<b>\$ 171,147</b>

## 3. Due (to) from members:

	2016	2015
Due (to) from Town of Hinton	\$ (341,912)	\$ 1,732,217
Due (to) from Town of Edson	(19,717)	8,765
Due from Town of Jasper	-	250
Due from Yellowhead County	6,185	-
	<b>\$ (355,444)</b>	<b>\$ 1,741,232</b>

All advances from members are unsecured, non-interest bearing with no set terms of repayment.

## 4. Investments:

	2016	2015
Demand notice savings deposits	\$ 1,509,332	\$ -
Other investments	6,356	6,375
	<b>\$ 1,515,688</b>	<b>\$ 6,375</b>

Demand notice savings deposits have effective interest rates ranging from 1.40% to 1.50% and require 31 - 90 days notice prior to withdrawal.

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 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 cost required in today's dollars for closure and post-closure activities for 25 years after closure.

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 3.089 million cubic metres. The estimated remaining capacity of the landfill site is 2.515 (2015 - 2.539) million cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2060.

The Authority has designated assets for settling closure and post-closure liabilities (note 7).

Key assumptions in determining the liability at December 31, 2016 for the landfill are as follows:

Estimated closure costs	\$2,085,900
Estimated post-closure costs	\$989,000
Inflation rate	2.32%
Discount rate	4.52%

	2016	2015
Estimated closure costs	\$ 817,712	\$ 461,260
Estimated post-closure costs	297,472	167,286
Estimated capacity remaining	81.38%	82.20%
Portion of total liability remaining to be recognized	907,575	516,658
Estimated capacity used	18.62%	17.80%
	\$ 207,609	\$ 111,888

# WEST YELLOWHEAD REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 6. Tangible capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Land improvements	\$ 4,971,656	\$ 2,103,309	\$ 2,868,347	\$ 1,146,233
Buildings	123,127	78,665	44,462	46,595
Engineered structures	1,070,043	190,479	879,564	902,180
Machinery and equipment	284,189	153,446	130,743	140,940
Assets under construction	-	-	-	883,877
	<b>\$ 6,449,015</b>	<b>\$ 2,525,899</b>	<b>\$ 3,923,116</b>	<b>\$ 3,119,825</b>

## 7. Accumulated surplus:

	2016	2015
Unrestricted deficit	\$ (388,771)	\$ (279,318)
Reserves:		
Capital	700,553	1,281,279
Post-closure	535,215	505,715
Closure	264,446	234,946
	1,500,214	2,021,940
Equity in tangible capital assets (note 6)	3,923,116	3,119,825
	<b>\$ 5,034,559</b>	<b>\$ 4,862,447</b>

## 8. Related party transaction:

During the year, the Authority paid management and administrative fees of \$72,500 (2015 - \$72,500) to the Town of Hinton which are included in contracted professional services and other administrative expenses.