

Financial Statements of

**REDCLIFF CYPRESS
REGIONAL WASTE
MANAGEMENT AUTHORITY**

Year ended December 31, 2017

Management's Responsibility for Financial Reporting

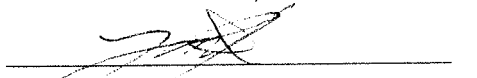
The Redcliff Cypress Regional Waste Management Authority's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Authority's financial position as at December 31, 2017 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

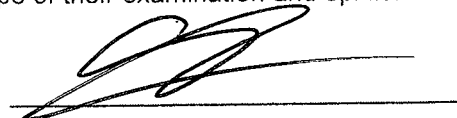
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Authority's Board of Directors are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Authority's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Members of the Board of the Redcliff Cypress Regional Waste Management Authority, stating the scope of their examination and opinion on the financial statements, follows.



Director of Finance and Administration



Chairman of Redcliff Cypress
Regional Waste Management
Authority



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Lethbridge AB T1J 4E1
Canada
Tel 403-380-5700
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INDEPENDENT AUDITORS' REPORT

To the Directors of Redcliff Cypress Regional Waste Management Authority

We have audited the accompanying financial statements of Redcliff Cypress Regional Waste Management Authority, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, changes in net 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 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



In our opinion, the financial statements present fairly, in all material respects, the financial position of Redcliff Cypress Regional Waste Management Authority as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants

Lethbridge, Canada

May 7, 2018

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets:		
Cash and cash equivalents (note 3)	\$ 1,592,342	\$ 2,146,754
Trade and other receivables	284,651	188,142
Investments and marketable securities (note 4)	498,994	-
	<u>2,375,987</u>	<u>2,334,896</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	178,883	61,848
Landfill post-closure liability (note 6)	853,443	787,643
Loan payable to Cypress County (note 8)	288,844	429,603
Loan payable to Town of Redcliff (note 8)	288,844	429,603
	<u>1,610,014</u>	<u>1,708,697</u>
Net financial assets	765,973	626,199
Non-Financial Assets:		
Tangible capital assets (note 5)	5,660,574	5,088,835
Inventory for consumption	9,388	10,118
	<u>5,669,962</u>	<u>5,098,853</u>
Accumulated surplus (note 7)	<u>\$ 6,435,935</u>	<u>\$ 5,725,152</u>

See accompanying notes to financial statements.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenue:			
Tonnage charge	\$ 1,783,275	\$ 1,752,762	\$ 1,511,921
Interest earned on reserve investment	6,000	18,121	45,872
Other revenue	18,870	27,313	19,327
Total revenue	1,808,145	1,798,196	1,577,120
Expenses:			
Administrative and management	432,177	415,306	391,482
Contracted engineering	165,000	104,955	70,395
Contracted services	103,500	79,883	57,802
Fuel	120,000	96,671	101,499
Insurance	35,000	29,798	27,876
Interest on long-term debt	24,300	11,562	16,480
Office and general	19,650	20,402	15,198
Professional fees	6,500	6,042	3,130
Repairs and maintenance	60,500	28,894	54,417
Small tools and equipment	-	-	115
Utilities	5,100	4,459	3,890
Provision for landfill closure	65,800	65,800	50,000
Scale and equipment contract	35,000	10,849	26,123
Loss on sale of tangible capital assets	-	-	23,526
Amortization	220,000	279,642	257,232
Total expenses	1,292,527	1,154,263	1,099,165
Excess of revenue over expenses before the undernoted	515,618	643,933	477,955
Other			
Contributions of tangible capital assets	-	66,850	-
Excess of revenue over expenses	515,618	710,833	477,955
Accumulated surplus, beginning of years	5,725,152	5,725,152	5,247,197
Accumulated surplus, end of year	\$ 6,240,770	\$ 6,435,935	\$ 5,725,152

See accompanying notes to financial statements.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Statements of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Excess of revenue over expenses	\$ 515,618	\$ 710,783	\$ 477,955
Acquisition of tangible capital assets	(841,791)	(851,381)	(186,421)
Amortization of tangible capital assets	220,000	279,642	257,232
Acquisition of inventory for consumption	-	(9,388)	(10,118)
Use of inventory for consumption	-	10,118	20,294
Proceeds on sale of tangible capital assets	-	-	15,613
Loss on sale of tangible capital assets	-	-	23,526
Change in net financial assets	(106,173)	139,774	598,081
Net financial asset, beginning of year	626,199	626,199	28,118
Net financial asset, end of year	\$ 520,026	\$ 765,973	\$ 626,199

See accompanying notes to financial statements.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Statements of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 710,783	\$ 477,955
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	279,642	257,232
Provision for landfill closure	65,800	50,000
Loss on sale of tangible capital assets	-	23,526
Accounts receivable	(96,509)	(8,161)
Inventory	729	10,176
Accounts payable and accrued liabilities	117,036	(23,287)
	<u>1,077,481</u>	<u>787,441</u>
Financing:		
Repayment of due to Town of Redcliff	(140,759)	(138,372)
Repayment of due to Cypress County	(140,759)	(138,372)
	<u>(281,518)</u>	<u>(276,744)</u>
Investing:		
Purchase of tangible capital assets	(851,381)	(186,421)
Proceeds from sale of tangible capital assets	-	15,613
Purchase of investment	(498,994)	-
	<u>(1,350,375)</u>	<u>(170,808)</u>
Increase (decrease) in cash and cash equivalents	(554,412)	339,889
Cash and cash equivalents, beginning of year	2,146,754	1,806,865
Cash and cash equivalents, end of year	<u>\$ 1,592,342</u>	<u>\$ 2,146,754</u>

See accompanying notes to financial statements.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2017

Nature of operations:

Redcliff Cypress Regional Waste Management Authority's (the "Authority") primary operations consists of the ownership and management of assets for the provision of waste disposal, the dispensing of liabilities and the accumulation of reserves for future replacement of those assets.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policy adopted by the Authority are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of operations controlled by the Authority and are, therefore, accountable to the Board of Directors (the "Board") for the administration of their financial affairs and resources.

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Budget amounts:

The budget amounts presented on the statement of operations are taken from the Authority's annual budget.

(e) Investments:

Investments are recorded at amortized cost. Investment premiums and discounts if incurred 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.

(f) Revenue recognition:

Fees are collected from the members of the Authority and are recognized as revenue in the year they are received or are receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The Board has the ability to subsequently restrict the use of this revenue.

Interest income is reported as revenue in the period earned.

(g) Contributed services:

Contribution of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Authority's operations and would otherwise have been purchased.

(h) 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.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Authority determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Authority expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the 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 financial assets for the year.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost and are shown as reduction in unrestricted net assets when acquired unless provided for by debentures, capital grants or restricted net assets.

Amortization is recorded on capital assets and is calculated using the straight line method using the following annual rates. In the year of acquisition one half of the annual amortization is charged:

Assets	Years
Buildings	20-50 years
Machinery and equipment	15-25 years
Land improvements	20-25 years

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

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

(iii) Inventory for consumption:

Inventories held for consumption are recorded at the lower of cost or net realizable value, with cost determined using average costing method.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

(l) Contaminated Sites:

The Authority uses Public Sector Accounting Standards section 3260 - Liability for Contaminated Sites. Contaminated sites are the result of contamination being introduced into air, soil, water or sediment of chemical, organic or radioactive, or live organisms that exceed an environmental standard. The liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

2. Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2017, the Authority continued to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(i) PS 1201 - Financial Statement Presentation:

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2019.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Recent accounting pronouncements (continued):

(ii) PS 3450 - Financial Instruments:

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of remeasurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. As the Authority does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Commission. This standard is effective for fiscal years beginning on or after April 1, 2019.

(iii) PS 2601 - Foreign Currency Translation:

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items values at fair value denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

(iv) PS 3041 - Portfolio Investments:

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of these types of investments. Upon adoption of this section and PS 3450, PS 3040 Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2019.

(v) PS 2200 - Related Party Disclosures:

This section provides guidance on the definition of a related party and establishes the disclosure requirements for transactions between related parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Recent accounting pronouncements (continued):

(vi) PS 3420 - Inter-Entity Transactions:

This section provides guidance on the recognition, measurement and presentation of transactions between entities controlled by a government within the government reporting entity from the perspective of both parties. This standard is effective for fiscal years beginning on or after April 1, 2017.

(vii) PS 3210 - Assets:

This section provides guidance on the various components related to the definition of an asset and establishes the related disclosure requirements. This standard is effective for fiscal years beginning on or after April 1, 2017.

(viii) PS 3320 - Contingent Assets:

This section provides a general application standard providing guidance on the definition and disclosures standards related to contingent assets. It is noted that specific types of contingent assets are excluded from this standard. This standard is effective for fiscal years beginning on or after April 1, 2017.

(ix) PS 3430 - Restructure Transactions:

This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets and/ or liabilities, together with related program or operating responsibilities. This section is effective for fiscal years beginning on or after April 1, 2018.

(x) PS 3380 - Contractual Rights:

The Canadian Public Sector Accounting Board issued a new standard, PS 3380, Contractual Rights in June, 2015. The purpose of this section was to provide a general application standard on contingent assets, similar to Section PS 3390 – Contractual Obligations. The key aspects of this section are:

- defining contractual rights and supporting guidance,
- establishing general disclosure standards for contractual rights.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

The requirements in PS 1201, PS 3450, PS 2601 and PS 3041 are required to be implemented at the same time.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Cash and cash equivalents:

Cash consists of \$300 in petty cash (2016 - \$300), \$1,430,620 (2016 - \$1,525,623) in Alberta Treasury Branch general account for operation, and \$161,422 (2016 - \$620,831) held by the Town of Redcliff.

4. Investments:

	2017		2016	
	Amortized cost	Market value	Amortized cost	Market value
Short term notes and deposits \$	125,136 \$	125,136 \$	- \$	-
Corporate, government and government guaranteed bonds	373,858	370,129	-	-
	\$ 498,994 \$	495,265 \$	- \$	-

Short term notes and deposits have effective interest rates of 1% and mature in less than one year.

Corporate and government guaranteed bonds have effective interest rates ranging from 2.57% to 3.22% with maturity dates from June 1, 2022 to July 25, 2024.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Tangible capital assets:

			2017
	Cost	Accumulated amortization	Net book
Land	\$ 389,222	\$ -	\$ 389,222
Buildings	203,455	128,154	75,301
Equipment	2,947,391	920,483	2,026,908
Land improvements	3,848,376	804,885	3,043,491
Vehicles	149,667	24,015	125,652
	<u>\$ 7,538,111</u>	<u>\$ 1,877,537</u>	<u>\$ 5,660,574</u>

			2016
	Cost	Accumulated amortization	Net book value
Land	\$ 389,222	\$ -	\$ 389,222
Buildings	203,455	123,263	80,192
Equipment	2,138,050	815,587	1,322,463
Land improvements	3,806,336	649,965	3,156,371
Vehicles	149,667	9,080	140,587
	<u>\$ 6,686,730</u>	<u>\$ 1,597,895</u>	<u>\$ 5,088,835</u>

6. Provision for landfill post-closure cost:

Alberta Environmental Law requires closure and post-closure of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and on-going environmental monitoring, site inspections and maintenance.

The estimated total liability of the landfill post closure costs is \$853,443 for 2017 (2016 - \$787,643).

The Authority has not designated assets for settling the post-closure liabilities.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Accumulated surplus:

	Unrestricted surplus	Internally restricted surplus (ii)	Equity in tangible capital assets (1)	2017	2016
Beginning balance	766,597	728,926	4,229,629	5,725,152	5,247,197
Excess of revenue over expenses	710,783	-	-	710,783	477,955
Amortization of tangible capital	279,642	-	(279,642)	-	-
Principle repayment on excavation loan	(281,518)	-	281,518	-	-
Purchase of tangible capital assets	-	(851,381)	851,381	-	-
Transfers	(1,213,295)	1,213,295	-	-	-
	262,209	1,090,840	5,082,886	6,435,935	5,725,152

(i) Equity in tangible capital assets:

	2017	2016
Tangible capital assets	7,538,111	6,686,729
Accumulated amortization	(1,877,537)	(1,597,894)
Long-term debt	(577,688)	(859,206)
	5,082,886	4,229,629

(ii) Landfill internally restricted surplus:

Restricted net assets comprises of funds set aside for future pit excavation, treatment of waste, and building and equipment replacements. When capital expenditures are incurred restricted net assets will be transferred to unrestricted net asset to offset the purchases.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Related party balances and transactions:

The Town of Redcliff and Cypress County are members of the Authority, and as such, have been identified as related parties. At December 31, 2017, the Authority has \$288,844 (2016 - \$429,603) due to Cypress County and \$288,844 (2016 - \$429,603) due to the Town of Redcliff. These amounts are interest bearing at 1.725% (2016 - 1.725%). The interest paid in the current year to Cypress County was \$7,411 (2016 - \$9,798) and to the Town of Redcliff was \$7,411 (2016 - \$9,798). At December 31, 2017 the Town of Redcliff held cash of \$161,422 (2016 - \$620,831) for the Authority.

During the year, the Authority received tonnage revenue from the Town of Redcliff totaling \$106,854 (2016 - \$103,982) and from Cypress County totaling \$104,774 (2016 - \$89,892). All transactions entered into by the related parties were in the normal course of operations and were recorded at the exchange value which is the amount of consideration established and agreed to by the related parties, representing normal rates charged on similar transactions to unrelated parties.

Included in receivables is \$5,745 (2016 - \$5,298) tonnage charge from the Town of Redcliff, and \$13,470 (2016 - \$3,454) tonnage charge from Cypress County. Also included in receivables is \$52,777 (2016 - \$nil) that is due from the Town of Redcliff.

Included in payables is \$40,458 (2016 - \$14,850) operating loans due to the Town of Redcliff. The loan was provided to the Authority to assist in funding its operations. The loan is unsecured, due on demand and is non-interest bearing.

In the current year, there was \$66,850 (2016 - \$nil) of contributions made to the Authority by the Town of Redcliff.

9. Financial risks and concentration of risks:

The Authority is subject to credit risk through trade accounts receivable. At December 31, 2017, the Authority had trade accounts receivable of \$89,494 (2016 - 70,111) due from one customer (2016 - two) representing approximately 40% (2016 - 39%) of total trade accounts receivable. One customer has outstanding accounts receivable of \$39,912, which has been in Allowance for Doubtful Accounts since 2011, and it has been on a CBV collection agency legal action list.

It is management's opinion that unless otherwise noted, the Authority is not exposed to any significant interest, currency, or market risk arising from its financial instruments.

REDCLIFF CYPRESS REGIONAL WASTE MANAGEMENT AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2017

10. Debt limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Authority be disclosed as follows:

	2017	2016
Total debt limit	\$ 2,697,294	\$ 2,365,860
Total long term debt	(577,688)	(859,205)
Debt limit unused	2,119,606	1,506,655
Debt servicing limit	449,549	394,280
Debt servicing	(296,339)	(296,339)
Amount of debt servicing unused	\$ 153,210	\$ 97,941

The debt limit is calculated at 1.5 times revenue of the Authority (as defined in Alberta Regulation 255/2000) and the debt service is calculated at 0.25 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 authorities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Authority. Rather, the financial statements must be interpreted as a whole.

11. Budget:

The budgeted information presented in these financial statements is based upon the 2017 operating and capital budgets approved by Council on September 14, 2016.

12. Approval of financial statements:

The Board and Management approved these financial statements.