

Financial Statements of '

**ESSEX-WINDSOR SOLID WASTE
AUTHORITY**

Year ended December 31, 2017 '



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INDEPENDENT AUDITORS' REPORT

To the Members of the Essex-Windsor Solid Waste Authority

We have audited the accompanying financial statements of Essex-Windsor Solid Waste Authority, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated deficit, change in net debt 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 an 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 controls 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 Essex-Windsor Solid Waste Authority as at December 31, 2017, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

May 2, 2018

ESSEX - WINDSOR SOLID WASTE AUTHORITY

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2017, WITH COMPARATIVE INFORMATION FOR 2016

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments	37,089,634	31,135,668
Accounts receivable	4,786,869	5,266,477
Due from City of Windsor (Note 2)	4,568,555	4,612,106
Due from municipalities (Note 12)	1,145,868	1,383,668
Other current assets	4,945	6,046
TOTAL FINANCIAL ASSETS	<u>47,595,871</u>	<u>42,403,965</u>
FINANCIAL LIABILITIES		
Due to County of Essex	534,580	736,903
Accounts payable and accrued liabilities	3,982,582	3,078,598
Holdbacks payable	1,472	16,594
Employee benefits payable (Note 4)	351,526	365,003
Regional landfill post closure costs (Note 5)	7,215,887	4,882,035
Net long term liability (Note 6)	64,563,560	65,876,101
TOTAL FINANCIAL LIABILITIES	<u>76,649,607</u>	<u>74,955,234</u>
NET DEBT	<u>(29,053,736)</u>	<u>(32,551,269)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	28,655,809	32,118,438
Prepaid expenses and deposit	99,990	95,771
TOTAL NON-FINANCIAL ASSETS	<u>28,755,799</u>	<u>32,214,209</u>
ACCUMULATED DEFICIT (Note 8)	<u>(297,937)</u>	<u>(337,060)</u>
CONTINGENCY (Note 11)		

The accompanying notes are an integral part of this financial statement.

ESSEX - WINDSOR SOLID WASTE AUTHORITY

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE INFORMATION FOR 2016

	Budget 2017 \$ (Note 9)	Actual 2017 \$	Actual 2016 \$
Revenue			
Tipping fees	15,403,530	18,672,007	18,208,814
Sale of recyclable materials	3,237,600	4,256,460	3,433,007
Recovery of perpetual care costs	889,760	889,760	1,000,672
Rent	227,400	227,437	144,365
Interest income	658,200	613,732	543,472
Sale of scrap metal - public drop-off depots	64,500	102,215	59,751
Other	370,270	614,382	471,670
Stewardship Funding - recycling operating funding	2,374,000	2,408,856	2,374,348
Stewardship Funding - municipal household or special waste	160,000	161,277	174,885
Ontario Tire Stewardship - tires	3,400	4,210	3,995
Sale of electronics	133,000	130,406	133,527
Sale of blue boxes	35,000	45,780	38,487
Sale of organic material	160,000	208,911	183,761
Gain on sale of tangible capital assets	-	3,279	-
Total revenue	<u>23,716,660</u>	<u>28,338,712</u>	<u>26,770,754</u>
Expenses			
Administration	1,436,200	1,462,834	1,394,532
Realty	20,150	276,403	15,752
Recycling	6,597,740	6,518,773	6,439,808
Municipal Hazardous or Special Waste	259,900	295,765	260,642
Waste Reduction and Reuse	971,100	1,065,130	1,014,632
Advertising and Public Education	314,650	254,940	272,650
Perpetual Care - Landfill Site # 2	286,000	240,395	235,925
Perpetual Care - Landfill Site # 3	719,500	655,701	636,440
Regional landfill	2,718,550	2,683,835	2,518,646
Regional landfill - initial construction and future cell development	-	(1,312,541)	(1,006,628)
Windsor Transfer Station #1	990,650	1,012,233	962,828
Kingsville Transfer Station #2	656,700	654,661	647,904
Windsor Public Depot	894,115	925,685	861,035
Regional landfill debenture payments	4,765,420	5,367,671	5,138,093
Town of Essex compensation	1,528,420	2,244,092	2,259,081
Residents compensation	48,960	51,922	44,630
Post employment/retirement employee benefits	-	(13,477)	2,288
Regional landfill post closure costs (Note 5)	-	2,333,852	158,213
Amortization of tangible capital assets	3,581,715	3,581,715	3,559,496
Total expenses	<u>25,789,770</u>	<u>28,299,589</u>	<u>25,415,967</u>
Annual surplus (deficit)	<u>(2,073,110)</u>	<u>39,123</u>	<u>1,354,787</u>
Accumulated deficit, beginning of year		<u>(337,060)</u>	<u>(1,691,847)</u>
Accumulated deficit, end of year		<u>(297,937)</u>	<u>(337,060)</u>

The accompanying notes are an integral part of this financial statement.

ESSEX - WINDSOR SOLID WASTE AUTHORITY

**STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE INFORMATION FOR 2016**

	Budget 2017 \$ <small>(Note 9)</small>	Actual 2017 \$	Actual 2016 \$
Annual surplus (deficit)	(2,073,110)	39,123	1,354,787
Acquisition of tangible capital assets	(1,532,300)	(248,936)	(1,781,665)
Amortization of tangible capital assets	3,581,715	3,581,715	3,559,496
Gain on sale of tangible capital assets	-	(3,279)	-
Proceeds on sale of tangible capital assets	-	133,129	-
	<u>(23,695)</u>	<u>3,501,752</u>	<u>3,132,618</u>
Acquisition of prepaid expenses and deposits	-	(99,990)	(95,771)
Use of prepaid expenses and deposits	-	95,771	96,121
Change in net debt	(23,695)	3,497,533	3,132,968
Net debt, beginning of year	<u>(32,551,269)</u>	<u>(32,551,269)</u>	<u>(35,684,237)</u>
Net debt, end of year	<u><u>(32,574,964)</u></u>	<u><u>(29,053,736)</u></u>	<u><u>(32,551,269)</u></u>

The accompanying notes are an integral part of this financial statement.

ESSEX - WINDSOR SOLID WASTE AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE INFORMATION FOR 2016

	2017 \$	2016 \$
	<u> </u>	<u> </u>
Cash provided by (used in):		
Operation Activities		
Annual surplus	39,123	1,354,787
Items not involving cash		
Amortization of tangible capital assets	3,581,715	3,559,496
Gain on sale of tangible capital assets	(3,279)	-
Employee benefits payable	(13,477)	2,288
Regional landfill post closure costs	2,333,852	158,213
Change in non-cash assets and liabilities		
Accounts receivable	479,608	(1,564,144)
Due from City of Windsor	43,551	5,929,461
Due from municipalities	237,800	111,536
Prepaid expenses and deposits	(4,219)	350
Other current assets	1,101	557
Due to County of Essex	(202,323)	63,058
Accounts payable and accrued liabilities	903,984	(943,656)
Holdbacks payable	(15,122)	(532,523)
Net change in cash from operating activities	<u>7,382,314</u>	<u>8,139,423</u>
Capital Activities		
Proceeds on sale of tangible capital assets	133,129	-
Cash used to acquire tangible capital assets	(248,936)	(1,781,665)
Net change in cash from capital activities	<u>(115,807)</u>	<u>(1,781,665)</u>
Financing Activities		
Decrease in net long term liability	(1,312,541)	(1,006,628)
Net change in cash from financing activities	<u>(1,312,541)</u>	<u>(1,006,628)</u>
Net change in cash and temporary investments	5,953,966	5,351,130
Cash and temporary investments, beginning of year	<u>31,135,668</u>	<u>25,784,538</u>
Cash and temporary investments, end of year	<u>37,089,634</u>	<u>31,135,668</u>
Cash and temporary investments consist of:		
Cash	34,357,220	28,399,106
Temporary investments	2,732,414	2,736,562
	<u>37,089,634</u>	<u>31,135,668</u>

The accompanying notes are an integral part of this financial statement.'

**Essex-Windsor Solid Waste Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017**

The Essex-Windsor Solid Waste Authority (the "Authority") is a Joint Board of Management created by the Corporation of the County of Essex (the "County") and the Corporation of the City of Windsor (the "City") pursuant to an agreement dated May 18, 1994, (the "EWSWA Agreement") to establish, operate and manage, among other things, the Regional Landfill, recycling and waste diversion programs.

1. Summary of Significant Accounting Policies and Reporting Practices:

The financial statements of the Authority are prepared in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of accounting:

(i) **Accrual:**

The accrual basis of accounting recognizes revenue as it is earned and is measurable. Expenses are recognized as they are incurred and are measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(ii) **Non-financial Assets:**

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

(iii) **& Tangible Capital Assets:**

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

Asset Classification & Amortization Schedule

Classification &	Useful Life (Years)
Buildings	15-20
Machinery & Equipment	5-15
Vehicles	7-10
Land Improvements	10-20
Heavy Machinery	7-10
Office Equipment	10

The Regional Landfill has an estimated service capacity of 8,000,000 tonnes and is being amortized using the units of production method based on capacity used during the year.

Land has an infinite life and accordingly is not amortized.

1. Summary of Significant Accounting Policies and Reporting Practices (continued):

(iv) Landfill closure and post closure liability: '

The liability for closure and post closure care of the Regional Landfill is recognized over the term of operation of the landfill, beginning when the site first accepted waste and will be fully recognized when the site stops accepting waste. The change in the liability and annual expense is determined pro-ratably based on the percentage of cumulative cubic metres used over total estimated cubic metres of capacity, to estimated total closure and post-closure expenses, less expenses previously recognized.

The Authority also monitors two closed landfills. Under agreements with five local municipalities, the Authority can recover the post closure care costs from the local municipalities in the same proportion as the waste deposited in the landfill. The local municipalities bear the cost of monitoring the closed landfills and therefore the liability for post closure costs have not been included in the liability for landfill post closure costs.

(v) Employee future benefit obligations: '

The Authority has adopted the accrued method of accounting for employee future benefits as required by the Canadian Institute of Chartered Accountants. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rate. Actuarial gains and losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains and losses for non-pension post-retirement benefits are amortized over the average remaining service period of active employees, which is 13 years. Actuarial gains and losses for post-employment benefits are fully recognized in the year they arise.

(vi) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the valuation of employee benefits, the carrying value of Regional Landfill post-closure costs and the carrying value of tangible capital assets. Actual results could differ from those estimates.

2. Due from City of Windsor:

As more fully described in note 6, the Authority received certain proceeds and investments in settlement of certain litigation. These investments are held in trust by the City on behalf of the Authority and consist of the following:

	<i>Market Value 2017</i>	<i>Market Value 2016</i>
	\$	\$
Government of Canada Stripped Coupon Bond Maturing December 1, 2024 - \$5,317,650	4,568,447	4,611,998
RBC Dominion Securities - Cash	108	108
	<u>\$4,568,555</u>	<u>\$4,612,106</u>

3. Pension Agreements

The Authority contributes to the Ontario Municipal Employees Retirement System (OMERS) on behalf of 27 employees. OMERS is a multi-employer, defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on their length of service and earnings. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Authority to account for the plan as a defined benefit plan. The plan has been accounted for as a defined contribution plan.

The amount contributed to OMERS for 2017 was \$186,445 (2016 - \$186,727) for current service. Contributions in the current year have been included as an expense within the statement of operations and accumulated deficit.

4. Employee Benefits Payable

Employee future benefit obligations are future liabilities of the Authority to its employees and retirees for benefits earned but not taken as at December 31, 2017 and consists of the following:

	<i>2017</i>	<i>2016</i>
	\$	\$
Post retirement benefits	284,316	297,294
Post employment benefits	17,274	21,592
WSIB future benefits	49,936	46,117
	<u>\$351,526</u>	<u>\$365,003</u>

The Authority measures its post retirement and post employment benefit obligation for accounting purposes as at December 31 each year and consists of the following:

	<i>2017</i>	<i>2016</i>
Discount rate	4.25%	4.75%
<i>Medical trend rate</i>		
Initial	6.417%	5.334%
Ultimate	3.75%	4%
Dental trend rate	3.75%	4%

The medical trend rate has an initial rate of 6.417% but reduces by 0.333% per year to 3.75% in 2025.

Essex-Windsor Solid Waste Authority
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Information about the Authority's future obligation with respect to post retirement and employment benefits are as follows:

	2017	2016
	\$	\$
Accrued benefit liability at the beginning of the year	365,003	362,715
Current service cost	18,119	18,733
Interest	13,799	10,683
Amortization of actuarial gains	(37,866)	(20,118)
Expected benefit payments	(7,530)	(7,010)
Accrued benefit liability at the end of the year	351,525	365,003
Unamortized net actuarial gains	(6,084)	(100,689)
Obligation for benefits	345,441	264,314

5. Regional Landfill Post-Closure Costs:

The Statement of Financial Position reflects a balance of \$7,215,887 (2016 - \$4,882,035) for Regional Landfill post-closure care expenses, representing an estimate of expenses that would otherwise be incurred had the Regional Landfill ceased receiving waste as of December 31, 2017. This liability for perpetual care is to be recognized over the term of the Regional Landfill operation, the balance of which is currently estimated to be an additional 31 years, based on past and projected waste levels. The site has an approximate capacity of 12.2 million cubic metres, of which 5.4 million has been consumed to December 31, 2017. The nature of post-closure expenses will relate to monitoring, hauling and treating leachate; monitoring ground and surface water; monitoring gas and maintenance of drainage system and final cover.

It is being estimated that by the time the Regional Landfill ceases operating in 2048, \$88.5 million will be required for post-closure care for a period of 40 years subsequent to its closure, which is management's current best estimate of the period such care will be necessary.

The Authority has established a reserve to help fund these future expenses, and at December 31, 2017, the balance in this reserve fund approximated \$2.228 million (2016 – \$2.174 million).

6. Net Long-Term Liability:

In July 2005, the County, City and Authority (the "Plaintiff") settled a legal action commenced in the Ontario Superior Court of Justice against MFP Financial Services, Leasing-Infrastructure Financing Trust 1 ("LIFT") and others in which the Plaintiffs had alleged that certain of the defendants had fraudulently and negligently misrepresented the rate of interest payable by the Plaintiffs in respect of a head lease and sublease intended to be a loan to finance certain costs incurred by the Authority to develop the Regional Landfill and pay the costs of future landfill expansions.

Under the terms of the mediated and Court approved settlement, LIFT assigned its rights under the original head lease which the Court ruled was a loan from LIFT to the County and City, to Sun Life Assurance Company Limited ("Sun Life"). Sun Life restructured the loan, in favour of the debenture in the amount of \$62,808,331, bearing interest at 6.427% per annum, issued by the County, on behalf of the County and the Authority. The County and the City are jointly liable for the debenture, which provided for principal and interest payments on January 15 and July 15 of each year, commencing January 15, 2006 and maturing on July 31, 2031. Total interest over the term of the debenture will aggregate \$88,454,959. Other significant terms and conditions of the settlement are as follows:

- (a) & Cash proceeds of \$5,728,000 held by LIFT on account of a payment previously owing under the head lease were distributed to the County and City and used to retire certain indebtedness incurred in prior years by the Authority with respect to Regional Landfill expenses.

- (b) & Investments held by another defendant with a book value of \$10,195,743 at the date of settlement were distributed to the County and the Authority. At their respective maturity dates, these investments will be considered as further advances by LIFT as provided under the original head lease agreement.
- (c) & Payment of \$7,146,880 by LIFT to the County and City, which was used, along with interest earned thereon, towards payments otherwise due with respect to the Sun Life debenture during the period commencing January 15, 2006 and ended on January 15, 2008. Those proceeds were intended to effectively reduce the original cost of borrowing included in the head lease and sub-lease during this period. As part of the agreement, no other payments with respect to the debenture are payable during this timeframe.

The investments noted in paragraph (b) above are currently being held by the City in trust for the Authority.

- (d) & Payment of \$2,400,000 by MFP Financial Services Limited on account of costs of the legal action incurred by the Plaintiffs.

Net Long term liability consists of:

	2017	2016
	\$	\$
Debenture payable	62,697,805	63,972,417
Accrued Interest	1,865,755	1,903,684
&	<u>\$64,563,560</u>	<u>\$65,876,101</u>

Under the terms of the debenture agreement, no principal repayments were required until 2013 and the excess of interest otherwise payable over the actual amount of the debenture payments due annually was capitalized as part of the debenture payable. Principal repayments began in 2013.

Principal payments due over the next five years and thereafter are as follows:

2018	\$1,595,606
2019	\$1,942,173
2020	\$2,316,072
2021	\$2,719,179
2022	\$3,153,496
2023 and thereafter	\$50,971,279

Essex-Windsor Solid Waste Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017

7. Tangible Capital Assets:

2017										
	Regional Landfill Construction	Land	Land Improvements	Building and Improvements	Vehicles	Heavy Machinery	Machinery and Equipment	Office Furniture & Equipment	Computer Systems	Total
Cost										
Balance, beginning of year	\$ 39,427,649	\$ 4,450,709	\$ 3,493,137	\$ 12,633,294	\$ 530,242	\$ 5,176,074	\$ 5,721,457	\$ 37,380	\$ 144,437	\$ 71,614,379
Additions	-	-	-	-	60,397	-	50,390	-	-	110,787
Disposals	-	-	-	-	(93,536)	(1,048,490)	(27,888)	-	-	(1,169,914)
Assets under construction	138,149	-	-	-	-	-	-	-	-	138,149
Balance, end of year	\$ 39,565,798	\$ 4,450,709	\$ 3,493,137	\$ 12,633,294	\$ 497,103	\$ 4,127,584	\$ 5,743,959	\$ 37,380	\$ 144,437	\$ 70,693,401
Accumulated Amortization										
Balance, beginning of year	\$ 20,810,790	-	\$ 2,609,634	\$ 8,107,274	\$ 460,157	\$ 2,481,022	\$ 4,862,103	\$ 20,524	\$ 144,437	\$ 39,495,941
Disposals	-	-	-	-	(93,536)	(918,640)	(27,888)	-	-	(1,040,064)
Amortization Expense	2,107,251	-	83,272	475,727	16,010	477,003	420,312	2,140	-	3,581,715
Balance, end of year	\$ 22,918,041	-	\$ 2,692,906	\$ 8,583,001	\$ 382,631	\$ 2,039,385	\$ 5,254,527	\$ 22,664	\$ 144,437	\$ 42,037,592
Net Book Value, end of year	\$ 16,647,758	\$ 4,450,709	\$ 800,231	\$ 4,050,293	\$ 114,471	\$ 2,088,199	\$ 489,432	\$ 14,716	\$ -	\$ 28,655,809

Essex-Windsor Solid Waste Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017

7. Tangible Capital Assets (continued):

2016 ' 										
	Regional Landfill Construction	Land	Land Improvements	Building and Improvements	Vehicles	Heavy Machinery	Machinery and Equipment	Office Furniture & Equipment	Computer Systems	Total
Cost										
Balance, beginning of year	\$ 38,970,107	\$ 4,450,709	\$ 3,423,275	\$ 12,633,294	\$ 505,555	\$ 3,972,200	\$ 5,695,757	\$ 37,380	\$ 144,437	\$ 69,832,714
Additions	457,542	-	69,862	-	24,687	1,203,874	25,700	-	-	1,781,665
Disposals	-	-	-	-	-	-	-	-	-	-
Assets under construction	-	-	-	-	-	-	-	-	-	-
Balance, end of year	\$ 39,427,649	\$ 4,450,709	\$ 3,493,137	\$ 12,633,294	\$ 530,242	\$ 5,176,074	\$ 5,721,457	\$ 37,380	\$ 144,437	\$ 71,614,379
Accumulated Amortization										
Balance, beginning of year	\$ 18,884,439	-	\$ 2,528,109	\$ 7,588,902	\$ 449,695	\$ 1,977,940	\$ 4,349,653	\$ 18,384	\$ 139,323	\$ 35,936,445
Disposals	-	-	-	-	-	-	-	-	-	-
Amortization Expense	1,926,351	-	81,525	518,372	10,462	503,082	512,450	2,140	5,114	3,559,496
Balance, end of year	\$ 20,810,790	-	\$ 2,609,634	\$ 8,107,274	\$ 460,157	\$ 2,481,022	\$ 4,862,103	\$ 20,524	\$ 144,437	\$ 39,495,941
Net Book Value, end of year	\$ 18,616,859	\$ 4,450,709	\$ 883,503	\$ 4,526,020	\$ 70,085	\$ 2,695,052	\$ 859,354	\$ 16,856	\$ -	\$ 32,118,438

8. Accumulated Deficit:

Accumulated deficit consists of individual fund surpluses (deficits) and reserves as follows:

	2017	2016
	\$	\$
DEFICIT		
Invested in tangible capital assets	22,867,018	25,067,690
Unfunded		
Net long-term liability	(64,563,560)	(65,876,101)
Landfill post-closure costs	(7,215,887)	(4,882,035)
Employee benefits	(351,526)	(365,003)
Total deficit	<u>(49,263,955)</u>	<u>(46,055,449)</u>
RESERVES		
Equipment Replacement	5,674,346	5,003,233
Rate Stabilization	17,555,177	14,388,667
Working Capital	650,000	650,000
Regional Landfill	769,392	1,011,529
Regional Landfill Perpetual Care	2,228,256	2,174,280
Regional Landfill Debt Retirement	10,855,842	11,245,267
Regional Landfill Future Cell Construction	10,303,761	10,309,833
Landfill 2 Perpetual Care	531,267	545,902
Landfill 3 Perpetual Care	397,977	389,678
Total reserves	<u>48,966,018</u>	<u>45,718,389</u>
Total accumulated deficit	<u>(297,937)</u>	<u>(337,060)</u>

**Essex-Windsor Solid Waste Authority
Notes to the Financial Statements
For the Year Ended December 31, 2017**

9. Budget Data:

The audited budget data presented in these financial statements is based upon the 2017 operating and capital budgets approved by the Authority on November 29, 2016. Amortization was not contemplated on development of the budget and, as such, has been included based on the actual 2017 figure. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating Budget	\$ 22,208,055
Capital Budget	1,532,300
Add:	
Transfers from other funds	(23,695)
Total Revenue	\$ 23,716,660
Expenses:	
Operating Budget	\$ 25,789,770
Capital Budget	1,532,300
Less:	
Capital Expenses	(1,532,300)
Total Expenses	\$25,789,770
Annual Deficit	(\$ 2,073,110)

10. Expenses by Object:

	2017	2016
	\$	\$
Operating goods and services	14,462,782	11,912,435
Regional Landfill financing costs	5,367,671	5,138,093
Municipal and residential compensation	2,296,014	2,303,711
Salaries, wages and employees benefits	2,591,407	2,502,232
Amortization	3,581,715	3,559,496
	<u>28,299,589</u>	<u>25,415,967</u>

11. Contingency:

During the normal course of operations, the Authority may be subject to various legal actions. The settlement of these actions, if any, is not expected to have a material effect on the financial statements of the Authority.

12. Due from Municipalities:

The Statement of Financial Position reflects a balance of \$1,145,868 (2016 - \$1,383,668) due from the City of Windsor, the Town of Lakeshore and the Town of Tecumseh for the costs relating to the clay capping project at closed Landfill 3. The Authority manages the perpetual care of closed Landfill 3 in Lakeshore and charges back the 3 municipalities for all expenditures based on the percentage of waste originally deposited in the landfill when it was operational. The clay capping project cost for 2013 to 2016 was \$2,322,458. The Authority is financing the project cost by borrowing internally from one of its reserves and charging the 3 municipalities over a 10 year period. The interest income the reserve would have otherwise earned will also be charged to the Landfill 3 budget and borne solely by Windsor, Lakeshore and Tecumseh.