

# Gitzel Krejci Dand Peterson

CHARTERED ACCOUNTANTS



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## **M.D. #52 WASTE MANAGEMENT AUTHORITY**

### **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

## AUDITORS' REPORT

TO: Board of Directors

We have audited the accompanying financial statements of the M.D. #52 Waste Management Authority, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, changes in net financial assets/debt and cash flows for the year then ended, and notes to the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 auditor's 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, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the M.D. #52 Waste Management Authority as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Stettler, Alberta  
February 11, 2011

  
CHARTERED ACCOUNTANTS

**M.D. #52 WASTE MANAGEMENT AUTHORITY**

**BALANCE SHEET**

**AS AT DECEMBER 31, 2010**

**ASSETS**

	2010	2009
	\$	\$
<b>CURRENT ASSETS</b>		
Cash	11,450	19,918
Accounts receivable	23,426	13,197
G.S.T. receivable	8,290	11,415
Term deposits	230,000	201,875
Prepaid expenses	<u>1,229</u>	<u>1,245</u>
	<u>274,395</u>	<u>247,650</u>

**PROPERTY AND EQUIPMENT**

At cost (Note 3)

1,340,596      1,340,596

1,614,991      1,588,246

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities

35,180      27,463  
35,180      27,463

**LONG TERM DEBT**

Future site closure and post closure (Note 5)

12,491      5,674

47,671      33,137

**NET ASSETS**

**RESERVES (Note 4)**

278,573      266,573

**EQUITY IN PROPERTY AND EQUIPMENT**

1,340,596      1,340,596

**UNRESTRICTED NET ASSETS**

(51,849)      (52,060)

1,567,320      1,555,109

1,614,991      1,588,246

**M.D. #52 WASTE MANAGEMENT AUTHORITY**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010				2009
	Reserves \$	Invested in Property and Equipment \$	Unrestricted Net Assets \$	Total \$	Total \$
<b>NET ASSETS - BEGINNING OF YEAR</b>	266,573	1,340,596	(52,060)	1,555,109	1,610,433
Transfers from reserves	12,000	-	(12,000)	-	-
Comprehensive net earnings for the year			12,211	12,211	(55,324)
<b>NET ASSETS - END OF YEAR</b>	<u>278,573</u>	<u>1,340,596</u>	<u>(51,849)</u>	<u>1,567,320</u>	<u>1,555,109</u>

**M.D. #52 WASTE MANAGEMENT AUTHORITY**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>REVENUE</b>		
Landfill and other charges	52,535	48,566
Interest	4,366	7,889
Rent	1,222	1,223
STEP grant	2,450	2,450
Proceeds on sale of property and equipment	<u>-</u>	<u>-</u>
	<u>60,573</u>	<u>60,128</u>
<b>EXPENDITURES</b>		
Administration		
Administration fees	6,278	4,161
Advertising	367	598
Liability insurance	947	1,143
Office	624	788
Professional fees	<u>3,100</u>	<u>3,200</u>
	<u>11,316</u>	<u>9,890</u>
Landfill		
Engineering	13,819	3,622
Fuel and repairs	32,728	23,240
Future site reclamation costs	9,481	9,602
Insurance	1,083	1,035
Operator	55,406	55,055
Recycle bins	11,608	10,566
Refrigerant and used oil removal	838	2,265
Site maintenance	30,188	40,358
STEP student	16,931	15,987
Utilities and telephone	4,877	4,812
Concrete crushing	-	35,736
Site reclamation	-	30,099
Trench	<u>28,833</u>	<u>-</u>
	205,792	232,377
Transfer Site		
Collection contract	50,575	50,400
Custom work	9,500	-
Maintenance	9,507	11,665
Supervision	<u>28,810</u>	<u>31,116</u>
	<u>98,392</u>	<u>93,181</u>
Total Expenditures	<u>315,500</u>	<u>335,448</u>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>(254,927)</b>	<b>(275,320)</b>
<b>REQUISITIONS</b>	<u>267,138</u>	<u>219,996</u>
<b>COMPREHENSIVE NET EARNINGS FOR THE YEAR</b>	<u>12,211</u>	<u>(55,324)</u>
Transfers from (to) reserves - equipment replacement	-	(3,000)
- environmental	(12,000)	(12,000)
- operating reserve	-	71,000
	<u>(12,000)</u>	<u>56,000</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<u>211</u>	<u>676</u>

**M.D. #52 WASTE MANAGEMENT AUTHORITY**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Comprehensive net earnings for the year	12,211	(55,324)
Items not affecting cash resources		
Post closure care provision	<u>9,481</u>	<u>9,602</u>
	21,692	(45,722)
Changes in non-cash current assets and liabilities		
Accounts receivable	(10,229)	14,483
GST receivable	3,125	889
Prepaid expenses	16	(769)
Accounts payable and accrued liabilities	7,717	(34,860)
Future site closure and post closure costs	<u>(2,664)</u>	<u>(77,794)</u>
Cash provided by (used in) operating activities	<u>19,657</u>	<u>(143,773)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of long term deposits	(28,125)	(1,875)
Purchase of property and equipment	<u>-</u>	<u>-</u>
Cash provided by (used in) investing activities	<u>(28,125)</u>	<u>(1,875)</u>
<b>NET CHANGE IN CASH RESOURCES</b>	(8,468)	(145,648)
<b>CASH – BEGINNING OF YEAR</b>	<u>19,918</u>	<u>165,566</u>
<b>CASH – END OF YEAR</b>	<u>11,450</u>	<u>19,918</u>
Represented by:		
Cash in bank	11,450	19,918
Short term deposits	<u>-</u>	<u>-</u>
	<u>11,450</u>	<u>19,918</u>

# M.D. #52 WASTE MANAGEMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

### 1. NATURE OF OPERATIONS

The M.D. #52 Waste Management Authority is an unincorporated, para-municipal organization that operates a landfill site and transfer stations on behalf of its member municipalities and is governed by the Code of Practices for Landfills. The authority is funded by requisitions paid by member municipalities and by charges billed to users. Its intended community of service is Provost and surrounding areas. The authority is a non-taxable entity as defined in the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the authority have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results could differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

#### (a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term, investments.

#### (b) Property and Equipment

No provision is made for amortization of property and equipment. Property and equipment are recorded at cost.

#### (c) Equity in Property and Equipment

Equity in property and equipment represents the authority's net investment in its total property and equipment. Funds can be transferred to reserves for future capital expenditures, and then used to fund specific capital expenditures when required.

#### (d) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial instruments of the authority consist of cash, accounts receivable, term deposits, and accounts payable. The carrying value of the cash, accounts receivable, term deposits and accounts payable approximate their fair values due to their short maturities. The fair value of other assets and liabilities is disclosed if it is readily obtainable.

**M.D. #52 WASTE MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

(e) Contributions

Contributions are recorded using the deferral method. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. All other contributions are reported as revenue of the current period.

(f) Revenue Recognition

The authority recognizes revenue when it is realized or realizable and earned. The authority considers revenue realized or realizable and earned when services have been provided to a customer, the price for the services is fixed or determinable and collection is reasonably assured.

**3. PROPERTY AND EQUIPMENT**

	2010	2009
	\$	\$
Engineering structures	710,016	710,016
Buildings	113,160	113,160
Equipment	<u>517,420</u>	<u>517,420</u>
	<u>1,340,596</u>	<u>1,340,596</u>

**4. RESERVES**

	2010	2009
	\$	\$
Environmental liability	102,206	90,206
Equipment replacement	117,520	117,520
Future site replacement	30,000	30,000
Bin replacement	28,847	28,847
Operating	<u>-</u>	<u>-</u>
	<u>278,573</u>	<u>266,573</u>

Allocations from the current operating budget are made to reserves to fund future equipment and site replacement costs.

**M.D. #52 WASTE MANAGEMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**5. FUTURE SITE CLOSURE AND POST CLOSURE COSTS**

The remaining potential reclamation costs have been estimated at \$12,491. The estimated length of time needed for post-closure care is undetermined. Funds needed for closure and post-closure are expected to be obtained through requisitions from member municipalities. Future costs may include drainage control, water quality and leachate monitoring, and final cover and vegetation.

**6. RELATED PARTY TRANSACTIONS**

During the year, the authority received requisitions of \$267,138 (2009 - \$219,996) from its member municipalities. Related party transactions are recorded at exchange amount with regular terms of payment.

**7. ECONOMIC DEPENDENCE**

The authority relies on requisitions received from its member municipalities. Without these requisitions the authority's ability to operate would be questionable.

**8. FINANCIAL INSTRUMENTS**

Credit Risk

The authority's accounts receivable are subject to normal industry credit risks. The carrying value of accounts receivable reflects management's assessment of the credit risk associated with these customers.

**9. COMMITMENTS**

The authority is committed to a collection contract with Prairie Trail Disposal, which is in effect until June 30, 2012. The authority is paying \$9,634.63 per month under the terms of the contract.

**10. COMPARATIVE FIGURES**

Certain 2009 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 2010.