

**MOUNTAIN VIEW REGIONAL WASTE
MANAGEMENT COMMISSION**

Financial Statements and
Independent Auditor's Report

December 31, 2012

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

FINANCIAL STATEMENTS

December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of the Mountain View Regional Waste
Management Commission**

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Report on Financial Statements

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We have audited the accompanying financial statements of the Mountain View Regional Waste Management Commission, which comprises of the statement of financial position as at December 31, 2012 and the statements of operations and accumulated surplus, changes in net financial 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 misstatements, whether due to fraud or error.

Auditor's 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 misstatements.

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 risk 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, these financial statements present fairly, in all material respects, the financial position of the Mountain View Regional Waste Management Commission as at December 31, 2012, the results of its operations, changes in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Red Deer, Alberta
April 25, 2013

Collins Barrow Red Deer LLP

Chartered Accountants

 an independent member of
BAKER TILLY
INTERNATIONAL

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012**

	2012	2011
	\$	\$
FINANCIAL ASSETS		
Cash (note 4)	905,763	256,209
Accounts receivable		
Federal	54,220	48,000
Local	193,882	129,891
Trade	212,446	229,855
	<u>1,366,311</u>	<u>663,955</u>
LIABILITIES		
Accounts payable and accrued liabilities	176,367	233,019
Obligation under leases (note 5)	285,427	405,822
Long term debt (note 6)	1,410,998	829,096
Landfill closure and post-closure liabilities (note 9)	722,199	582,967
	<u>2,594,991</u>	<u>2,050,904</u>
Total Liabilities	<u>2,594,991</u>	<u>2,050,904</u>
Net Financial Debt	<u>(1,228,680)</u>	<u>(1,386,949)</u>
Non-financial Assets		
Tangible capital assets (page 7)	5,455,188	5,055,352
Inventory	11,405	-
Deposits and prepaid expense	71,565	60,745
	<u>5,538,158</u>	<u>5,116,097</u>
Total Non-financial Assets	<u>5,538,158</u>	<u>5,116,097</u>
Accumulated Surplus (note 11)	<u>4,309,478</u>	<u>3,729,148</u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF OPERATIONS
AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Revenue	Budget (Unaudited) \$	2012 \$	2011 \$
Tipping fees	3,055,093	3,160,428	2,708,046
Requisitions	354,782	346,782	337,553
Recyclables	273,516	546,990	419,327
Commercial and residential pick up	127,730	126,867	131,424
Other income	15,430	33,464	22,846
Total Revenue	<u>3,826,551</u>	<u>4,214,531</u>	<u>3,619,196</u>
Expenses			
Salaries, wages and benefits	1,372,128	1,431,291	1,328,927
Contracted and general services	1,092,851	1,076,806	1,138,648
Materials, goods and utilities	369,565	335,904	364,074
Provision for allowances	72,500	183,064	203,217
Bank charges and short-term interest	3,336	3,332	3,223
Interest on capital lease and loans	46,763	33,332	38,880
Amortization of capital assets	627,438	570,472	1,247,735
Total Expenses	<u>3,584,581</u>	<u>3,634,201</u>	<u>4,324,704</u>
Excess (Deficiency) of Revenue Over Expenses	241,970	580,331	(705,508)
Accumulated Surplus, Beginning of Year	<u>3,729,148</u>	<u>3,729,148</u>	<u>4,434,656</u>
Accumulated Surplus, End of Year	<u><u>3,971,118</u></u>	<u><u>4,309,479</u></u>	<u><u>3,729,148</u></u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF CHANGES IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 \$	2011 \$
Excess (deficiency) of revenue over expenses	580,331	(705,508)
Amortization of tangible capital assets	570,472	1,247,735
Acquisition of tangible capital assets	(1,006,957)	(1,180,636)
Proceeds from the disposal of capital assets	500	29,001
Loss on disposal of capital assets	36,149	48,383
Change in deposits and prepaid expenses	<u>(22,226)</u>	<u>(32,301)</u>
Decrease (Increase) in net financial debt	158,269	(593,326)
Net Financial Debt, Beginning of Year	<u>(1,386,949)</u>	<u>(793,623)</u>
Net Financial Debt, End of Year	<u><u>(1,228,680)</u></u>	<u><u>(1,386,949)</u></u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:	\$	\$
Operating		
Excess (Deficiency) of revenues over expenses	580,331	(705,508)
Non-cash charges to operations		
Amortization of capital assets	570,472	1,247,735
Loss on disposal of capital assets	36,149	48,383
Increase in landfill closure and post-closure liability	139,232	164,039
Changes in non-cash working capital		
Increase in receivable	(52,802)	(152,270)
Decrease (increase) in deposits and prepaid expense	(10,821)	1,626
Increase in inventory	(11,405)	-
Increase (decrease) in accounts payable and accrued liabilities	(56,652)	62,276
	1,194,504	666,281
Capital		
Acquisition of tangible capital assets	(1,006,957)	(1,073,921)
Proceeds on disposal of tangible capital assets	500	29,001
	(1,006,457)	(1,044,920)
Investing and Financing		
Repayment of obligation under capital lease	(120,395)	(155,134)
Repayment of long term debt	(322,402)	(330,222)
Proceeds from long term debt	904,304	425,960
	461,507	(59,396)
Cash provided (used) by investing and financing activities	461,507	(59,396)
Change in cash	649,553	(438,035)
Cash, beginning of the year	256,209	694,244
Cash, end of the year	905,763	256,209

Note: Interest paid on long term debt in 2012 was \$30,166 (2011 - \$38,880).

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012
SCHEDULE 1**

Cost:	Buildings	Machinery & Equipment	Land	Vehicles	Land Improvements	Construction in Progress	2012 \$	2011 \$
Balance, beginning of year	1,379,709	1,908,266	916,673	1,637,949	3,462,917	8,500	9,314,014	8,532,178
Acquisition	66,180	847,370	-	83,679	15,823	2,405	1,015,457	1,180,636
Disposals	(11,081)	-	-	(187,892)	-	(8,500)	(207,473)	(398,800)
Balance, end of year	1,434,808	2,755,636	916,673	1,533,736	3,478,740	2,405	10,121,998	9,314,014
Accumulated Amortization:								
Balance, beginning of year	340,932	1,061,115	-	690,125	2,166,490	-	4,258,662	3,332,343
Annual amortization	42,343	150,923	-	140,202	237,004	-	570,472	1,247,735
Disposals	(4,432)	-	-	(157,892)	-	-	(162,324)	(321,416)
Balance, end of year	378,843	1,212,038	-	672,435	2,403,494	-	4,666,810	4,258,662
Net Book Value of Tangible Capital Assets	1,055,965	1,543,598	916,673	861,301	1,075,246	2,405	5,455,188	5,055,352

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1 Nature of Activities

The Mountain View Regional Waste Management 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 Towns of Carstairs, Didsbury, Olds, and Sundre, the Village of Cremona and Mountain View County.

2 Significant Accounting Policies

The financial statements of the Mountain View Regional Waste Management Commission are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by Mountain View Regional Waste Management Commission are as follows:

a) Budget Amounts

The budget amounts presented on the statement of operations are taken from the Commission's annual budget prepared in November 2011. Certain budget amounts have been reclassified to conform with the current year's financial statement presentation.

b) Revenue Recognition

Service fees and sales of goods 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.

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

c) Pension Expenditure

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

d) 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 revenue and expenditure during the period. Actual results could differ from those estimates. The landfill closure and post-closure liability, accounts receivable, and valuation and useful lives of tangible capital assets represent significant estimates in the financial statements.

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

2 Significant Accounting Policies (Continued)

e) 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 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 (debt) for the year.

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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land Improvements	15-40
Buildings	15-40
Machinery & Equipment	5-10
Vehicles	5-8

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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 are 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.

f) Landfill Closure and Post-Closure Liability

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

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

3 Change in Estimate

During the year the Commission changed the estimated capacity of specific individual Class II waste cells from 69,294 cubic metres to 161,484 cubic metres. The Commission believes this provides more reliable and relevant information in regards to the length and rate of depletion of the economic lives of the cells. The effect on the current fiscal year is a decrease in amortization expense and increase in the net book value of \$300,791.

4 Cash/Bank Indebtedness

The Commission has a policy to restrict cash sufficient to fund the Landfill closure and post-closure liability. As at December 31, 2012 the landfill closure and post-closure liability is \$722,199 (2011 - \$582,967) as described in note 9. The Commission plans to have sufficient cash on hand to fund the liability at the time the sites are closed, however in the interim there may be times when cash on hand is less than the accrued closure and post-closure liability.

Mountain View Regional Waste Management Commission has access to an undrawn operating line of credit to a maximum of \$100,000 bearing interest at prime (currently 3.0%) plus 0.25%.

5 Obligation Under Leases	2012	2011
	\$	\$

Leases payable by and issued in the name of the Commission include the following amounts:

Obligations under leases, repayable \$10,455 monthly, expiring between January 2013 and September 2016, secured by the specific leased assets as noted below. The interest rates range from 2.50% to 4.66% per year.

Operating Portion of Leases	25,803	32,274
Capital Portion of Leases	259,624	373,548
	<u>285,427</u>	<u>405,822</u>

Asset Classification	Book Value	Amortization	Net Book Value
Buildings	89,431	17,356	72,075
Vehicles	520,477	143,262	377,215
Total	609,908	160,618	449,290

Principal and interest payments for the next 5 years are as follows:

	Principal \$	Interest \$	Total \$
2013	116,698	8,763	125,461
2014	105,171	3,927	109,098
2015	41,349	1,113	42,461
2016	22,209	237	22,445
	<u>285,427</u>	<u>14,040</u>	<u>299,467</u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

6 Long Term Debt	2012	2011
	\$	\$

Debt payable by and issued in the name of the Commission (financing the tangible capital asset acquisition as indicated) includes the following amounts:

Capital bank loan for the purchase of a Tycrop Smooth Flow Trailer. This debt was paid in full in September 2012. - 17,557

Capital bank loan with a 5 year term, monthly payments of \$2,950 including interest at a fixed rate of 4.19%. The loan was authorized in the 2009 budget. This debt will be paid in full in September of 2014. 59,634 91,801

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Land Improvements	3,478,741	2,403,494	1,075,247

Alberta Capital Finance Authority loan for extending the existing landfill site with a 3 year term. Payments are made semi-annually and interest is fixed at 2.04% for the term of the loan. The last payment is due June 15, 2013. 50,679 150,507

Alberta Capital Finance Authority loan for the purchase of land with a 10 year term. Payments are made semi-annually and interest is fixed at 4.31% for the term of the loan. The last payment is due March 15, 2017. 141,883 169,882

Alberta Capital Finance Authority loan for extending the existing landfill site with a 3 year term. Payments are made semi-annually and interest is fixed at 1.875% for the term of the loan. The last payment is due June 15, 2014. 76,049 125,580

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Land	350,947	-	350,947

Alberta Capital Finance Authority loan for the purchase of heavy equipment with a 5 year term. Payments are made semi-annually and interest is fixed at 1.661% for the term of the loan. The last payment is due September 15, 2017. The purchase price of the equipment was \$80,057 less than the amount financed; this amount was unspent at year end and is set aside for future capital purchases. 748,675 -

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	668,618	33,534	635,084

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

6 Long Term Debt (Continued)	2012	2011
	\$	\$

Capital bank loan for the purchase of a NH skid steer with 5 year term, monthly payments of \$1,325 including interest at a fixed rate of 4.29%, obtained by a borrowing resolution and a letter from the Commission requesting the loan as authorized in the minutes. The debt will be paid in full in July 2013.

7,842 22,985

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	71,000	27,513	43,487

Capital bank loan for the purchase of 6 - 30 cubic yard. The debt was paid in full in May 2012.

- 7,411

Capital bank loan for the purchase of 2011 Labrie International Truck with a 5 year term, monthly payments of \$4,545 including interest at 3.93%. The loan was authorized in the 2010 budget. The debt will be paid in full in April, 2016.

170,124 216,967

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	248,000	40,875	207,125

Capital bank loan for the purchase of 40 - 3 cubic yard bins with a 3 year term, monthly payments of \$809.03 including interest at 2.82%. The loan was authorized in the 2011 budget. The debt will be paid in full in October, 2014.

17,326 26,406

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	28,639	3,846	24,793

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

6 Long Term Debt (Continued)	2012	2011
	\$	\$

Capital bank loan for the purchase of 54 - 3 cubic yard side-load bins with a 3 year term, monthly payments of \$895.00 including interest at 3.5%. The loan was authorized in the 2012 budget. The debt will be paid in full June, 2015.

25,670 -

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	41,349	1,662	39,687

Capital bank loan for the purchase of a Hitachi Excavator with a 5-year term, monthly payments of \$2,263 including interest at 3.4%. The loan was authorized in the 2012 budget. The debt will be paid in full June, 2017.

113,116 -

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	124,400	11,440	112,960

1,410,998 829,096

Estimated principal and interest payments on long term debt for the next 5 years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2013	408,282	31,745	440,027
2014	322,902	21,685	344,587
2015	264,860	13,889	278,750
2016	229,639	7,381	237,020
2017	185,315	2,434	187,749
Thereafter	-		-
	<u>1,410,998</u>	<u>77,134</u>	<u>1,488,132</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

7 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. The plan serves about 214,328 people and 423 employers. Employer and employee contributions and investment earnings of the LAPP Fund finance it.

The Commission is required to make current service contributions to the Plan of 9.91% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.74% for the excess. The employees of the Commission are required to make current service contributions of 8.91% of pensionable salary up to the year's maximum pensionable salary and 12.74% on pensionable salary above this amount.

Total current service contributions by the Commission to the Local Authorities Pension Plan in 2012 were \$57,113 (2011 - \$49,393). Total current service contributions by the employees of the Commission to the Local Authorities Pension Plan in 2012 were \$51,391 (2011 - \$44,241).

At December 31, 2011, the Plan disclosed an actuarial deficit of \$4.6 Billion (2010 - \$4.6 Billion).

8 Debt Limits

2012 2011

Section 3 of Alberta regulation 76/2000 requires that debt and debt limits for the Mountain View Regional Waste Management Services Commission be disclosed as follows:

Total debt limit	\$ 8,429,063	\$ 7,238,391
Total debt	\$ 1,696,425	\$ 1,234,918
Amount of debt limit unused	<u>\$ 6,732,638</u>	<u>\$ 6,003,473</u>
Debt service limit	\$ 1,475,086	\$ 1,266,718
Total debt costs	\$ 565,488	\$ 465,222
Amount of debt servicing limit	<u>\$ 909,597</u>	<u>\$ 801,496</u>

The debt limit is calculated at 2 times revenue of the municipality (as defined in Alberta Regulation 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 municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

9 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. A minimum of 25 years of post closure monitoring is required.

The Commission operates both a Class II and Class III landfill at it's site.

	<u>2012</u>	<u>2011</u>
Balance Forward	582,967	418,928
Class II	139,090	160,871
Class III	142	3,168
Total	<u>722,199</u>	<u>582,967</u>

Class II

After 3 years of active operations of the landfill, in 2007, the Commission re-evaluated its closure and post-closure costs for its Class II landfill. Based on this re-evaluation the estimates and assumptions used to determine the closure and post-closure liability were adjusted in 2007. Using these same estimates and assumptions, an increase of \$139,090 was recorded to the liability in 2012 (2011 - \$160,871).

The Commission's liability has three components. The post closure costs which represent the costs of monitoring the landfill site for 40 years after closure, the site remediation costs which represent the costs of removing roads and buildings, and the closure costs which represent the costs of closing the active landfill area. The estimated total liability is based on the sum of discounted future cash flows for closure, site remediation and post-closure activities using a discount rate of 4% and assuming annual inflation of 3%. The estimated total liability remaining is \$2,399,774.

The remaining capacity of the site is estimated to be 867,000 cubic metres or 82%. The existing landfill site is expected to reach capacity in approximately the year 2035. The Commission's current operating plan is to have an active landfill of approximately 1 hectare and then to reclaim 1 hectare every three years. The current cost of reclaiming 1 hectare is estimated to be \$150,000. Approximately 1 hectare was capped in 2009 as part of the reclamation process.

The accrued liability portion for the post-closure and site remediation costs are based on the cumulative estimated capacity used at year end compared to the estimated total landfill capacity. The accrued liability portion in 2012 is calculated to be \$567,719 (2011 - \$428,629). The remaining unaccrued portion of the liability, which will be recognized over the remaining active life of the landfill is \$1,832,055.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

11 Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Unrestricted surplus	393,692	(254,779)
Restricted surplus	131,219	131,219
Equity in tangible capital assets (note 10)	3,784,567	3,852,708
	<u>4,309,478</u>	<u>3,729,148</u>

12 Financial Instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, obligations under capital leases, and long term debt. It is management's opinion that the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is exposed to price and cash flow interest rate risk as follows:

The Commission is exposed to interest rate price risk as its obligations under capital leases and certain long-term debt bear interest at fixed rates.

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.

13 Related Parties

Unless specifically indicated all transactions with related parties are at fair market value.

Olds, Didsbury, Carstairs, Cremona, Sundre and Mountain View County

Mountain View Regional Waste Management Commission is supported by the six municipalities listed above. In 2012, \$1,890,000 (2011 - \$1,757,000) of the Commission's operating revenue came from the six municipalities either from requisitions or for services provided by the Commission. At year end there were \$191,024 (2011 - \$125,080) in outstanding accounts receivable from the member municipalities.

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

14 Contingencies

Mountain View Regional Waste Management Commission, in the conduct of its normal activities can be named as a defendant in legal proceedings. The ultimate outcome of these proceedings can often not be determined until the proceedings are completed. Should any loss result from the resolution of these proceedings or if the amount of the loss can be determined, such amounts would be expensed as they become known to the Commission. Currently, there are no determinable amounts.

15 Subsequent Event

Prior to year end, the Chief Administrative Officer was terminated. Subsequent to year end, an interim CAO was appointed, and the Board has requested an Operating and Governance Review. This review should be completed by mid 2013.

16 Comparative Amounts

The presentation of certain accounts of the previous year has been changed to conform to the presentation adopted for the current year.

17 Approval of Financial Statements

These financial statements were approved by the Board and Management.