

**MOUNTAIN VIEW REGIONAL WASTE
MANAGEMENT COMMISSION**

Financial Statements and
Independent Auditor's Report

December 31, 2013

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION

FINANCIAL STATEMENTS

December 31, 2013

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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, 2013 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, 2013, 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 24, 2014

Collins Barrow Red Deer LLP

Chartered Accountants

(2)

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013**

	2013	2012
	\$	\$
Financial Assets		
Cash (note 3)	570,188	905,763
Accounts receivable		
Federal	49,447	54,220
Local	168,818	193,882
Trade	221,015	212,446
	<u>1,009,468</u>	<u>1,366,311</u>
Liabilities		
Accounts payable and accrued liabilities	327,767	176,367
Obligations under capital lease (note 4)	381,298	285,427
Long term debt (note 5)	1,973,931	1,410,998
Landfill closure and post-closure liabilities (note 8)	840,778	722,199
	<u>3,523,774</u>	<u>2,594,991</u>
Total Liabilities	<u>3,523,774</u>	<u>2,594,991</u>
Net Financial Debt	<u>(2,514,306)</u>	<u>(1,228,680)</u>
Non-financial Assets		
Tangible capital assets (page 7)	6,338,144	5,455,188
Inventory	6,427	11,405
Deposits and prepaid expense	76,309	71,565
	<u>6,420,880</u>	<u>5,538,158</u>
Total Non-financial Assets	<u>6,420,880</u>	<u>5,538,158</u>
Accumulated Surplus (note 10)	<u>3,906,574</u>	<u>4,309,478</u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF OPERATIONS
AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (Unaudited) \$	2013 \$	2012 \$
Revenue			
Tipping fees	3,789,334	2,976,163	3,160,428
Requisitions	543,467	469,524	346,782
Recyclables	240,218	465,472	546,990
Commercial and residential pick up	120,671	129,744	126,867
Other income	10,430	18,802	33,464
	<u>4,704,120</u>	<u>4,059,705</u>	<u>4,214,531</u>
Total Revenue			
Expenses			
Salaries, wages and benefits	1,798,330	1,585,151	1,431,291
Contracted and general services	1,017,007	1,396,335	1,076,806
Amortization of tangible capital assets	770,703	777,262	570,472
Materials, goods and utilities	420,730	397,879	335,904
Provision for allowances	72,500	260,854	183,064
Interest on capital lease and loans	49,072	40,618	33,332
Bank charges and short-term interest	3,555	4,512	3,332
	<u>4,131,897</u>	<u>4,462,610</u>	<u>3,634,201</u>
Total Expenses			
Excess (Deficiency) of Revenue Over Expenses	572,223	(402,905)	580,331
Accumulated Surplus, Beginning of Year	<u>4,309,478</u>	<u>4,309,479</u>	<u>3,729,148</u>
Accumulated Surplus, End of Year	<u><u>4,881,701</u></u>	<u><u>3,906,574</u></u>	<u><u>4,309,479</u></u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF CHANGES IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
	\$	\$
Excess (deficiency) of revenue over expenses	(402,905)	580,331
Amortization of tangible capital assets	777,262	570,472
Acquisition of tangible capital assets	(1,801,728)	(1,006,957)
Proceeds from the disposal of tangible capital assets	37,333	500
Loss on disposal of tangible capital assets	104,177	36,149
Change in inventory and deposits and prepaid expenses	<u>235</u>	<u>(22,226)</u>
Decrease (Increase) in Net Financial Debt	(1,285,626)	158,269
Net Financial Debt, Beginning of Year	<u>(1,228,680)</u>	<u>(1,386,949)</u>
Net Financial Debt, End of Year	<u><u>(2,514,306)</u></u>	<u><u>(1,228,680)</u></u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:	\$	\$
Operating		
Excess (Deficiency) of revenues over expenses	(402,905)	580,331
Non-cash charges to operations		
Amortization of tangible capital assets	777,262	570,472
Loss on disposal of tangible capital assets	104,177	36,149
Increase in landfill closure and post-closure liability	118,579	139,232
Changes in non-cash working capital		
Decrease (increase) in receivable	21,268	(52,802)
Increase in deposits and prepaid expense	(4,743)	(10,821)
Decrease (increase) in inventory	4,978	(11,405)
Increase (decrease) in accounts payable and accrued liabilities	151,400	(56,652)
Cash provided by operating transactions	<u>770,016</u>	<u>1,194,504</u>
Capital		
Acquisition of tangible capital assets	(1,576,409)	(1,006,957)
Proceeds on disposal of tangible capital assets	<u>37,333</u>	<u>500</u>
Cash used by capital transactions	<u>(1,539,076)</u>	<u>(1,006,457)</u>
Investing and Financing		
Repayment of obligations under capital lease	(129,448)	(120,395)
Repayment of long term debt	(408,282)	(322,402)
Proceeds from long term debt	<u>971,215</u>	<u>904,304</u>
Cash provided by investing and financing activities	<u>433,485</u>	<u>461,507</u>
Change in Cash	(335,575)	649,554
Cash, Beginning of Year	<u>905,763</u>	<u>256,209</u>
Cash, End of Year	<u><u>570,188</u></u>	<u><u>905,763</u></u>

Interest paid on long term debt in 2013 was \$31,637 (2012 - \$30,166).

During the year the Commission obtained machinery & equipment through a capital lease in the amount of \$225,319. This transaction has been excluded from the statement of cash flows as it is a non-cash transaction.

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013
SCHEDULE 1**

Cost:	Buildings	Machinery & Equipment	Land	Vehicles	Land Improvements	Construction, in Progress	2013 \$	2012 \$
Balance, beginning of year	1,434,808	2,755,636	916,673	1,533,736	3,478,740	2,405	10,121,998	9,314,014
Acquisition	-	387,221	-	672,251	742,256	-	1,801,728	1,015,457
Disposals	-	(101,608)	-	(286,511)	-	(2,405)	(390,524)	(207,473)
Balance, end of year	1,434,808	3,041,249	916,673	1,919,476	4,220,996	-	11,533,202	10,121,998
Accumulated Amortization:								
Balance, beginning of year	378,843	1,212,038	-	672,435	2,403,494	-	4,666,810	4,258,662
Annual amortization	44,022	194,417	-	147,677	391,146	-	777,262	570,472
Disposals	-	(56,155)	-	(192,859)	-	-	(249,014)	(162,324)
Balance, end of year	422,865	1,350,300	-	627,253	2,794,640	-	5,195,058	4,666,810
Net Book Value of Tangible Capital Assets	1,011,943	1,690,949	916,673	1,292,223	1,426,356	-	6,338,144	5,455,188

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 Sunde, 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 Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Canadian Professional Accountants of Canada. 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 2012. 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, 2013

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, 2013

3 Cash

The Commission has a policy to restrict cash sufficient to fund the Landfill closure and post-closure liability. As at December 31, 2013 the landfill closure and post-closure liability is \$840,778 (2012 - \$722,199) as described in note 8. 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%.

4 Obligations Under Capital Lease	2013	2012
	\$	\$

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

Obligations under leases, repayable \$14,308 monthly, expiring between September 2014 and September 2016, secured by the specific leased assets as noted below. The interest rates range from 2.55% to 4.66% per year.

Operating Portion of Leases	19,154	25,803
Capital Portion of Leases	362,144	259,624
	\$ 381,298	\$ 285,427

Asset Classification	Book Value	Amortization	Net Book Value
Buildings	89,431	22,819	66,612
Vehicles	520,477	197,319	323,158
Machinery & Equipment	225,319	19,770	205,549
Total	835,227	239,908	595,319

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

	Principal \$	Interest \$	Total \$
2014	143,701	11,631	155,332
2015	81,427	7,267	88,694
2016	156,170	3,798	159,968
	381,298	22,696	403,994

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

5 Long Term Debt	2013	2012
	\$	\$

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

Alberta Capital Finance Authority loan #4001652 for landfill cell development with a 3-year term. Payments of \$10,251 are made semi-annually including interest at a fixed at 1.428%. The last payment is due December 16, 2016.	645,285	-
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.	26,092	59,634
Alberta Capital Finance Authority loan #4000943 for extending the existing landfill site. The loan was paid in full June 15, 2013.	-	50,679
Alberta Capital Finance Authority loan #4001178 for extending the existing landfill site with a 3 year term. Payments of \$25,827 are made semi-annually including interest at a fixed rate of 1.875%. The last payment is due June 15, 2014.	25,587	76,049

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Land Improvements	4,220,997	2,794,640	1,426,357

Alberta Capital Finance Authority loan #4000229 for the purchase of land with a 10 year term. Payments of \$17,512 are made semi-annually including interest at a fixed rate of 4.31%. The last payment is due March 15, 2017.	112,664	141,883
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Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Land	350,947	-	350,947

Alberta Capital Finance Authority loan #4001391 for the purchase of heavy equipment with a 5 year term. Payments of \$78,330 are made semi-annually including interest at a fixed rate of 1.661%. The last payment is due September 15, 2017. The purchase price of the equipment in 2012 was \$80,057 less than the amount financed; this amount was spent in 2013.	603,852	748,675
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Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	668,618	100,602	568,016

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

5 Long Term Debt (Continued) **2013** **2012**
\$ **\$**

Alberta Capital Finance Authority loan #4001653 for the purchase of heavy equipment with a 5-year term. Payments of \$2,366 are made semi-annually including interest at a fixed rate of 1.797%. The last payment is due December 16, 2018.

22,530 -

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	35,945	1,797	34,148

Alberta Capital Finance Authority loan #4001654 for the purchase of a 2014 Freightliner truck with a 5-year term. Payments of \$13,903 are made semi-annually including interest at a fixed rate of 1.797%. The last payment is due December 16, 2018.

132,400 -

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Vehicles	130,000	6,875	123,125

Alberta Capital Finance Authority loan #4001655 for the purchase of a 2014 Peterbuilt truck with a 5-year term. Payments of \$17,956 are made semi-annually including interest at a fixed rate of 1.797%. The last payment is due December 16, 2018.

171,000 -

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Vehicles	171,330	9,458	161,872

Capital bank loan for the purchase of a NH skid steer. The debt was paid in full in July 2013.

- 7,842

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.

121,404 170,124

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Vehicles	248,000	68,125	179,875

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

5 Long Term Debt (Continued)

2013 **2012**
\$ **\$**

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.

7,987 17,326

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	28,639	6,410	22,229

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.

15,671 25,670

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	41,349	4,987	36,362

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.

89,459 113,116

Asset Classification	Book Value	Accumulated Amortization	Net Book Value
Machinery & Equipment	124,400	34,320	90,080

1,973,931 1,410,998

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> \$
2014	597,818	35,721	633,539
2015	543,950	23,752	567,702
2016	512,967	13,005	525,972
2017	251,657	4,543	256,200
2018	67,539	912	68,451
	<u>1,973,931</u>	<u>77,933</u>	<u>2,051,864</u>

**MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

6 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 223,643 people and 428 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 10.43% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 14.47% for the excess. The employees of the Commission are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the Commission to the Local Authorities Pension Plan in 2013 were \$65,421 (2012 - \$57,113). Total current service contributions by the employees of the Commission to the Local Authorities Pension Plan in 2013 were \$59,404 (2012 - \$51,391).

At December 31, 2012, the Plan disclosed an actuarial deficit of \$4.98 Billion (2011 - \$4.64 Billion).

7 Debt Limits	2013	2012
	\$	\$

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	8,119,410	8,429,063
Total debt	2,355,229	1,696,425
Amount of debt limit unused	5,764,181	6,732,638
Debt service limit	1,420,897	1,475,086
Total debt costs	788,871	565,488
Amount of debt servicing limit	632,026	909,598

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, 2013

8 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>2013</u>	<u>2012</u>
Balance Forward	722,199	582,967
Class II	118,336	139,090
Class III	243	142
Total	<u>840,778</u>	<u>722,199</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 \$118,336 was recorded to the liability in 2013 (2012 - \$139,090).

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 \$2,354,838.

The remaining capacity of the site is estimated to be 874,000 cubic metres or 74%. 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 2013 is calculated to be \$686,055 (2012 - \$567,719). The remaining unaccrued portion of the liability, which will be recognized over the remaining active life of the landfill is \$1,668,783.

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

8 Landfill Closure and Post-Closure Liability (continued)

Class III

In 2010, the Commission re-evaluated its closure and post-closure costs for its Class III landfill. Based on this re-evaluation the estimates and assumptions used to determine the closure and post-closure liability were adjusted in 2010. Using these estimates and assumptions, an increase of \$243 was recorded to the liability in 2013 (2012 - \$142).

Since the post-closure monitoring and site remediation costs are included with the Class II liability the closure costs represent only 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 \$169,823.

The remaining capacity of the site is estimated to be 9,300 cubic metres or 9%. The existing landfill site is expected to reach capacity in 2014. The Commission's current operating plan is to close and remediate the Class III portion of the landfill when it reaches capacity.

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 2013 is calculated to be \$154,723 (2012 - \$154,480). The remaining unaccrued portion of the liability, which will be recognized over the remaining active life of the landfill is \$15,100.

The Commission has plans to have the \$840,778 for settling closure and post-closure liabilities as described in note 3.

9 Equity In Tangible Capital Assets

	2013	2012
	\$	\$
Tangible Capital Assets (Schedule 1)	11,533,202	10,121,998
Accumulated Amortization (Schedule 1)	(5,195,058)	(4,666,810)
Long-term debt		
Leases (Note 4)	(362,144)	(259,624)
Loans (Note 5)	(1,973,931)	(1,410,998)
	<u>4,002,069</u>	<u>3,784,567</u>

MOUNTAIN VIEW REGIONAL WASTE MANAGEMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

10 Accumulated Surplus

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

	2013	2012
	\$	\$
Unrestricted surplus (deficit)	(226,714)	393,692
Restricted surplus	131,219	131,219
Equity in tangible capital assets (note 9)	4,002,069	3,784,567
	<u>3,906,574</u>	<u>4,309,478</u>

11 Financial Instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, obligations under capital lease, and long term debt. It is management's opinion that the Commission is not exposed to significant interest, currency, liquidity or market 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 interest rate price risk as its obligations under capital leases and 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.

12 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 operated jointly by the six municipalities listed above. In 2013, \$1,900,500 (2012 - \$1,890,000) 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 \$165,846 (2012 - \$191,024) 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, 2013**

13 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.

14 Approval of Financial Statements

These financial statements were approved by the Board and Management.