

**CENTRAL REGIONAL SERVICE BOARD**  
*(Central Newfoundland Regional Waste Management Authority)*

**Financial Statements**  
**For the Year Ended December 31, 2010**

## STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the *Central Regional Service Board* and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Board has met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.

*BDO Canada LLP, Chartered Accountants* as the Board's appointed external auditors, have audited the Financial Statements. The Auditors' report is addressed to the Board of Directors and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Financial Statements are free of material misstatement and present fairly the financial position and results of the Board in accordance with Canadian generally accepted accounting principles.

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*Allan Scott*  
Board Chair

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*Glen Arnold*  
Treasurer



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## Independent Auditors' Report

To the Board of Directors of the  
**CENTRAL REGIONAL SERVICE BOARD**

We have audited the accompanying financial statements of the Central Regional Service Board, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, changes in net financial assets 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 misstatement, 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 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Central Regional Service Board as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The comparative figures were reviewed by Belanger Clarke Follett and McGettigan whose practice now operates under BDO Canada LLP.

**Clareville, Newfoundland and Labrador**  
**April 19, 2011**

**Chartered Accountants**

**CENTRAL REGIONAL SERVICE BOARD**  
**Financial Statements**  
**For the Year Ended December 31, 2010**

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Statement of Financial Position	1
Statement of Operations	2
Statement of Change in Net Financial Assets (Net Debt)	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Schedule 1 - Schedule of Tangible Capital Assets	9

**CENTRAL REGIONAL SERVICE BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 1,089,767	\$ 172,384
Amounts receivable (Note 4)	<u>5,597,248</u>	<u>1,908,944</u>
	<u>\$ 6,687,015</u>	<u>\$ 2,081,328</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 5,209,592	\$ 2,562,130
Deferred revenue (Note 6)	<u>59,624</u>	<u>59,815</u>
	<u>5,269,216</u>	<u>2,621,945</u>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<u>\$ 1,417,799</u>	<u>\$ (540,617)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	<u>\$ 30,043,730</u>	<u>\$ 8,714,098</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 31,461,529</u>	<u>\$ 8,173,481</u>

Approved on behalf of Board:

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Chairperson

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Treasurer

Contingent liability (Note 7)

**CENTRAL REGIONAL SERVICE BOARD  
STATEMENT OF OPERATIONS  
Year Ended December 31, 2010**

	<b>2010 Actual</b>	<b>2009 Actual</b>
<b>REVENUE</b>		
Department of Municipal Affairs - capital	\$ 23,820,475	\$ 7,547,651
Department of Municipal Affairs - operating	16,205	62,479
Multi Materials Stewardship Board grant	177,589	158,911
Department of Human Resources, Labour and Employment grant	9,000	8,943
Other	26,960	5,034
	<u>24,050,229</u>	<u>7,783,018</u>
<b>EXPENSES</b>		
Advertising and promotion	19,424	35,451
Business licenses and memberships	1,275	1,460
Directors fees	4,804	16,055
Heat and light	4,561	
Insurance	7,095	3,000
Interest and bank charges	868	773
Legal fees	65,602	
Legal settlement (Note 7)	49,775	
Meetings and conventions	6,729	16,115
Fogo Island waste management expense	418,264	223,606
Office	2,719	2,567
Rental	19,387	23,927
Repairs and maintenance	758	
Salaries and wages	126,463	82,835
Telephone	5,699	5,022
Travel	19,171	28,977
	<u>752,594</u>	<u>439,788</u>
<b>ANNUAL SURPLUS</b>	<b>23,297,635</b>	<b>7,343,230</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>8,173,481</b>	<b>830,251</b>
Adjustment to operating fund - prior period	<u>(9,587)</u>	
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b><u>\$ 31,461,529</u></b>	<b><u>\$ 8,173,481</u></b>

**CENTRAL REGIONAL SERVICE BOARD**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS(NET DEBT)**  
**Year Ended December 31, 2010**

	<u>2010 Actual</u>	<u>2009 Actual</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 23,297,635</u>	<u>\$ 7,343,230</u>
Acquisition of tangible capital assets	(21,329,632)	(7,875,766)
Adjustment to operating fund	<u>(9,587)</u>	<u>                    </u>
	<u>(21,339,219)</u>	<u>(7,875,766)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>1,958,416</b>	<b>(532,536)</b>
<b>NET FINANCIAL ASSETS (NET DEBT), BEGINNING OF YEAR</b>	<u>(540,617)</u>	<u>(8,081)</u>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	<u><u>\$ 1,417,799</u></u>	<u><u>\$ (540,617)</u></u>

**CENTRAL REGIONAL SERVICE BOARD**  
**STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 23,297,635	\$ 7,343,230
Changes in non-cash items:		
Amounts receivable	(3,688,304)	(1,605,818)
Accounts payable and accrued liabilities	2,647,462	2,069,453
Deferred revenue	(191)	59,811
Adjustment to operating fund	(9,587)	
Cash provided by operating transactions	<u>22,247,015</u>	<u>7,866,676</u>
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on sale of tangible capital assets	<u>(21,329,632)</u>	<u>(7,875,766)</u>
Cash applied to capital transactions	<u>(21,329,632)</u>	<u>(7,875,766)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>917,383</b>	<b>(9,090)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u>172,384</u>	<u>181,474</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 1,089,767</u></u>	<u><u>\$ 172,384</u></u>



**CENTRAL REGIONAL SERVICE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at December 31, 2010**

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**1. Status of the Board**

The Central Regional Service Board was created under the authority of Regional Service Board Act on February 26, 2008. The Board operates under the name *Central Newfoundland Waste Management Authority*, and is responsible for the maintenance and operation of solid waste disposal sites and solid waste management facilities within the central region of Newfoundland.

The Board is exempt from income tax under the Income Tax Act of Canada.

**2. Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

**a) Basis of Accounting**

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

**b) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses (expenses over revenue), provides the change in net financial assets for the year.

**c) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

**CENTRAL REGIONAL SERVICE BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2010**

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**General Tangible Capital Assets**

Land	Indefinite
Land Improvements	10 to 50 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Term of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	5 years
Maintenance and road construction equipment	10 years
Computer Hardware and Software	4 years
Furniture & Fixtures	5 years

**Infrastructure Assets**

Transportation	
Land	Indefinite
Road surface	5 to 20 years
Road grade	30 years
Bridges	30 to 50 years
Water and Sewer	
Land	Indefinite
Land improvements	50 years
Buildings	25 to 40 years
Underground networks	15 to 100 years
Machinery and equipment	15 years

**d) Revenue Recognition**

Revenues are recognized as earned and when collection is reasonably assured.

**e) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**CENTRAL REGIONAL SERVICE BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2010**

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**3. Cash and Temporary Investments**

Cash is comprised of the following:

	<b>2010</b>	<b>2009</b>
Cash - operating bank accounts	\$ 19,170	\$ 23,242
Cash - capital bank account	\$ 1,010,973	\$ 109,328
Cash - Fogo Island bank account	<u>59,624</u>	<u>39,814</u>
	<u><b>\$ 1,089,767</b></u>	<u><b>\$ 172,384</b></u>

**4. Amounts Receivable**

	<b>2010</b>	<b>2009</b>
Department of Municipal Affairs - capital	\$ 5,233,695	\$ 1,527,666
Harmonized sales tax	\$ 363,313	\$ 374,385
Other	<u>240</u>	<u>6,893</u>
	<u><b>\$ 5,597,248</b></u>	<u><b>\$ 1,908,944</b></u>

**5. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities relates to capital construction of regional disposal sites and facilities.

**6. Deferred revenue**

Deferred revenue relates to funds advanced for the Fogo Island Waste Site.

**7. Contingencies**

During the prior year, the Board received a statement of claim from a contractor claiming wrongful termination of a contract. The outcome is unknown at the date of audit report.

**8. Financial Instruments**

The Board, as part of its operations, carries a number of financial instruments. It is management's opinion the Board is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

**CENTRAL REGIONAL SERVICE BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
As at December 31, 2010**

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**9. Changes in Accounting Policies**

The Board has restated its financial statements to comply with the adoption of generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB).

	<u>2010</u>	<u>2009</u>
Opening fund balances:		
Nominal Surplus - Operating Fund	\$ 8,155	\$ (11,030)
Surplus - Capital Fund	<u>8,165,326</u>	<u>841,281</u>
Opening accumulated surplus, all funds, as previously reported	\$ 8,173,481	\$ 830,251
Adjustments:		
Tangible capital assets	30,043,730	838,328
Fixed assets in the capital funds	(30,043,730)	(838,328)
Adjustment to operating fund	<u>(9,587)</u>	<u></u>
Opening non-accumulated surplus, restated	\$ 8,163,894	\$ 830,251
Annual surplus	<u>23,297,635</u>	<u>7,343,230</u>
Accumulated surplus, end of year	<u>\$ 31,461,529</u>	<u>\$ 8,173,481</u>

**CENTRAL REGIONAL SERVICE BOARD**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
Year Ended December 31, 2010

**SCHEDULE 1**

	General Capital Assets		Infrastructure				Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Roads, Streets, and Bridges	Recycling and collection	Land Fill Site	Compost and Treatment Facilities	2010	2009
<b>Cost</b>								
Opening costs	1,772,963	2,043,780	4,371,608		142,197	383,550	8,714,098	838,328
Additions during the year	2,032,630	9,877,072	1,088,285	462,556	5,789,608	2,079,481	21,329,632	7,875,770
Disposals and write downs	-	-	-	-	-	-	-	-
Closing costs	<b>3,805,593</b>	<b>11,920,852</b>	<b>5,459,893</b>	<b>462,556</b>	<b>5,931,805</b>	<b>2,463,031</b>	<b>30,043,730</b>	<b>8,714,098</b>
<b>Accumulated Amortization</b>								
Opening accum'd amortization	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-
Disposals and write downs	-	-	-	-	-	-	-	-
Closing accum'd amortization	-	-	-	-	-	-	-	-
Net Book Value of Tangible Capital Assets	<b>3,805,593</b>	<b>11,920,852</b>	<b>5,459,893</b>	<b>462,556</b>	<b>5,931,805</b>	<b>2,463,031</b>	<b>30,043,730</b>	<b>8,714,098</b>