

APPENDIX 2

Drumheller & District Solid Waste Management Association

December 31, 2020

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1. Enclosure letter
2. Financial Statements as at December 31, 2020
3. Adjusting journal entries and working trial balance
4. Management Representation Letter
5. Management Letter
6. Report to those charged with governance

ENCLOSURE LETTER





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Memorandum

Date: October 8, 2021
To: Tammy Nygaard | Executive Director of Operations | Drumheller & District Solid Waste Management Association
From: Rae-Lee Doll, Assurance Senior Manager | RSM Alberta
Subject: Drumheller & District Solid Waste Management Association 2021 Audit Package

Please find attached the audit package for Drumheller & District Solid Waste Management Association 2020 fiscal year, which includes the:

- Audited financial statements
- Adjusting journal entries and trial balance
- Representation letter
- Management letter
- Report to those charged with governance

Enclosed are the Association's adjusting journal entries and adjusted trial balance. If you have not closed the Association's general ledger for the 2020 fiscal year, please record the adjusting journal entries. If the Association has closed its general ledger for the 2020 fiscal year, please record all entries related to the income and expense accounts in the net assets account as at January 1, 2021.

If you have any questions regarding the attached, please do not hesitate to reach out to myself or Leon Pfeiffer, Partner on the engagement.

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**DRUMHELLER & DISTRICT SOLID WASTE
MANAGEMENT ASSOCIATION**

Financial Statements
Year Ended December 31, 2020

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

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Year Ended December 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Drumheller & District Solid Waste Management Association (the "Association") are the responsibility of the Association's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 of the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Association's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management. The Board of Directors meets with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by RSM Alberta LLP, independent external auditor appointed by the Association. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Association's financial statements.

Chairman

Secretary/Treasurer

Drumheller, AB
October 12, 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of Drumheller & District Solid Waste Management Association

Opinion

We have audited the financial statements of Drumheller & District Solid Waste Management Association (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes and schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
October 12, 2021

RSM Alberta LLP
Chartered Professional Accountants

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Statement of Financial Position

December 31, 2020

	2020	2019 (Restated - Note 13)
FINANCIAL ASSETS		
Cash (Note 4)	\$ 890,962	\$ 869,429
Accounts receivable	87,920	103,720
Interest receivable	43,761	48,157
Participating municipality loan receivable (Note 3)	152,113	-
Goods and services tax receivable	92,297	26,667
Investments (Notes 4, 5)	3,727,724	3,642,597
	4,994,777	4,690,570
LIABILITIES		
Accounts payable and accrued liabilities	185,169	30,790
Solid waste closure and post-closure liabilities (Notes 6, 13)	3,757,593	3,753,767
	3,942,762	3,784,557
NET FINANCIAL ASSETS	1,052,015	906,013
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	8,133,207	7,869,441
Prepaid expenses	-	41,473
	8,133,207	7,910,914
ACCUMULATED SURPLUS (Note 8)	\$ 9,185,222	\$ 8,816,927

APPROVED ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Statement of Operations and Changes in Accumulated Surplus
Year Ended December 31, 2020

	Budget 2020 (Note 10)	2020	2019 (Restated - Note 13)
REVENUES			
Municipal requisitions	\$ 1,011,808	\$ 1,011,809	\$ 993,345
Disposal fees	527,000	680,648	628,080
Government transfers for capital	-	631,810	-
Donation revenue	-	129,960	136,860
Recycling sales	43,100	85,856	64,277
Other revenue	19,500	16,282	18,799
Government transfers	12,000	12,000	12,000
	1,613,408	2,568,365	1,853,361
EXPENSES			
Recycling	426,955	604,565	612,779
Landfill (Note 13)	646,464	563,504	800,701
Administration	48,106	522,422	262,804
Transportation	458,900	358,859	334,623
Scale house	225,296	249,937	202,170
	1,805,721	2,299,287	2,213,077
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	(192,313)	269,078	(359,716)
OTHER REVENUES			
Interest	112,800	99,217	117,020
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(79,513)	368,295	(242,696)
ACCUMULATED SURPLUS - BEGINNING OF YEAR (Note 13)	8,816,927	8,816,927	9,059,623
ACCUMULATED SURPLUS - END OF YEAR	\$ 8,737,414	\$ 9,185,222	\$ 8,816,927

See notes to financial statements

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Statement of Changes in Net Financial Assets
Year Ended December 31, 2020

	Budget		2019 (Restated - Note 13)
	2020	2020	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (79,513)	\$ 368,295	\$ (242,696)
Acquisition of tangible capital assets	-	(806,431)	(36,180)
Amortization of tangible capital assets	-	542,665	309,763
Adjustment on solid waste closure and post-closure liabilities (Note 13)	-	-	(3,401,673)
Change in prepaid expenses	-	(263,766)	(3,128,090)
	-	41,473	(22,874)
	-	(222,293)	(3,150,964)
NET CHANGE IN NET FINANCIAL ASSETS	(79,513)	146,002	(3,393,660)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	906,013	906,013	4,299,673
NET FINANCIAL ASSETS - END OF YEAR	\$ 826,500	\$ 1,052,015	\$ 906,013

See notes to financial statements

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019 (Restated - Note 13)
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 368,295	\$ (242,696)
Item not affecting cash:		
Amortization of tangible capital assets	542,665	309,763
	910,960	67,067
Changes in non-cash working capital:		
Accounts receivable	15,800	(33,726)
Accrued investment income	4,396	(7,099)
Goods and Services Tax receivable	(65,630)	32,609
Prepaid expenses and inventories of supplies	41,473	(22,874)
Accounts payable and accrued liabilities	154,379	(10,749)
Participating municipality loan receivable	(152,113)	-
Solid waste closure and post-closure liabilities (Note 13)	3,826	266,778
	2,131	224,939
	913,091	292,006
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(806,431)	(36,180)
	(806,431)	(36,180)
INVESTING ACTIVITIES		
Proceeds from sale of investments	-	3,559,500
Purchase of investments	(85,127)	(3,642,597)
	(85,127)	(83,097)
INCREASE IN CASH	21,533	172,729
Cash - beginning of year	869,429	696,700
CASH - END OF YEAR	\$ 890,962	\$ 869,429

See notes to financial statements

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND PURPOSE

The financial statements of the Drumheller & District Solid Waste Management Association (the "Association") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The purpose of the Association is to coordinate solid waste removal and disposal for Drumheller and surrounding areas. The Association is comprised of member municipalities and requisitions funds from its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash is comprised of cash on hand and on deposit with banks and investment institutions.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the straight-line basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to the acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Transfer stations	25 years
Buildings	50 years
Machinery and equipment	10 to 50 years
Land improvements	10 to 75 years

One-half of the annual amortization is charged in the year of acquisition. Work in process (assets under construction) is not amortized until the asset is available for productive use.

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 the sale in the normal course of operations. The change in non-financial assets, together with the excess of revenue over expenses, provides the change in net financial assets for the year.

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DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

Disposal fees and program revenues are recognized as revenue in the period in which the service is delivered or in which transactions or events occurred that give rise to the revenues.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Donated services

The Association receives certain donated services as part of its recycling operations. The value of donated services is recognized when the fair value can be reasonably estimated and when the services are used in the normal course of the Association's operations and would otherwise have been purchased.

Solid waste landfills

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

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates included in the preparation of the financial statements pertain to the collectability of accounts receivable, the estimated useful lives of tangible capital assets and related amortization, accrued liabilities and solid waste closure and post-closure liabilities and reserves. Actual results could differ from these estimates.

(*continues*)

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Future accounting pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In the coming year, the Association will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS 1201), Financial Instruments (PS 3450), Foreign Currency Transactions (PS 2601) and Portfolio Investments (PS 3041) must be implemented at the same time.

PS 3041 - Portfolio Investments: This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. The standard is effective for fiscal years beginning on or after April 1, 2021.

PS 1201 - Financial Statement Presentation: The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. The standard is effective for fiscal years beginning on or after April 1, 2021.

PS 3450 - Financial Instruments: This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the Entity. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. The standard is effective for fiscal years beginning on or after April 1, 2021.

PS 2601 - Foreign Currency Translation: This section established guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency, and non-monetary items valued at fair value, denominated in a foreign currency, to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2021.

PS 3280 - Asset Retirement Obligations: This section establishes the recognition, measurement, and disclosure requirements for asset retirement obligations. This section requires management to prepare a best estimate of the obligation when there is a legal obligation to incur retirement costs, the transaction giving rise to the liability has occurred and future costs will be incurred. The liability must be reassessed at each financial statement date. The standard is effective for fiscal years beginning on or after April 1, 2021.

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

3. PARTICIPATING MUNICIPALITY LOAN RECEIVABLE AND GOVERNMENT TRANSFERS

The Association and participating municipalities entered into a transfer replacement loan agreement on August 18, 2020. All parties agreed on the immediate replacement of six transfer containers located within the corporate boundaries of the participating municipalities and refurbishment and relocation of a transfer container located within the corporate boundaries of the Village of Carbon. Participating municipalities had the option to repay the respective contributions to the Association in one lump sum or in annual installments over a ten-year term at an interest rate of 2.3% per annum. This balance represents the amounts owing from the participating municipalities which chose to pay over the ten year term.

The amounts received during the year from the participating municipalities are recognized as government transfers for capital in the statement of operations.

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

4. CASH AND INVESTMENTS

	2020	2019 <i>(Restated - Note 13)</i>
Cash	\$ 890,962	\$ 869,429
Investments	3,727,724	3,642,597
	4,618,686	4,512,026
Cash to fund Capital reserve	(109,010)	(106,647)
Cash to fund Closure and post-closure liability and reserve	(820,045)	(772,622)
Cash to fund Landfill equipment reserve	(95,736)	(93,661)
Cash to fund Recycle equipment reserve	(14,801)	-
Cash to fund Landfill contingency reserve	(91,326)	(31,822)
Cash to fund Landfill detention pond reserve	(68,223)	(56,862)
Cash to fund Landfill expansion reserve	(1,999,289)	(1,965,834)
Cash to fund Recycle capital reserve	(82,671)	(80,879)
Cash to fund Recycle hauling reserve	(52,107)	(41,086)
Cash to fund Recycle contingency reserve	(154,355)	(143,274)
Cash to fund Recycle trailer reserve	(43,307)	(42,368)
Cash to fund Transtor reserve	(176,083)	(224,532)
	(3,706,953)	(3,559,587)
Accounts receivable	87,920	103,720
Accrued investment income	43,761	48,157
Goods and services tax receivable	92,297	26,667
Prepaid expenses and inventories of supplies	-	41,473
Accounts payable and accrued liabilities	(185,169)	(30,790)
Closure and post closure liabilities	(3,757,593)	(3,753,767)
Unrestricted deficit	\$ (2,807,051)	\$ (2,612,101)

The following table shows a continuity of amounts included in cash and short-term investments that are internally restricted to fund the closure and post-closure liability and closure and post-closure reserve.

Opening balance	\$ 772,622	\$ 728,027
Transfers to reserves	30,000	30,000
Interest earned	17,423	14,595
Closing balance	\$ 820,045	\$ 772,622

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

5. INVESTMENTS

	<u>2020</u>	<u>2019</u>
Guaranteed investment certificates	<u>\$ 3,727,724</u>	<u>\$ 3,642,597</u>

Guaranteed investment certificates bear interest at 0.55-2.45% (2019 - 2.15-2.45%) per annum and mature from April 2021 to November 2021 (2019 - April 2020 to April 2021).

6. SOLID WASTE CLOSURE AND POST-CLOSURE LIABILITIES

Alberta environment law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 2.00% and assuming annual inflation of 2.50%.

The estimated liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. During the year, the Association obtained an annual report airspace calculation in order to have more accurate and reliable data to complete an estimate regarding remaining useful airspace as well as an estimate of future closure and post-closure activities. The estimated remaining capacity of the landfill site is 566,579 (2019 – 554,401) cubic metres. The existing landfill site is expected to reach capacity in approximately the year 2085.

	<u>2020</u>	<u>2019</u>
		<i>Restated (Note 13)</i>
Estimated closure costs	<u>\$ 2,800,728</u>	<u>\$ 2,800,728</u>
Estimated post-closure costs	<u>2,393,452</u>	<u>2,393,452</u>
Estimated total liability	<u>5,194,180</u>	<u>5,194,180</u>
Liability accrued	<u>(3,757,593)</u>	<u>(3,753,767)</u>
Balance of estimated costs to accrue by 2085	<u>\$ 1,436,587</u>	<u>\$ 1,440,413</u>

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

7. TANGIBLE CAPITAL ASSETS

Cost	2019 Balance	Additions	Disposals	2020 Balance
Transfer stations	\$ 3,468,442	\$ 753,146	\$ -	\$ 4,221,588
Buildings	1,579,942	-	-	1,579,942
Machinery and equipment	959,198	-	-	959,198
Land improvements	7,015,522	53,285	-	7,068,807
	\$ 13,023,104	\$ 806,431	\$ -	\$ 13,829,535

Accumulated Amortization	2019 Balance	Amortization	Accumulated Amortization on Disposals	2020 Balance
Transfer stations	\$ 2,537,185	\$ 332,466	\$ -	\$ 2,869,651
Buildings	345,886	32,415	-	378,301
Machinery and equipment	689,404	45,265	-	734,669
Land improvements	1,581,188	132,519	-	1,713,707
	\$ 5,153,663	\$ 542,665	\$ -	\$ 5,696,328

Net book value	2020	2019
Transfer stations	\$ 1,351,937	\$ 931,257
Buildings	1,201,641	1,234,056
Machinery and equipment	224,529	269,794
Land improvements	5,355,100	5,434,334
	\$ 8,133,207	\$ 7,869,441

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

8. ACCUMULATED SURPLUS

The Association segregates its accumulated surplus into the following categories:

	<u>2020</u>	<u>2019</u>
Equity in tangible capital assets	\$ 8,133,207	\$ 7,869,441
Landfill closure reserve	(3,757,593)	(3,753,340)
Accumulated surplus	<u>1,102,655</u>	<u>1,141,239</u>
	<u>5,478,269</u>	<u>5,257,340</u>
Restricted surplus		
Capital reserve	109,010	106,647
Closure reserve	820,045	772,622
Equipment reserve	110,537	93,661
Landfill contingency reserve	91,326	31,822
Landfill detention pond reserve	68,223	56,862
Landfill expansion reserve	1,999,289	1,965,834
Recycle capital reserve	82,671	80,879
Recycle hauling reserve	52,107	41,086
Recycle contingency reserve	154,355	143,274
Recycle trailer reserve	43,307	42,368
Transtor reserve	<u>176,083</u>	<u>224,532</u>
	<u>3,706,953</u>	<u>3,559,587</u>
	<u>\$ 9,185,222</u>	<u>\$ 8,816,927</u>

The equity in tangible capital assets represents amounts already spent and invested in infrastructure. The restricted surplus represents funds set aside by the Board of Directors for specific purposes.

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

9. RELATED PARTY TRANSACTIONS

Members of the Association consist of several municipalities within Drumheller and district and as such, are identified as related parties. Members are requisitioned on a per capita basis of \$41.38/capita (2019 – \$39.80/capita) for administration, hauling, use of the landfill, capital contributions and use of the recycling facility. Some members provide their own hauling or recycling services and are not charged that portion of the requisition. Requisitions are allocated to both the landfill and recycling functions. Total requisitions for 2020 were \$1,011,808.88 (2019 - \$993,345). The Association is economically dependent on the requisitions received from its member municipalities.

There was \$24,037 (2019 - \$11,012) of outstanding receivables and \$48,951 (2019 - \$69) of outstanding payables between the Association and its members at year end.

During the year, the Association received \$12,000 (2019 - \$12,000) from the Town of Drumheller to fund its operations.

All related party transactions are in the normal course of operations and measured at the exchange amount which is the amount agreed to between the related parties.

10. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2020.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from the credit quality of the entities to which it provides services. As the Association provides services to Government supported entities, its credit risk is minimized.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and its solid waste closure and post-closure liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its investments. The investments consist of guaranteed investment certificates with a financial institution.

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

11. BUDGET

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards requires a full accrual basis. The budget figures anticipated a budget surplus after budgeted transfers to reserves. Amortization was not contemplated on the development of the budget; however, has been included in the budget presented in the financial statements. As a result, the budget figures presented in the statements of operations represent the budget adopted by the Board, with adjustments as follows:

	2020
Revenues per approved budget	\$ 1,726,208
	1,726,208
Expenses per approved budget	1,805,721
Reserves	(79,545)
Amortization	-
	1,726,176
Budget deficit per statement of operations	\$ 32

12. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors and management have approved these financial statements.

13. PRIOR PERIOD RESTATEMENT

During 2021, it was determined that the Association was basing its estimated solid waste closure and post-closure liabilities on out-dated information. As a result, the solid waste closure and post-closure liabilities were understated by \$3,680,613 at December 31, 2019.

The effects of the restatement on the statement of financial position as at December 31, 2019 and statement of operations and changes in accumulated surplus and statement of cash flows for the year ended December 31, 2019 is as follows:

	Previously Reported	Adjustment	Restated
<u>Statement of financial position</u>			
Solid waste closure and post-closure liabilities	\$ 73,154	\$ 3,680,613	\$ 3,753,767
Net financial assets	4,586,626	(3,680,613)	906,013
<u>Statement of operations and changes in accumulated surplus</u>			
Landfill expenses	\$ 521,761	\$ 278,940	\$ 800,701
Excess (deficiency) of revenues over expenses	36,244	(278,940)	(242,696)
Accumulated surplus, beginning of year	12,461,296	(3,401,672)	9,059,624
Accumulated surplus, end of year	12,497,540	(3,680,613)	8,816,927

(continues)

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2020

13. PRIOR PERIOD RESTATEMENT *(continued)*

	Previously Reported	Adjustment	Restated
<u>Statement of cash flows</u>			
Excess (deficiency) of revenues over expenses	\$ 36,244	\$ (278,940)	\$ (242,696)
Change in solid waste closure and post-closure liabilities	(12,162)	278,940	266,778

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Landfill Revenues and Expenses
Year Ended December 31, 2020

(Schedule 1)

	Budget 2020 (Note 11)	2020	2019 (Restated - Note 13)
REVENUES			
Disposal fees	\$ 527,000	\$ 680,648	\$ 628,080
Municipal requisitions	662,130	662,131	643,666
Government transfers for capital	-	631,810	-
Other	132,300	13,443	16,434
	1,321,430	1,988,032	1,288,180
EXPENSES			
Amortization	-	479,834	226,860
Waste service contract	368,340	369,313	356,229
Hauling	-	358,859	328,734
Scale House wages and benefits	-	226,410	185,215
Administration	-	42,588	35,944
Waste services contract fuel recovery	44,800	41,188	40,684
Scale House operations	-	23,527	16,955
Professional engineering services	21,600	21,266	32,096
Recycling programs	13,000	19,875	14,298
Advertising and promotion	8,240	14,654	10,653
Groundwater monitoring	5,000	13,047	5,740
Memberships, fees and dues	11,930	12,109	11,232
Site development and survey	6,000	11,295	6,009
Road access	10,000	11,045	7,329
Evaporation pit	8,000	8,390	10,193
Bobcat	5,750	7,132	5,639
Toxic waste roundup	9,500	6,957	9,983
Utilities	5,900	5,445	5,623
Changes in closure and post-closure liabilities	-	3,826	266,779
Detention pond	5,000	3,522	4,740
Truck	2,500	2,269	2,035
Laboratory testing	2,000	1,903	1,439
Environment week	-	1,808	1,655
Internet/phone service	1,200	1,800	600
Miscellaneous	2,050	1,257	225
Leachate lift station	2,000	1,064	1,083
Site preparation	3,000	853	-
Equipment repairs	2,000	803	300
Safety supplies	1,000	679	1,148
Wood chipper	-	468	-
Gas monitoring	500	280	160
Security	500	245	445
Tools and supplies	1,000	230	105
Site leases and taxes	500	200	275
Metal removal	1,000	194	-
Grounds keeping/landscaping	500	125	121
Surface water monitoring	500	98	-

(continues)

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Landfill Revenues and Expenses *(continued)*
 Year Ended December 31, 2020

(Schedule 1)

	Budget 2020 <i>(Note 11)</i>	2020	2019 (Restated - Note 13)
Staff appreciation	1,200	85	900
Odour and pest control	50	78	40
Trailer	500	2	962
Winter cover	3,000	-	1,980
Transtor repairs	-	-	5,888
	548,060	1,694,723	1,600,296
LANDFILL REVENUES UNDER EXPENSES	\$ 773,370	\$ 293,309	\$ (312,116)

DRUMHELLER & DISTRICT SOLID WASTE MANAGEMENT ASSOCIATION

Recycling Revenues and Expenses
Year Ended December 31, 2020

(Schedule 2)

	Budget 2020 (Note 11)	2020	2019
REVENUES			
Municipal requisitions	\$ 349,678	\$ 349,678	\$ 349,679
Donated services	-	129,960	136,860
Program services - paper and electronics	36,700	78,656	61,393
Town of Drumheller - contributions to operations	12,000	12,000	12,000
Miscellaneous	4,300	5,870	2,465
Metal recycling revenue	1,100	2,140	-
Plastics recycling	1,000	2,029	2,784
	404,778	580,333	565,181
EXPENSES			
Wages and benefits	245,149	226,154	217,872
Donated rental/hauling	-	129,960	136,860
Hauling recycling contract	101,164	96,658	93,759
Amortization	-	63,189	82,904
Utilities	16,300	18,777	18,416
Building - rental	12,000	12,000	12,000
Equipment rental and maintenance	5,000	10,580	9,153
Building - repairs and maintenance	4,200	8,469	8,027
Insurance	7,607	7,607	6,897
Bobcat	5,750	7,132	5,639
Truck	10,000	6,617	9,477
Fencing drop off's	-	6,593	-
Supplies	4,000	3,980	4,103
Trailer	3,500	1,998	296
Legal and accounting	1,500	1,500	-
Safety supplies	1,000	1,359	959
Security	600	840	262
Staff training	1,000	410	525
Office supplies	300	323	372
Bin repairs	2,000	183	1,276
Advertising	1,000	128	255
Memberships, fees and dues	85	90	85
Travel, education and training	2,500	13	1,681
Pest and odour control	50	4	-
Miscellaneous	2,050	-	17
Recycling programs	200	-	65
Propane	-	-	1,879
	426,955	604,564	612,779
RECYCLING REVENUES (UNDER) OVER EXPENSES	\$ (22,177)	\$ (24,231)	\$ (47,598)

See notes to financial statements

ADJUSTING JOURNAL ENTRIES AND WORKING TRIAL BALANCE



Drumheller & District Solid Waste Management Association

Year End: December 31, 2020

Journal Entries: Adjusting

Date: 1/1/2020 To 12/31/2020

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement	
1	12/31/2020	Retained Earnings	3900		254.93				
1	12/31/2020	ADMINISTRATION:BANK CHARGES	5000.5002			254.93			
		To adjust opening retained earnings.							Factual
2	12/31/2020	OTHER ACCOUNTS PAYABLE	2002	6100 LEAD	3,499.96				
2	12/31/2020	ADMINISTRATION:LEGAL ACCOUNTING & AL	5000.5006	6100 LEAD		3,499.96			
		To adjust RSM audit fee accrual.							Factual
3	12/31/2020	CLOSURE/POST CLOSURE LIABILITY	2060	6201		3,684,439.46			
3	12/31/2020	Landfill closure reserve	5100.5105	6201	3,680,613.06				
3	12/31/2020	Change in Closure/ post closure Liability	5100.5190	6201	3,826.40				
		To adjust provision for landfill closure and post closure costs.							Factual
4	12/31/2020	ACCTS REC - TRANSTOR REPLACE 2020	1152			149,604.22			
4	12/31/2020	Loan - transtor replacement proj.	1280		136,707.76				
4	12/31/2020	Current portion of Loan-transtor replacement pr	1281		15,405.43				
4	12/31/2020	Government transfers for capital	4000.4001		1,335.98				
4	12/31/2020	LANDFILL REVENUE:INTEREST EARNED	4000.4004			3,844.95			
		To adjust loan on transtor replacement project							Factual
					3,841,643.52	3,841,643.52			
Net Income (Loss)			368,294.55						

Drumheller & District Solid Waste Manage

Year End: December 31, 2020

Leadsheet Summary

Account	Prelim	Adj's	Reclass	Rep	Rep 12/19	Amount Chg	%Chg
1000 CHINOOK CREDIT UNION	816.69	0.00	0.00	816.69	810.47	6.22	1
1001 SCOTIABANK	877,706.25	0.00	0.00	877,706.25	859,909.90	17,796.35	2
1051 SHARES-CREDIT UNION	7.01	0.00	0.00	7.01	5.02	1.99	40
1060 CASH ON HAND	150.00	0.00	0.00	150.00	150.00	0.00	0
1499 Undeposited Funds	12,282.24	0.00	0.00	12,282.24	8,554.02	3,728.22	44
111.1000 Cash and short term deposits	890,962.19	0.00	0.00	890,962.19	869,429.41	21,532.78	2
1050 INVESTMENT ACCOUNT	3,727,724.05	0.00	0.00	3,727,724.05	3,642,597.25	85,126.80	2
113.1180 Marketable securities	3,727,724.05	0.00	0.00	3,727,724.05	3,642,597.25	85,126.80	2
1100 ACCOUNTS RECEIVABLE	87,635.78	0.00	0.00	87,635.78	103,435.79	(15,800.01)	(15)
1151 OTHER RECEIVABLES	284.19	0.00	0.00	284.19	284.19	0.00	0
1152 ACCTS REC - TRANSTOR REPLACE 2020	149,604.22	(149,604.22)	0.00	0.00	0.00	0.00	0
115.1060 Accounts receivable	237,524.19	(149,604.22)	0.00	87,919.97	103,719.98	(15,800.01)	(15)
1101 ACCRUED INVESTMENT EARNINGS	43,761.14	0.00	0.00	43,761.14	48,157.15	(4,396.01)	(9)
115.1067 Interest receivable	43,761.14	0.00	0.00	43,761.14	48,157.15	(4,396.01)	(9)
1150 GST CLEARING	92,297.49	0.00	0.00	92,297.49	26,666.72	65,630.77	246
115.200 Taxes receivable	92,297.49	0.00	0.00	92,297.49	26,666.72	65,630.77	246
1250 PREPAID EXPENSE	(7,563.56)	0.00	7,563.56	0.00	41,473.01	(41,473.01)	(100)
128.400 Prepaid	(7,563.56)	0.00	7,563.56	0.00	41,473.01	(41,473.01)	(100)
1280 Loan - transtor replacement proj.	0.00	136,707.76	0.00	136,707.76	0.00	136,707.76	0
1281 Current portion of Loan-transtor replacem	0.00	15,405.43	0.00	15,405.43	0.00	15,405.43	0
128.800 Other current assets	0.00	152,113.19	0.00	152,113.19	0.00	152,113.19	0
1426 EVAPORATION PITS	117,134.87	0.00	0.00	117,134.87	117,134.87	0.00	0
1428 GROUNDWATER MONITORING SYSTEM	213,095.60	0.00	357.61	213,453.21	159,811.13	53,642.08	34
1432 LANDFILL SITE	6,649,242.12	0.00	0.00	6,649,242.12	6,649,242.12	0.00	0
1433 LEACHATE COLLECTION SYSTEM	6,511.09	0.00	0.00	6,511.09	6,511.09	0.00	0
1434 LITTER SCREENS/FENCING	16,423.79	0.00	0.00	16,423.79	16,423.79	0.00	0
1438 SURFACE WATER MANAGEMENT	20,371.24	0.00	0.00	20,371.24	20,371.24	0.00	0
1440 TIRE MARSHALLING AREA	46,027.33	0.00	0.00	46,027.33	46,027.33	0.00	0
151.1601 Land improvements	7,068,806.04	0.00	357.61	7,069,163.65	7,015,521.57	53,642.08	1
1435 LEACHATE COLLECTION SYSTEM:Leach	(1,627.78)	0.00	0.00	(1,627.78)	(976.67)	(651.11)	67
1426.1427 EVAPORATION PITS:Evaporation Pit	(10,457.07)	0.00	0.00	(10,457.07)	(8,171.74)	(2,285.33)	28
1428.1429 GROUNDWATER MONITORING SY	(36,135.01)	0.00	(357.61)	(36,492.62)	(34,004.18)	(2,488.44)	7
1432.1433 LANDFILL SITE:Landfill Site-Deprecia	(1,623,315.98)	0.00	0.00	(1,623,315.98)	(1,498,509.19)	(124,806.79)	8
1434.1435 LITTER SCREENS/FENCING:Littersc	(10,406.95)	0.00	0.00	(10,406.95)	(9,812.36)	(594.59)	6
1438.1439 SURFACE WATER MANAGEMENT:€	(4,374.55)	0.00	0.00	(4,374.55)	(4,109.47)	(265.08)	6
1440.1441 TIRE MARSHALLING AREA:Tire Mar	(27,390.21)	0.00	0.00	(27,390.21)	(25,604.64)	(1,785.57)	7
152.1602 Land improvements - acc amort	(1,713,707.55)	0.00	(357.61)	(1,714,065.16)	(1,581,188.25)	(132,876.91)	8
1400 BUILDING	214,591.13	0.00	0.00	214,591.13	214,591.13	0.00	0
1414 RECYCLING BUILDING #2 (OLD)	101,621.08	0.00	0.00	101,621.08	101,621.08	0.00	0
1416 RECYCLING BUILDING #3 (NEW)	1,129,484.08	0.00	0.00	1,129,484.08	1,129,484.08	0.00	0
1418 RECYCLING USED OIL BUILDING	12,143.49	0.00	0.00	12,143.49	12,143.49	0.00	0
1422 CHEMICAL COMPOUND	122,103.09	0.00	0.00	122,103.09	122,103.09	0.00	0
155.100 Buildings - cost	1,579,942.87	0.00	0.00	1,579,942.87	1,579,942.87	0.00	0
1442 TRANSFER STATIONS	4,221,586.86	0.00	0.00	4,221,586.86	3,468,440.86	753,146.00	22
155.200 Manufacturing and processing plant	4,221,586.86	0.00	0.00	4,221,586.86	3,468,440.86	753,146.00	22

Drumheller & District Solid Waste Manage

Year End: December 31, 2020

Leadsheet Summary

Account	Prelim	Adj's	Reclass	Rep	Rep 12/19	Amount Chg	%Chg
1400.1401 BUILDING:Building-Accu. Depreciatic	(83,759.85)	0.00	0.00	(83,759.85)	(78,651.98)	(5,107.87)	6
1414.1415 RECYCLING BUILDING #2 (OLD):Bui	(21,952.08)	0.00	0.00	(21,952.08)	(19,919.66)	(2,032.42)	10
1416.1417 RECYCLING BUILDING #3 (NEW):Bl	(239,919.84)	0.00	0.00	(239,919.84)	(217,330.14)	(22,589.70)	10
1418.1419 RECYCLING USED OIL BUILDING:O	(2,550.13)	0.00	0.00	(2,550.13)	(2,307.26)	(242.87)	11
1422.1423 CHEMICAL COMPOUND:Chemical C	(30,119.35)	0.00	0.00	(30,119.35)	(27,677.29)	(2,442.06)	9
156.100 Buildings - acc amort	(378,301.25)	0.00	0.00	(378,301.25)	(345,886.33)	(32,414.92)	9
1442.1443 TRANSFER STATIONS:Transfer stati	(2,869,651.28)	0.00	0.00	(2,869,651.28)	(2,537,185.16)	(332,466.12)	13
156.200 Manufacturing and processing plant	(2,869,651.28)	0.00	0.00	(2,869,651.28)	(2,537,185.16)	(332,466.12)	13
1401 COMPUTER & OFFICE EQUIPMENT	7,254.80	0.00	0.00	7,254.80	7,254.80	0.00	0
1404 REC-FIXED MACHINERY & EQUIPMENT	134,221.18	0.00	0.00	134,221.18	134,221.18	0.00	0
1408 RECYCLING - FIXED BALERS	195,980.25	0.00	0.00	195,980.25	195,980.25	0.00	0
1410 RECYCLING - FIXED BINS	425,294.93	0.00	0.00	425,294.93	425,294.93	0.00	0
1436 MACHINERY & EQUIPMENT SW	196,447.14	0.00	0.00	196,447.14	196,447.14	0.00	0
157.1740 Equipment	959,198.30	0.00	0.00	959,198.30	959,198.30	0.00	0
1401.1402 COMPUTER & OFFICE EQUIPMENT	(4,715.62)	0.00	0.00	(4,715.62)	(3,990.14)	(725.48)	18
1404.1405 REC-FIXED MACHINERY & EQUIPM	(84,504.45)	0.00	0.00	(84,504.45)	(76,887.05)	(7,617.40)	10
1408.1409 RECYCLING - FIXED BALERS:Balers	(151,245.72)	0.00	0.00	(151,245.72)	(138,885.22)	(12,360.50)	9
1410.1411 RECYCLING - FIXED BINS:Bins Accu	(397,181.47)	0.00	0.00	(397,181.47)	(378,835.69)	(18,345.78)	5
1436.1437 MACHINERY & EQUIPMENT SW:Ma	(97,021.54)	0.00	0.00	(97,021.54)	(90,805.59)	(6,215.95)	7
158.1741 Equipment - acc amort	(734,668.80)	0.00	0.00	(734,668.80)	(689,403.69)	(45,265.11)	7
2000 ACCOUNTS PAYABLE	(141,484.49)	0.00	(7,563.56)	(149,048.05)	(69.23)	(148,978.82)*****	
2001 ACCRUED VACATION PAY	(31,120.96)	0.00	0.00	(31,120.96)	(25,362.48)	(5,758.48)	23
2002 OTHER ACCOUNTS PAYABLE	(8,499.96)	3,499.96	0.00	(5,000.00)	(5,000.00)	0.00	0
2200 GST/HST Payable	0.00	0.00	0.00	0.00	(358.72)	358.72	(100)
215.2620 Accounts payable and accrued liabi	(181,105.41)	3,499.96	(7,563.56)	(185,169.01)	(30,790.43)	(154,378.58)	501
2060 CLOSURE/POST CLOSURE LIABILITY	(73,154.00)	(3,684,439.46)	0.00	(3,757,593.46)	(3,753,767.06)	(3,826.40)	0
261.300 Provision for site restoration	(73,154.00)	(3,684,439.46)	0.00	(3,757,593.46)	(3,753,767.06)	(3,826.40)	0
NETINC Net (Income)Loss	(365,857.09)	(2,437.46)	0.00	(368,294.55)	242,695.60	(610,990.15)	(252)
275 Net Income (Loss)	(365,857.09)	(2,437.46)	0.00	(368,294.55)	242,695.60	(610,990.15)	(252)
3900 Retained Earnings	1,245,215.52	254.93	0.00	1,245,470.45	1,107,147.00	138,323.45	12
4100.411 RECYCLING REVENUE:TRANSFER F	(22,200.00)	0.00	0.00	(22,200.00)	0.00	(22,200.00)	0
3100.3101 CAPITAL EQUITY:ACCUMULATED E	(8,133,205.19)	0.00	0.00	(8,133,205.19)	(7,869,440.17)	(263,765.02)	3
3200.3103 CAPITAL RESERVES -LANDFILL:CA	(109,009.51)	0.00	0.00	(109,009.51)	(106,646.67)	(2,362.84)	2
3200.3104 CAPITAL RESERVES -LANDFILL:CL	(820,044.54)	0.00	0.00	(820,044.54)	(772,622.31)	(47,422.23)	6
3200.3105 CAPITAL RESERVES -LANDFILL:EQ	(95,736.33)	0.00	0.00	(95,736.33)	(93,661.19)	(2,075.14)	2
3200.3106 CAPITAL RESERVES -LANDFILL:LAI	(91,326.34)	0.00	0.00	(91,326.34)	(31,821.89)	(59,504.45)	187
3200.3107 CAPITAL RESERVES -LANDFILL:LAI	(1,999,288.51)	0.00	0.00	(1,999,288.51)	(1,965,834.03)	(33,454.48)	2
3200.3108 CAPITAL RESERVES- RECYCLE:RE	(82,671.25)	0.00	0.00	(82,671.25)	(80,879.31)	(1,791.94)	2
3200.3109 CAPITAL RESERVES- RECYCLE:EC	(14,801.18)	0.00	0.00	(14,801.18)	0.00	(14,801.18)	0
3200.3110 CAPITAL RESERVES- RECYCLE:RE	(52,106.91)	0.00	0.00	(52,106.91)	(41,085.86)	(11,021.05)	27
3200.3111 CAPITAL RESERVES- RECYCLE:RE	(154,355.38)	0.00	0.00	(154,355.38)	(143,273.81)	(11,081.57)	8
3200.3112 CAPITAL RESERVES- RECYCLE:RE	(43,306.57)	0.00	0.00	(43,306.57)	(42,367.88)	(938.69)	2
3200.3113 CAPITAL RESERVES -LANDFILL:TR	(176,083.45)	0.00	0.00	(176,083.45)	(224,531.57)	48,448.12	(22)
3200.3115 CAPITAL RESERVES -LANDFILL:DE	(68,223.13)	0.00	0.00	(68,223.13)	(56,861.95)	(11,361.18)	20
3300.3301 OPERATING EQUITY:ACCUMULATE	(2,697,730.13)	0.00	0.00	(2,697,730.13)	(2,313,983.07)	(383,747.06)	17
4000.4018 LANDFILL REVENUE:TRANSFER FF	(196,346.42)	0.00	0.00	(196,346.42)	(10,819.42)	(185,527.00)	1715
4000.4020 LANDFILL REVENUE:TRANSFER FF	(46,524.96)	0.00	0.00	(46,524.96)	0.00	(46,524.96)	0
4100.4115 RECYCLING REVENUE:TRANSFER	0.00	0.00	0.00	0.00	(36,180.10)	36,180.10	(100)
5100.5105 Landfill closure reserve	30,000.00	3,680,613.06	0.00	3,710,613.06	3,431,672.26	278,940.80	8

Drumheller & District Solid Waste Manage

Year End: December 31, 2020

Leadsheet Summary

Account	Prelim	Adj's	Reclass	Rep	Rep 12/19	Amount	Chg	%Chg
5100.5116 LANDFILL:LANDFILL EXPANSION(R	58,404.00	0.00	0.00	58,404.00	58,404.00	0.00	0	
5100.5137 LANDFILL:TRANSFER TO RESERVE	72,562.62	0.00	0.00	72,562.62	61,530.66	11,031.96	18	
5100.5191 LANDFILL:DETENTION POND RESE	9,999.96	0.00	0.00	9,999.96	15,000.00	(5,000.04)	(33)	
5200.5231 RECYCLING DEPARTMENT:TRANSI	7,195.43	0.00	0.00	7,195.43	6,633.51	561.92	8	
5400.5401 TRANSPORTATION: CAPITAL PURC	806,788.08	0.00	0.00	806,788.08	0.00	806,788.08	0	
5400.5402 TRANSPORTATION:TRANSTOR REI	75,000.00	0.00	0.00	75,000.00	50,000.00	25,000.00	50	
280.0001 Partner capital/fund #1 capital, begi	(12,497,794.19)	3,680,867.99	0.00	(8,816,926.20)	(9,059,621.80)	242,695.60	(3)	
4100.410 RECYCLING REVENUE:RECYCLING	(3,030.00)	0.00	0.00	(3,030.00)	0.00	(3,030.00)	0	
4100.4103 RECYCLING REVENUE:ELECTRONI	(19,574.41)	0.00	0.00	(19,574.41)	(21,143.21)	1,568.80	(7)	
4100.4105 RECYCLING REVENUE: METAL REC	(2,141.34)	0.00	0.00	(2,141.34)	0.00	(2,141.34)	0	
4100.4109 RECYCLING REVENUE:PAPER SAL	(59,081.49)	0.00	0.00	(59,081.49)	(40,250.02)	(18,831.47)	47	
4100.4110 RECYCLING REVENUE:PLASTICS F	(2,029.23)	0.00	0.00	(2,029.23)	(2,784.15)	754.92	(27)	
4100.4116 RECYCLING REVENUE	0.00	0.00	0.00	0.00	(100.00)	100.00	(100)	
311.100 General	(85,856.47)	0.00	0.00	(85,856.47)	(64,277.38)	(21,579.09)	34	
4000.4003 LANDFILL REVENUE:DISPOSAL FEI	(670,176.32)	0.00	0.00	(670,176.32)	(607,242.17)	(62,934.15)	10	
4000.4009 LANDFILL REVENUE:MULTI MATER	0.00	0.00	0.00	0.00	(9,249.60)	9,249.60	(100)	
4000.4011 LANDFILL REVENUE:OIL RECYCLIN	(1,048.35)	0.00	0.00	(1,048.35)	(2,023.05)	974.70	(48)	
4000.4012 LANDFILL REVENUE:PAINT RECYC	(5,968.85)	0.00	0.00	(5,968.85)	(4,703.30)	(1,265.55)	27	
4000.4015 LANDFILL REVENUE:TOXIC WASTE	(3,454.76)	0.00	0.00	(3,454.76)	(4,861.98)	1,407.22	(29)	
311.200 Trade sales	(680,648.28)	0.00	0.00	(680,648.28)	(628,080.10)	(52,568.18)	8	
4100.4113 RECYCLING REVENUE:TOWN OF C	(12,000.00)	0.00	0.00	(12,000.00)	(12,000.00)	0.00	0	
311.8000.04 Government transfers	(12,000.00)	0.00	0.00	(12,000.00)	(12,000.00)	0.00	0	
4000.4001 Government transfers for capital	(633,146.00)	1,335.98	0.00	(631,810.02)	0.00	(631,810.02)	0	
311.8000.11 Government transfers for capital	(633,146.00)	1,335.98	0.00	(631,810.02)	0.00	(631,810.02)	0	
4100.4102 RECYCLING REVENUE:DONATED S	(129,960.20)	0.00	0.00	(129,960.20)	(136,860.00)	6,899.80	(5)	
382 Donation revenue	(129,960.20)	0.00	0.00	(129,960.20)	(136,860.00)	6,899.80	(5)	
4000.4007 LANDFILL REVENUE:LANDFILL EXP	(58,404.00)	0.00	0.00	(58,404.00)	(58,404.00)	0.00	0	
4000.4010 LANDFILL REVENUE:MUNICIPAL RE	(603,726.83)	0.00	0.00	(603,726.83)	(585,261.96)	(18,464.87)	3	
4100.4107 RECYCLING REVENUE:MUNICIPAL	(248,514.00)	0.00	0.00	(248,514.00)	(246,511.02)	(2,002.98)	1	
4100.4108 RECYCLING REVENUE:MUNICIPAL	(101,164.05)	0.00	0.00	(101,164.05)	(103,168.02)	2,003.97	(2)	
384 Dues / fees revenue	(1,011,808.88)	0.00	0.00	(1,011,808.88)	(993,345.00)	(18,463.88)	2	
5000.5001 ADMINISTRATION:BAD DEBTS	0.00	0.00	0.00	0.00	220.14	(220.14)	(100)	
5000.5002 ADMINISTRATION:BANK CHARGES	2,073.24	(254.93)	0.00	1,818.31	1,278.93	539.38	42	
5000.5004 ADMINISTRATION:DEPRECIATION-	479,834.39	0.00	0.00	479,834.39	226,859.83	252,974.56	112	
5000.5005 ADMINISTRATION:INSURANCE	36,705.96	0.00	0.00	36,705.96	30,927.00	5,778.96	19	
5000.5006 ADMINISTRATION:LEGAL ACCOUN	7,453.46	(3,499.96)	0.00	3,953.50	1,711.58	2,241.92	131	
5000.5007 ADMINISTRATION:TRAVEL & EDUC	110.00	0.00	0.00	110.00	1,806.38	(1,696.38)	(94)	
581.110 Administration	526,177.05	(3,754.89)	0.00	522,422.16	262,803.86	259,618.30	99	
4100.5124 LANDFILL:PESTICIDE SITE	581.70	0.00	0.00	581.70	0.00	581.70	0	
5100.5013 LANDFILL:GROUNDS KEEPING/LAN	124.93	0.00	0.00	124.93	0.00	124.93	0	
5100.5014 LANDFILL:METAL REMOVAL	193.60	0.00	0.00	193.60	0.00	193.60	0	
5100.5101 LANDFILL:ADVERTISING & SIGNS	14,654.02	0.00	0.00	14,654.02	7,654.90	6,999.12	91	
5100.5102 LANDFILL:BOBCAT EXPENSE	7,132.38	0.00	0.00	7,132.38	5,638.86	1,493.52	26	
5100.5103 LANDFILL:CAMERA SYSTEM	300.00	0.00	0.00	300.00	0.00	300.00	0	
5100.5108 LANDFILL:DETENTION POND	3,522.46	0.00	0.00	3,522.46	4,739.88	(1,217.42)	(26)	
5100.5109 LANDFILL:EQUIPMENT SHOP REPA	803.25	0.00	0.00	803.25	300.00	503.25	168	
5100.5110 LANDFILL:EQUIPMENT SHOP UTILI	5,444.92	0.00	0.00	5,444.92	5,623.23	(178.31)	(3)	
5100.5111 LANDFILL:EVAPORATION PIT	8,389.89	0.00	0.00	8,389.89	10,193.16	(1,803.27)	(18)	

Drumheller & District Solid Waste Manage

Year End: December 31, 2020

Leadsheet Summary

Account	Prelim	Adj's	Reclass	Rep	Rep 12/19	Amount Chg	%Chg
5100.5112 LANDFILL:GAS MONITORING	280.00	0.00	0.00	280.00	160.00	120.00	75
5100.5113 LANDFILL:GROUNDS KEEPING/LAN	0.00	0.00	0.00	0.00	121.33	(121.33)	(100)
5100.5114 LANDFILL:GROUNDWATER MONITC	13,047.00	0.00	0.00	13,047.00	5,740.29	7,306.71	127
5100.5115 LANDFILL:LABORATORY TESTING	1,903.36	0.00	0.00	1,903.36	1,439.30	464.06	32
5100.5117 LANDFILL:LEACHATE LIFT STATION	1,063.55	0.00	0.00	1,063.55	1,083.13	(19.58)	(2)
5100.5118 LANDFILL:LITTER PROGRAM	1,807.73	0.00	0.00	1,807.73	1,655.16	152.57	9
5100.5119 LANDFILL:LOCKS & SECURITY	244.98	0.00	0.00	244.98	444.93	(199.95)	(45)
5100.5120 LANDFILL:MEMBERSHIP, FEES & D	12,109.32	0.00	0.00	12,109.32	11,232.42	876.90	8
5100.5121 LANDFILL:INTERNET/PHONE SERV	1,800.00	0.00	0.00	1,800.00	600.00	1,200.00	200
5100.5122 LANDFILL:ODOR & PEST CONTROL	78.11	0.00	0.00	78.11	39.98	38.13	95
5100.5123 LANDFILL:PAINT RECYCLING PROC	19,874.87	0.00	0.00	19,874.87	14,297.86	5,577.01	39
5100.5124 LANDFILL:MISCELLANEOUS	375.00	0.00	0.00	375.00	0.00	375.00	0
5100.5125 LANDFILL:PROFESSIONAL SERVIC	21,265.81	0.00	0.00	21,265.81	32,096.06	(10,830.25)	(34)
5100.5126 LANDFILL:ROAD ACCESS	11,045.00	0.00	0.00	11,045.00	7,329.00	3,716.00	51
5100.5127 LANDFILL:SAFETY & MEDICAL SUP	679.08	0.00	0.00	679.08	1,148.40	(469.32)	(41)
5100.5128 LANDFILL:SITE DEVELOPMENT & S	11,295.09	0.00	0.00	11,295.09	6,009.09	5,286.00	88
5100.5129 LANDFILL:SITE LEASES & TAXES	200.00	0.00	0.00	200.00	275.00	(75.00)	(27)
5100.5130 LANDFILL:SITE PREPARATION & DI	852.50	0.00	0.00	852.50	0.00	852.50	0
5100.5131 LANDFILL:STAFF APPRECIATION	84.61	0.00	0.00	84.61	900.19	(815.58)	(91)
5100.5133 LANDFILL:SURFACE WATER MANA	98.10	0.00	0.00	98.10	0.00	98.10	0
5100.5134 LANDFILL:TRAILER EXPENSES	1.64	0.00	0.00	1.64	961.55	(959.91)	(100)
5100.5135 LANDFILL:TOOLS	229.62	0.00	0.00	229.62	104.79	124.83	119
5100.5136 LANDFILL:TOXIC WASTE ROUNDUP	6,956.57	0.00	0.00	6,956.57	9,983.29	(3,026.72)	(30)
5100.5138 LANDFILL:TRUCK EXPENSES	2,268.59	0.00	0.00	2,268.59	2,035.12	233.47	11
5100.5140 LANDFILL:WASTE SERVICES CONT	369,313.44	0.00	0.00	369,313.44	356,228.54	13,084.90	4
5100.5141 LANDFILL:WASTE SERVICES CONT	41,188.49	0.00	0.00	41,188.49	40,684.06	504.43	1
5100.5142 LANDFILL:WINTER COVER	0.00	0.00	0.00	0.00	1,980.00	(1,980.00)	(100)
5100.5145 LANDFILL:WOOD CHIPPER	467.88	0.00	0.00	467.88	0.00	467.88	0
5100.5146 LANDFILL:WEBSITE/FACEBOOK	0.00	0.00	0.00	0.00	2,998.00	(2,998.00)	(100)
5100.5190 Change in Closure/ post closure Liabil	0.00	3,826.40	0.00	3,826.40	266,778.80	(262,952.40)	(99)
5100.5200 LANDFILL:CAMERA SYSTEM	0.00	0.00	0.00	0.00	225.00	(225.00)	(100)
581.130 Landfill	559,677.49	3,826.40	0.00	563,503.89	800,701.32	(237,197.43)	(30)
5200.5201 RECYCLING DEPARTMENT:ADVER	127.96	0.00	0.00	127.96	255.23	(127.27)	(50)
5200.5204 RECYCLING DEPARTMENT:BIN REI	183.23	0.00	0.00	183.23	1,276.45	(1,093.22)	(86)
5200.5205 RECYCLING DEPARTMENT:BOBCA	7,132.41	0.00	0.00	7,132.41	5,638.81	1,493.60	26
5200.5206 RECYCLING DEPARTMENT:BUILDIN	12,000.00	0.00	0.00	12,000.00	12,000.00	0.00	0
5200.5207 RECYCLING DEPARTMENT:BUILDIN	8,468.55	0.00	0.00	8,468.55	8,026.96	441.59	6
5200.5209 RECYCLING DEPARTMENT:DEPRE	63,188.67	0.00	0.00	63,188.67	82,903.63	(19,714.96)	(24)
5200.5210 RECYCLING DEPARTMENT:EQUIPM	10,396.59	0.00	0.00	10,396.59	8,907.67	1,488.92	17
5200.5211 RECYCLING DEPARTMENT:FENCIN	6,592.54	0.00	0.00	6,592.54	0.00	6,592.54	0
5200.5212 RECYCLING DEPARTMENT:FORKLI	182.92	0.00	0.00	182.92	245.18	(62.26)	(25)
5200.5214 RECYCLING DEPARTMENT:HAULIN	96,657.55	0.00	0.00	96,657.55	93,759.29	2,898.26	3
5200.5215 RECYCLING DEPARTMENT:INKIND	129,960.20	0.00	0.00	129,960.20	136,860.00	(6,899.80)	(5)
5200.5216 RECYCLING DEPARTMENT:INSURA	7,606.99	0.00	0.00	7,606.99	6,897.00	709.99	10
5200.5217 RECYCLING DEPARTMENT:JANITO	50.16	0.00	0.00	50.16	11.50	38.66	336
5200.5218 RECYCLING DEPARTMENT:LEGAL	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0
5200.5219 RECYCLING DEPARTMENT:MEMBE	90.00	0.00	0.00	90.00	85.00	5.00	6
5200.5221 RECYCLING DEPARTMENT:OFFICE	272.87	0.00	0.00	272.87	94.73	178.14	188
5200.5222 RECYCLING DEPARTMENT:OIL REC	0.00	0.00	0.00	0.00	65.00	(65.00)	(100)
5200.5223 RECYCLING DEPARTMENT:PEST &	7.98	0.00	0.00	7.98	0.00	7.98	0
5200.5224 RECYCLING DEPARTMENT:PROPA	0.00	0.00	0.00	0.00	1,879.08	(1,879.08)	(100)
5200.5226 RECYCLING DEPARTMENT:SAFETY	1,359.47	0.00	0.00	1,359.47	958.52	400.95	42
5200.5227 RECYCLING DEPARTMENT:SECUR	840.00	0.00	0.00	840.00	262.46	577.54	220
5200.5228 RECYCLING DEPARTMENT:STAFF	410.00	0.00	0.00	410.00	525.00	(115.00)	(22)
5200.5229 RECYCLING DEPARTMENT:SUPPLI	3,765.23	0.00	0.00	3,765.23	4,102.64	(337.41)	(8)

Drumheller & District Solid Waste Manage

Year End: December 31, 2020

Leadsheet Summary

Account	Prelim	Adj's	Reclass	Rep	Rep 12/19	Amount Chg	%Chg
5200.5230 RECYCLING DEPARTMENT:TOOLS	0.00	0.00	0.00	0.00	265.31	(265.31)	(100)
5200.5232 RECYCLING DEPARTMENT:TRAVEI	12.85	0.00	0.00	12.85	1,681.11	(1,668.26)	(99)
5200.5233 RECYCLING DEPARTMENT:TRUCK	6,617.40	0.00	0.00	6,617.40	9,476.58	(2,859.18)	(30)
5200.5235 RECYCLING DEPARTMENT:UTILITII	18,776.79	0.00	0.00	18,776.79	18,415.90	360.89	2
5200.5236 RECYCLING DEPARTMENT:WAGES	226,154.46	0.00	0.00	226,154.46	217,872.44	8,282.02	4
5200.5239 RECYCLING DEPARTMENT:TRAILE	1,997.67	0.00	0.00	1,997.67	0.00	1,997.67	0
5200.5241 RECYCLING DEPARTMENT:MISCEL	0.00	0.00	0.00	0.00	16.97	(16.97)	(100)
5200.5242 RECYCLING DEPARTMENT:TRAILE	0.00	0.00	0.00	0.00	296.46	(296.46)	(100)
5220.5230 RECYCLING DEPARTMENT:TOOLS	214.36	0.00	0.00	214.36	0.00	214.36	0
581.150 Recycling	604,566.85	0.00	0.00	604,566.85	612,778.92	(8,212.07)	(1)
5300.5301 SCALE HOUSE:COMMUNICATIONS	178.89	0.00	0.00	178.89	190.00	(11.11)	(6)
5300.5303 SCALE HOUSE:JANITORIAL SUPPL	87.47	0.00	0.00	87.47	87.97	(0.50)	(1)
5300.5304 SCALE HOUSE:OFFICE & COMPUTI	9,349.49	0.00	0.00	9,349.49	7,985.75	1,363.74	17
5300.5305 SCALE HOUSE:REPAIRS & MAINT	7,013.75	0.00	0.00	7,013.75	3,105.39	3,908.36	126
5300.5307 SCALE HOUSE:UTILITIES	5,440.28	0.00	0.00	5,440.28	5,586.36	(146.08)	(3)
5300.5308 SCALE HOUSE: COVID-19	1,456.71	0.00	0.00	1,456.71	0.00	1,456.71	0
5300.5309 SCALE HOUSE:WAGES & BENEFIT:	226,410.11	0.00	0.00	226,410.11	184,714.84	41,695.27	23
5300.5310 SCALE HOUSE:HEALTH & WELLNE	0.00	0.00	0.00	0.00	500.00	(500.00)	(100)
581.170 Scale house	249,936.70	0.00	0.00	249,936.70	202,170.31	47,766.39	24
5400.5403 TRANSPORTATION:WASTE HAULIN	358,859.49	0.00	0.00	358,859.49	318,053.41	40,806.08	13
5400.5404 TRANSPORTATION:TRANSTOR REI	0.00	0.00	0.00	0.00	5,888.25	(5,888.25)	(100)
5400.5405 TRANSPORTATION:TRANSFER ST/	0.00	0.00	0.00	0.00	10,681.00	(10,681.00)	(100)
581.190 Transportation	358,859.49	0.00	0.00	358,859.49	334,622.66	24,236.83	7
4000.4004 LANDFILL REVENUE:INTEREST EAI	0.00	(3,844.95)	0.00	(3,844.95)	0.00	(3,844.95)	0
4000.4006 LANDFILL REVENUE:INTEREST EAI	(95,372.46)	0.00	0.00	(95,372.46)	(117,020.29)	21,647.83	(18)
321.8100 Interest income (OI)	(95,372.46)	(3,844.95)	0.00	(99,217.41)	(117,020.29)	17,802.88	(15)
4000.4008 LANDFILL REVENUE:MISCELLANEC	(13,442.59)	0.00	0.00	(13,442.59)	(16,433.72)	2,991.13	(18)
4100.4106 RECYCLING REVENUE:MISCELLAN	(2,839.79)	0.00	0.00	(2,839.79)	(2,364.98)	(474.81)	20
381.800 Other revenue	(16,282.38)	0.00	0.00	(16,282.38)	(18,798.70)	2,516.32	(13)
	<u>(365,857.09)</u>	<u>(2,437.46)</u>	<u>0.00</u>	<u>(368,294.55)</u>	<u>242,695.60</u>	<u>(610,990.15)</u>	<u>(252)</u>

MANAGEMENT REPRESENTATION LETTER



Drumheller & District Solid Waste Management Association

P.O. Box 808
Drumheller, AB
T0J 0Y0

October 12, 2021

RSM Alberta LLP
Chartered Professional Accountants
2500 Bell Tower
10104 103 Ave
Edmonton, Alberta
T5J 0H8

Dear Sirs and Mesdames:

We are providing this letter in connection with your audit of the financial statements of Drumheller & District Solid Waste Management Association (the "Association") as at December 31, 2020 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Drumheller & District Solid Waste Management Association in accordance with Canadian public sector accounting standards.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of October 12, 2021, the following representations were made to you during your audit.

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 1, 2021, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.
2. The Association's significant accounting policies are disclosed in the financial statements and:
 - (a) there have been no changes in the Association's accounting policies.
 - (b) the accounting policies selected and applied are appropriate in the circumstances.
 - (c) significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

3. Significant matters have not arisen that would require a restatement of the comparative financial statements, except as disclosed in the financial statements and which are adequately accounted for and disclosed.

Completeness of information

4. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of this audit;
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - all minutes of the meetings of shareholders, directors and committees of directors, or summaries of recent meetings for which minutes have not yet been prepared.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory agencies, applicable securities commissions or governmental authorities, including their financial reporting requirements.
7. We are unaware of any instances of non-compliance or suspected non-compliance with laws or regulations the effects of which should be considered when preparing financial statements.
8. We have identified to you all known related parties and all known related party relationships and transactions, including guarantees, non-monetary transactions and transactions for no consideration.
9. We have communicated to you all deficiencies in internal control of which management is aware.

Fraud and error

10. We have no knowledge of fraud or suspected fraud affecting the Association involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, analysts, regulators or others.
12. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

13. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
15. All related party relationships and transactions have been appropriately measured and disclosed in the financial statements.

16. We are aware of the environmental laws and regulations that impact our Association and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.
17. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
18. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel. Any such items have been accounted for and disclosed in accordance with Canadian public sector accounting standards.
19. We confirm that there are no derivative or off-balance sheet financial instruments held at the year then ended.
20. All liabilities, both actual and contingent, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
21. The Association has satisfactory title to, or control over, all assets, and there are no liens or encumbrances on the Association's assets or assets pledged as collateral that are not disclosed in the notes to the financial statements.
22. We have disclosed to you, and the Association has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
23. There have been no events subsequent to the statement of financial position date up to the date hereof that would require recognition or disclosure in the financial statements other than that disclosed in the notes to the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.
24. We agree with the findings of Ventus Geospatial (the "specialist") in evaluating the Association's capacity usage of the landfill and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that could reasonably be thought to impact the independence or objectivity of the specialist.
25. We agree with the findings of AECOM Canada Ltd. (the "specialist") in evaluating the Association's closure and post closure costs of the landfill and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that could reasonably be thought to impact the independence or objectivity of the specialist.
26. We agree with the restatement of the financial statements discussed in Note 13 of the financial statements. In that regard:
 - The restatement is to correct an error in those financial statements;
 - We were not aware of the error when those financial statements were issued; and
 - We are not aware of any other errors in those financial statements.

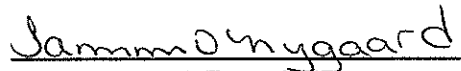
We do not believe it is necessary to recall those financial statements and the users of those financial statements will receive a copy of the financial statements and independent auditor's report.

27. The terms of your engagement, as set out in your letter to us dated April 1, 2021, are still in effect and we agree with the terms as set out.

Journal entry approval

28. We approve of and acknowledge responsibility for the journal entries summarized in the accompanying schedule.

Yours very truly,



Tammi Nygaard, Executive Director

Drumheller & District Solid Waste Management Association

Year End: December 31, 2020

Journal Entries: Adjusting

Date: 01/01/2020 To 12/31/2020

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
1	12/31/2020	Retained Earnings	3900			254.93				
1	12/31/2020	ADMINISTRATION:BANK CHARGES	5000.5002				254.93			
		To adjust opening retained earnings.								Factual
2	12/31/2020	OTHER ACCOUNTS PAYABLE	2002	6100	LEAD	3,499.96				
2	12/31/2020	ADMINISTRATION:LEGAL ACCOUNTING & AU	5000.5006	6100	LEAD		3,499.96			
		To adjust RSM audit fee accrual.								Factual
3	12/31/2020	CLOSURE/POST CLOSURE LIABILITY	2060	6201			3,684,439.46			
3	12/31/2020	Landfill closure reserve	5100.5105	6201		3,680,613.06				
3	12/31/2020	Change in Closure/ post closure Liability	5100.5190	6201		3,826.40				
		To adjust provision for landfill closure and post closure costs.								Factual
4	12/31/2020	ACCTS REC - TRANSTOR REPLACE 2020	1152				149,604.22			
4	12/31/2020	Loan - transtor replacement proj.	1280			136,707.76				
4	12/31/2020	Current portion of Loan-transtor replacement pr	1281			15,405.43				
4	12/31/2020	Government transfers for capital	4000.4001			1,335.98				
4	12/31/2020	LANDFILL REVENUE:INTEREST EARNED	4000.4004				3,844.95			
		To adjust loan on transtor replacement project								Factual
						3,841,643.52	3,841,643.52			
Net Income (Loss)			368,294.55							

Summary of Uncorrected Misstatements

Description	Effect: Increase (Decrease)					
	Assets	Liabilities	Net Assets	Revenue	Expenses	Revenue over (under) expenses
Unrecorded misstatement - factual						
SLAM 1 - To record error on opening accumulated amortization on transfer station	\$ (29,633)	\$ -	\$ -	\$ -	\$ 29,633	\$ (29,633)
SLAM 2 - To carry forward and record current year long-term service benefit and accrue current year benefit.	-	18,400	(17,062)	-	1,339	(1,339)
Unrecorded misstatement - Projected						
None present						
Unrecorded misstatement - Judgmental						
None present						
Total uncorrected misstatements	\$ (29,633)	\$ 18,400	\$ (17,062)	\$ -	\$ 30,972	\$ (30,972)
Cummulative net assets misstatements			\$ (48,034)			





October 12, 2021

Drumheller & District Solid Waste Management Association
P.O. Box 808
Drumheller, AB
T0J 0Y0

Attention: Tammi Nygaard, Executive Director

RSM Alberta LLP

2500 Bell Tower
10104 103rd Ave
Edmonton, AB T5J 0H8

O +1 780 428 1522
F +1 780 425 8189

rsmcanada.com

Dear Madam:

Re: Audit of December 31, 2020 Financial Statements

The objective of our audit was to express an opinion on the financial statements and our audit included considerations of internal controls relevant to our audit to obtain reasonable assurance that the financial statements were free of material misstatements. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal controls or for identifying all significant deficiencies that may exist. Accordingly, our audit would not usually identify all such matters that may be of interest to you and is inappropriate to conclude that no such matters exist.

A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We have identified the following significant deficiencies that we wish to bring to the attention of management:

Engineers Report and Landfill Liability Calculation

During the year, RSM uncovered that an engineers report was generated in 2014 that had not been provided to the audit team. This report contained imperative information for the calculation of the landfill liability. RSM recommends the implementation of an annual review and consideration of the report to ensure that an assessment is completed when indications of changes exist. RSM also recommends that review processes are implemented to ensure that all third party reports are included in the information provided to the year-end audit team.

Formal Approval of Adjusting Journal Entries

During our audit, RSM noted that there was no formal evidence of journal entries being reviewed and approved prior to posting into the accounting system. The risk is that without a proper review process in place unauthorized entries could be recorded. We recommend that a control sheet is implemented to show formal review and sign off of entries each month.

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Tammi Nygaard, Executive Director
Drumheller & District Solid Waste Management Association
August 18, 2021
Page 2

This communication is prepared solely for your information and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

In closing, we appreciate the co-operation from you and your staff during our audit. If you have any questions, please do not hesitate to contact us. It is a pleasure for us to be of service and we look forward to many more years of association with you.

Yours very truly,

RSM Alberta LLP

per: Leon Pfeiffer, CPA, CA, Partner

REPORT TO THOSE CHARGED WITH GOVERNANCE





Drumheller & District Solid Waste Management Association

Report to the Council
For the Year Ended December 31, 2020



October 12, 2021

The Council
Drumheller & District Solid Waste Management Association
P.O. Box 808
Drumheller, AB
T0J 0Y0

RSM Alberta LLP
2500 Bell Tower
10104 103rd Ave
Edmonton, AB T5J 0H8
T +1780 428 1522
F +1780 425 8189

Dear Sirs/Mesdames:

Re: Audit of the financial statements of Drumheller & District Solid Waste Management Association

This report summarizes key aspects of our audit plan and key audit findings which we believe to be of interest to assist the Council in discharging its responsibilities in connection with the audited financial statements of the Drumheller & District Solid Waste Management Association (the "Association") for the year ended December 31, 2020.

We would like to express our appreciation for the cooperation we received from the officers and employees of the Association with whom we worked during our audit. We look forward to meeting with the Council to discuss the content of this report and answering any questions you may have.

Yours very truly,

RSM Alberta LLP

per: Leon Pfeiffer, Partner

cc: Tammi Nygaard - Executive Director

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STATUS OF THE AUDIT

We have substantially completed our audit of the financial statements of the Association for the year ended December 31, 2020.

Outstanding items

The following items require completion prior to issuing our auditor's report:

- receipt of management representation letter (Appendix E);
- subsequent events review to audit report date;
- approval of the financial statements by Council.

Independent auditor's report

Our draft independent auditor's report is attached (Appendix C).

AUDIT TEAM

Audit team

RSM Alberta LLP professionals involved in the audit will include the following:

Team Member	Position	Phone	E-Mail
Leon Pfeiffer, CPA, CA	Audit Partner	(780) 784-2903	Leon.Pfeiffer@rsmcanada.com
Rae-Lee Doll, CPA	Assurance Senior Manager	(780) 784-2925	rae-lee.doll@rsmcanada.com

AUDIT APPROACH

Certain aspects of our planned audit approach are intended to help you discharge your oversight responsibilities. Our general approach to the audit of the financial statements of the Association was to assess the risks of material misstatement in the financial statements and respond by designing audit procedures to address these risks.

Audit objective

The objective of our audit was to obtain reasonable assurance that the financial statements are free from material misstatement. Our audit was not designed to identify all matters which may be of interest to the Council in discharging its responsibilities. However, we will communicate matters relating to misstatements, fraud, illegal or possibly illegal acts and material weaknesses and significant deficiencies in internal controls, should we encounter any such items, elsewhere in this report.

Internal controls

Our audit included an assessment of the design and implementation of the system of internal controls to assist us in determining the nature and extent of audit procedures to be performed. We placed no reliance on the system of internal controls at Drumheller & District Solid Waste Management Association. Our audit was conducted using a substantive approach. We used data analytic techniques and procedures to select samples, test opening balances, automate selected vouching procedures and enhance our journal entry testing.

Materiality

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgment in the particular circumstances.

Final overall materiality was \$77,000 based on revenues.

SIGNIFICANT AUDIT FINDINGS

Accounting policies

Management is responsible for selecting and applying appropriate accounting policies. The Council is responsible to review accounting policies adopted by the Association and where alternative policies are available, determine the most appropriate policies to be adopted in the circumstances. If the Council believes that the adoption of or change in accounting policies may produce inappropriate or misleading financial reporting, this concern must be discussed with management and us.

Our views on the qualitative aspects of accounting practices used in the Association's financial reporting are intended to assist the Council in its review of the financial statements. Policies affecting the understandability, relevance, reliability and comparability of the financial statements are:

Changes in significant accounting policies, including adoption of new standards.	There were no new accounting policies adopted or changes to the application of accounting policies of the Association during the year.
Accounting policies unique to the industry, or relate to controversial or emerging areas.	No significant items to report.
Existence of alternative policies and methods.	No significant items to report.

Effect of timing of occurrence and recognition of transactions relating to when accounting policies are adopted.

No significant items to report.

Conclusion

We reviewed the significant accounting policies selected and applied by management and in our judgment, we believe that the accounting policies are, in all material respects, acceptable under Canadian public sector accounting standards and are appropriate to the particular circumstances of the Association.

Assurance Standards

CAS 540 – Auditing Accounting Estimates and Related Disclosure

This Canadian Auditing Standard (CAS) is the revised standard for auditing accounting estimates and is effective for audits of financial statements for periods beginning on or after December 15, 2019. The standard establishes more robust requirements and detailed guidance in various areas of an audit to increase audit quality, which had a significant impact on the audit risk assessment procedures and the audit work we performed.

Significant risks and other significant findings

Our risk-based audit approach focused on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriate level.

The following is a summary of key issues and significant risks of material misstatement, whether due to fraud or error, encompassing areas of estimates and related judgments and assumptions, significant or unusual transactions and sensitive financial statement disclosures, identified during the audit:

Issue/Risk Area - Management override of controls

Issue/Risk Area

Management override of controls is, by definition, a significant risk

Our Response

During the course of our audit, we designed and performed audit procedures to respond to the risks of management override of controls. Our procedures included assessing appropriateness of general journal entries and other adjustments on a test basis, reviewing accounting estimates for biases and evaluating business rationale for transactions outside the normal course of business. These procedures did not reveal any evidence of management override of controls and, as such, no additional audit procedures were performed.

Issue/Risk Area - Revenue recognition

Issue/Risk Area

Occurrence of revenues and completeness of deferred revenues is assessed as a significant risk in accordance with Canadian Auditing Standards ("CAS") 240 - The Auditor's Responsibility to Consider Fraud, which requires a presumed risk of fraud over revenue recognition.

Our Response

During the course of our audit, we designed and performed audit procedures to respond to the risk of the occurrence of revenues and completeness of deferred revenues. Our procedures included substantive testing. These procedures did not reveal any evidence of fraud or errors in the recording of revenues and therefore additional audit procedures were not considered necessary.

Issue/Risk Area - Provision for landfill closure and post-closure costs

Issue/Risk Area

Management relies on estimates from experts in the field to determine the liability related to the landfill closure and post-closure costs. This estimate is complex and therefore additional procedures are completed around the provision.

Our Response

During the course of our audit, we obtained the calculations and reports as prepared by the third party engineers related to the present value of the closure and post closure costs and the landfill capacity. We tested the inputs of the calculation and ensured the engineer was qualified in their assessment. The procedures provided reasonable assurance that the estimates were not materially misstated and therefore no additional procedures were performed.

Conclusion

We reviewed all significant accounting estimates and agree that they are, in all material respects, free of possible management bias and of material misstatement. The accounting treatment of the items noted above and related disclosures are appropriate and in accordance with Canadian public sector accounting standards. We were able to obtain sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriate low level.

MISSTATEMENTS AND ADJUSTMENTS

Adjustments

During our audit, we identified accounting differences that required adjustment. These differences were adjusted by management after discussion with us (Appendix F).

Uncorrected misstatements

During our audit, we aggregated uncorrected financial statement misstatements. Management deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements. Management has not corrected these misstatements. We are required to request that the Council consider adjusting the financial statements for these misstatements although we acknowledge that the amounts are immaterial (Appendix G).

SIGNIFICANT STANDARDS CHANGES

The following addresses significant recent changes to standards which may impact the Association. We have considered these factors in our audit of the Association for the year ended December 31, 2020. A further discussion of the accounting changes is noted below. At this time we are not aware of any changes to assurance or regulatory standards.

Accounting matters

PS 3041 - Portfolio Investments

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 1201 - Financial Statement Presentation:

The implementation of this standard requires a new statement of remeasurement gains and losses separate from the statement of operations. This new statement will include the unrealised gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 3450 - Financial Instruments:

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the City. Unrealised gains and losses will be presented on the new statement of remeasurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 2601 - Foreign Currency Translation:

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency, and non-monetary items valued at fair value, denominated in a foreign currency, to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealised gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 3280 - Asset Retirement Obligations:

This section establishes the recognition, measurement, and disclosure requirements for asset retirement obligations. This section requires management to prepare a best estimate of the obligation when there is a legal obligation to incur retirement costs, the transaction giving rise to the liability has occurred and future costs will be incurred. The liability must be reassessed at each financial statement date. This standard is effective for fiscal years beginning on or after April 1, 2022.

Appendix A

Auditor, management and the Council' responsibilities

Auditor's responsibilities

The auditor is responsible for:

- conducting the audit in accordance with Canadian generally accepted auditing standards (“GAAS”);
- complying with ethical requirements, including those pertaining to independence; and
- planning and performing the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error.

Our engagement letter (Appendix D) contains a complete discussion of our responsibilities.

Management's responsibilities

Management is responsible for:

- preparing and fairly presenting the financial statements in accordance with Canadian public sector accounting standards including internal controls management determines necessary to allow for the preparation of financial statements free from material misstatement; and
- ensuring that we have access to all information and persons within the Association necessary to complete our audit.

Council responsibilities

The Council is responsible for:

- providing direction in the audit planning process, when and where appropriate, including providing guidance on any additional work they feel should be undertaken;
- meeting with the auditors to discuss issues relevant to the audit and enquiring into audit findings.

Appendix B

Other required communications

Area	Comment
Illegal Acts, Fraud, Intentional Misstatements and Errors	Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of financial information.
Related Party Transactions	We conducted tests and procedures to identify related parties and transactions. Our audit did not reveal any related parties or significant related party transactions that were not disclosed to us by management, nor did it reveal any significant related party transactions which give rise to suspected fraud. There has been no disagreement between management and ourselves regarding the accounting for and disclosure of related party transactions.
Deficiencies in Internal Controls	<p>A financial statement audit is not designed to and we are not providing any assurance on internal controls. During our audit, we identified the following significant deficiencies in internal controls:</p> <ul style="list-style-type: none"><li data-bbox="570 974 1192 1003">• Engineers Report and Landfill Liability Calculation <p data-bbox="607 1024 1414 1297">During the year, RSM uncovered that an engineers report was generated in 2014 that had not been provided to the audit team. This report contained imperative information for the calculation of the landfill liability. RSM recommends the implementation of an annual review and consideration of the report to ensure that an assessment is completed when indications of changes exist. RSM also recommends that review processes are implemented to ensure that all third party reports are included in the information provided to the year-end audit team.</p> <ul style="list-style-type: none"><li data-bbox="570 1346 1135 1375">• Formal Approval of Adjusting Journal Entries <p data-bbox="607 1396 1414 1570">During our audit, RSM noted that there was no formal evidence of journal entries being reviewed and approved prior to posting into the accounting system. The risk is that without a proper review process in place unauthorized entries could be recorded. We recommend that a control sheet is implemented to show formal review and sign off of entries each month.</p>
Disagreements with Management	During our audit, we did not have any significant disagreements with management.
Consultations with Other Accountants	We are not aware of any consultations that have taken place with other accountants.
Cooperation of Management	We received full cooperation of management and other personnel during our audit and we had full and unrestricted access to all records and personnel required to complete our audit. We encountered no significant difficulties during our audit that should be brought to the attention of the Council.

Appendix C

Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

To the Members of Drumheller & District Solid Waste Management Association

Opinion

We have audited the financial statements of Drumheller & District Solid Waste Management Association (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes and schedules to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta

Chartered Professional Accountants

Appendix D

Engagement letter





April 1, 2021

Members
Drumheller & District Solid Waste Management Association
P.O. Box 808
Drumheller, AB
T0J 0Y0

RSM Alberta LLP
2500 Bell Tower
10104 103rd Ave
Edmonton, AB T5J 0H8
T +1780 428 1522
F +1780 425 8189

Attention: Tammi Nygaard, Executive Director of Operations

The Objective and Scope of the Audit of the Financial Statements

You have requested that RSM Alberta LLP ("RSM" or the "Firm" or "we") audit the financial statements of Drumheller & District Solid Waste Management Association (the "Association"), which comprise the statement of financial position as at December 31, 2020, the statements of operations, changes in accumulated surplus, net financial assets, and cash flows for the year then ended, and the related summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter (this "Engagement Letter"). Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with Canadian generally accepted auditing standards ("CAS"). 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 risk of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with CAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to the entity's preparation 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. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

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We will also communicate to the Members (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We will maintain our independence in accordance with the Rules of Professional Conduct as issued by CPA Alberta.

Our services under this Engagement Letter do not include services for tax return preparation, tax advice or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions should not be used as the basis for proceeding with any transaction or any tax return reporting.

If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management acknowledges and understands that it has responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. 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;
4. For assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so; and
5. To provide us with:
 - (a) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - (b) Additional information that we may request from management for the purpose of the audit; and
 - (c) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Engagement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Association complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers or others.

The Members is responsible for informing us of its views about the risks of fraud within the Association, and its knowledge of any fraud or suspected fraud affecting the Association.

The Association agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our permission. Any such request is also a matter for which separate arrangements will be necessary. After obtaining our permission, the Association also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Association seeks our permission, we will be under no obligation to grant such permission or approval.

Where our report is reproduced in any medium, the complete financial statements, including notes, must also be presented. Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper based). This includes any incorporation by reference to either full or summarized financial statements that we have audited. We are not required to read the information contained in your website, or to consider the consistency of other information in the electronic site with the original document.

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document must be submitted to us in sufficient time for our review and approval before the publication or posting process begins.

Without informing us prior to such solicitation, Drumheller & District Solid Waste Management Association will not solicit for employment or for a position on its Board of Directors any current or former partner or professional employee of RSM if such partner or professional employee has been involved in the performance of any service for the Association at any time during the two years preceding the date of such solicitation.

Records and Assistance

If circumstances arise relating to the condition of the Association's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Association's books and records. The Association will be responsible for ensuring that all such data, if necessary, will be so reflected. Accordingly, the Association will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Association personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Tammi Nygaard, Executive Director of Operations. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, computing the provision for income taxes, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

Other Relevant Information

We may mention the Association's name and provide a general description of the engagement in our client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

RSM is a limited liability partnership established pursuant to the laws of the province of Ontario. RSM is a partnership, but each individual partner is not personally liable for the debts, liabilities or obligations of RSM arising from the negligent acts or omissions of another partner. Subject to the provisions of this Engagement Letter, each individual partner remains personally liable for his or her own actions and omissions and for the actions and omissions of those other RSM personnel whom they directly supervise or control.

Parties' Understandings Concerning Situation Around COVID-19

RSM and the Association acknowledge that, at the time of the execution of this engagement letter, federal, provincial and local governments, both domestic and foreign, have restricted travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the Canada, United States and around the globe, RSM has restricted its employees from travel and onsite work, whether at a client facility or RSM facility, to protect the health of both RSM's and its clients' employees. Accordingly, to the extent that any of the services described in this engagement letter requires or relies on RSM or the Association personnel to travel and/or perform work onsite, either at the Association's or RSM's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, RSM and the Association acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either RSM's or the Association's sole discretion. RSM and the Association agree to provide the other with prompt written notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. RSM and the Association also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. RSM will obtain the Association's prior written approval (email will be sufficient) for any increase in the cost of RSM services that may result from the situation surrounding COVID-19.

Fees, Costs, and Access to Workpapers

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus directly billed expenses, including report processing, travel, meals, and fees for services from other professionals, as well as a charge of 5 percent of fees for all other expenses, including indirect administrative expenses such as technology, research and library databases, communications, photocopying, postage and clerical assistance. Goods and Services Tax (GST), Harmonized Sales Tax (HST), Québec Sales Tax (QST) and retail sales tax, where applicable, will be computed and shown separately on our invoices, together with our firm's GST/HST/QST registration numbers, so that you will have the information required to claim input tax credits and input tax refunds, if applicable.

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct out-of-pocket expenses and are due when rendered. Fees for any additional services will be established separately

Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from the Association personnel;
2. Timely responses to our inquiries;
3. Timely completion and delivery of client assistance requests;
4. Timely communication of all significant accounting and financial reporting matters; and
5. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We will submit our bill for these services promptly upon rendering the report. Billings are due upon submission. The payment schedule for the aforementioned services is as follows:

First progress billing	Upon acceptance of this engagement letter	\$	2,500
Final billing including applicable taxes	Upon issuance of our report		<u>2,500</u>
Total		\$	<u><u>5,000</u></u>

Fees and disbursements (if any) will be billed to you on an interim basis as the work is performed or upon completion of the work and will be due and payable upon presentation of our invoices. Applicable taxes will be charged in addition to fees, costs and disbursements. Invoices unpaid 45 days past the billing date will be deemed delinquent, and are subject to an interest charge of 12% per annum.

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we reserve the right to suspend our services under this Engagement Letter.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Association agrees it will compensate RSM for any additional costs incurred as a result of the Association's employment of a partner or professional employee of RSM.

The audit documentation for this engagement is the property of RSM and constitutes confidential information. Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by the Association or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Association, the Association will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, plus any applicable taxes, incurred in responding to such requests. This paragraph shall survive termination of this Engagement Letter.

Privacy and Confidentiality

It is hereby acknowledged that in order to complete our engagement, we may be required to access confidential information and/or personal information in your possession. By disclosing or transferring this information to us, you represent that you are doing so with the knowledge and consent of the subject or owner of the information, have obtained the necessary permission and consent for our collection, use and disclosure of this confidential information and/or personal information as contemplated herein. You further represent that you are disclosing and/or transferring any personal information in compliance with your own stated privacy policies and in accordance with applicable laws.

We will use the personal information you disclose and/or transfer to us for the purposes of completing this engagement. It will not otherwise be used or disclosed unless required by law, regulation or industry professional standards. The personal information may be stored on the servers of, or used by our services providers in, other jurisdictions. The personal information may therefore be subject to the laws of countries other than Canada. It will not otherwise be used or disclosed unless required by law. Any personal information we receive will be managed in accordance with our Privacy Policy which is available upon request.

Notwithstanding the above, and for clarity, RSM complies with the *Personal Information Protection and Electronic Documents ACT* (PIPEDA) and acknowledges that all personal information shared by you is confidential and will not be disclosed to any other parties except as provided in this Engagement Letter or as required by law.

To the extent that publicity is reasonably required to complete the engagement, RSM will have responsibility for the required publicity and you consent, following any required approvals requested by you, to our publicly advertising our involvement. Furthermore, unless you expressly request in writing that RSM not make public the subject matter of this Engagement Letter prior to RSM's completion of the engagement, we may (at our own expense) place advertisements or make reference on our website or distribute other marketing materials (in each case using your name and or logo) describing our role in the engagement. Once RSM has completed the work in this Engagement Letter, RSM may (at our own expense) place advertisements or make reference on our website or distribute other marketing materials (in each case using your name and or logo) describing our role in the engagement, unless you request RSM not to do so in writing. You may not publicize your association with RSM, including by way of a market and/or media release or that RSM has been retained by you to advise you without the prior written approval of RSM, which approval may not be unreasonably withheld.

Termination

Either party may, upon prior written notice, suspend or terminate the services under this Engagement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Engagement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Engagement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Engagement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for us to recommence work, the execution of a new Engagement Letter will be required.

RSM reserves the right to terminate this Agreement if: (i) circumstances arise that would cause RSM's continued performance to result in a violation of Law, a regulatory requirement, a legal process, a contractual obligation, or applicable professional or ethical standards; or (ii) if the Association is placed on a verified sanctioned entity list, or if any director or executive of, or other person closely associated with the Association or its Affiliate is placed on a verified sanctioned person list, in each case, including, but not limited to, lists promulgated by the Government of Canada under the *United Nations Act (UNA)*, the *Special Economic Measures Act (SEMA)*, the *Justice for Victims of Corrupt Foreign Officials Act (JVCFOA)*, the *Justice for Victims of Corrupt Foreign Officials Regulations under the Justice for Victims of Corrupt Foreign Officials Act*, or otherwise violates import or export controls (and applicable regulations) made under the *Export and Import Permits Act*, or the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, or any other relevant sanctioning authority.

Indemnification and Claim Resolution

Because RSM will rely on the Association and its management and Members to discharge the foregoing responsibilities, the Association holds harmless and releases RSM and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Association's management that has caused, in any respect, RSM's breach of contract or negligence. Further, you agree to indemnify and defend (by counsel retained and instructed by us) RSM and its partners, agents, officers, directors and employees, and hold them harmless from all claims, liabilities, losses, and costs arising in connection with:

- your breach, or a breach by your partners, agents, officers, directors or employees of any of the terms or covenants hereof, including without limitation, the misuse or unauthorized dissemination of our report;
- any claims with respect to reliance on our report by any party other than you, unless you can show that such report was received by such other party other than as a direct or indirect result of your action or inaction; and
- the services performed by us unless such losses, costs and damages are found to have been due to our negligence.

The Association and RSM agree that no claim arising out of services rendered pursuant to this agreement shall be asserted against RSM or any of its partners or employees more than the earlier of two years after the date of the audit report issued by RSM or the date of this Engagement Letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special or indirect damages. RSM's liability for all claims, damages and costs of the Association arising from this engagement is limited to the amount of fees paid by the Association to RSM for the services rendered under this Engagement Letter.

These provisions shall survive the termination of this Engagement Letter.

Information Security - Miscellaneous Terms

RSM is committed to the safe and confidential treatment of the Association's proprietary information. RSM is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Association agrees that it will not provide RSM with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the Association's information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

Reporting

We will issue a written report upon completion of our audit of the Association's financial statements. Our report will be addressed to the Members of the Association. We cannot provide assurance that an unmodified opinion will be expressed. The expected form and content of the report is outlined in Appendix I. Circumstances may arise in which it is necessary for us to modify our opinion, add or change emphasis-of-matter or other-matter paragraphs, or withdraw from the engagement. Accordingly, the form and content of our report may need to be amended in the light of our audit findings.

Security of Electronic Communication

During the engagement, subject to your consent pursuant to Canada's Anti-Spam Legislation, we may communicate with you by way of e-mail or other form of electronic transmission. As you may be aware, the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use (collectively, a "Breach"). Both RSM and you will take reasonable precautions acceptable in the industry to secure any networks or systems being used to communicate electronically from such a Breach. RSM shall have no liability to you arising from or in connection with a Breach. If the communication relates to a matter of significance and there are concerns about the possible effects of electronic transmission, a hard copy of such transmission should be requested from us.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

This Engagement Letter shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in Alberta, and constitutes the complete and exclusive statement of agreement between RSM and the Association, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this Engagement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

RSM ALBERTA LLP

RSM Alberta LLP

Leon Pfeiffer, CPA, CA
Partner

Confirmed on behalf of Drumheller & District Solid Waste Management Association:

Tammi Nygaard
Tammi Nygaard, Executive Director of Operations

April 20/21
Date

Consent to Use of Commercial Electronic Messages

Pursuant to Canada's Anti-Spam Legislation ("CASL"), RSM seeks your consent on your own behalf and on behalf of your employees to receive commercial electronic messages such as e-mails for the delivery of services and to receive newsletters, marketing materials and other information about our services. We are seeking your consent on behalf of RSM Canada LLP, RSM Alberta LLP, RSM Canada Consulting LP, RSM Canada Corporate Finance Inc., and RSM Canada Limited. If you wish to withdraw your consent to receive commercial electronic messages from us, please contact unsubscribe@rsmcanada.com. If you do not consent or if you later withdraw your consent, we will deliver our services to you by means of fax, phone, mail or courier or however else you reasonably instruct us.

To consent, please sign below and return this form to us at the address or e-mail address set out above.

Tammi Nygaard
Tammi Nygaard, Executive Director of Operations
Drumheller & District Solid Waste Management Association

April 20/21
Date

I have authority to bind the (the "Association") and I have authority to grant consent for receipt of the above commercial electronic messages on behalf of the employees.

Appendix I

Independent Auditor's Report

To the Members of Drumheller & District Solid Waste Management Association

Opinion

We have audited the financial statements of Drumheller & District Solid Waste Management Association (the "Association"), which comprise the statement of financial position as at December 31, 2020 and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, and its results of operations, its remeasurement gains and losses, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
DATE
Edmonton, Alberta

Appendix E

Management representation letter



Drumheller & District Solid Waste Management Association

P.O. Box 808
Drumheller, AB
T0J 0Y0

October xx, 2021

RSM Alberta LLP
Chartered Professional Accountants
2500 Bell Tower
10104 103 Ave
Edmonton, Alberta
T5J 0H8

Dear Sirs and Mesdames:

We are providing this letter in connection with your audit of the financial statements of Drumheller & District Solid Waste Management Association (the "Association") as at December 31, 2020 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Drumheller & District Solid Waste Management Association in accordance with Canadian public sector accounting standards.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of October xx, 2021, the following representations were made to you during your audit.

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 1, 2021, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.
2. The Association's significant accounting policies are disclosed in the financial statements and:
 - (a) there have been no changes in the Association's accounting policies.
 - (b) the accounting policies selected and applied are appropriate in the circumstances.
 - (c) significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

3. Significant matters have not arisen that would require a restatement of the comparative financial statements, except as disclosed in the financial statements and which are adequately accounted for and disclosed.

Completeness of information

4. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of this audit;
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - all minutes of the meetings of shareholders, directors and committees of directors, or summaries of recent meetings for which minutes have not yet been prepared.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory agencies, applicable securities commissions or governmental authorities, including their financial reporting requirements.
7. We are unaware of any instances of non-compliance or suspected non-compliance with laws or regulations the effects of which should be considered when preparing financial statements.
8. We have identified to you all known related parties and all known related party relationships and transactions, including guarantees, non-monetary transactions and transactions for no consideration.
9. We have communicated to you all deficiencies in internal control of which management is aware.

Fraud and error

10. We have no knowledge of fraud or suspected fraud affecting the Association involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, analysts, regulators or others.
12. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

13. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
15. All related party relationships and transactions have been appropriately measured and disclosed in the financial statements.

16. We are aware of the environmental laws and regulations that impact our Association and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.
17. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
18. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel. Any such items have been accounted for and disclosed in accordance with Canadian public sector accounting standards.
19. We confirm that there are no derivative or off-balance sheet financial instruments held at the year then ended.
20. All liabilities, both actual and contingent, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
21. The Association has satisfactory title to, or control over, all assets, and there are no liens or encumbrances on the Association's assets or assets pledged as collateral that are not disclosed in the notes to the financial statements.
22. We have disclosed to you, and the Association has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
23. There have been no events subsequent to the statement of financial position date up to the date hereof that would require recognition or disclosure in the financial statements other than that disclosed in the notes to the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.
24. We agree with the findings of Ventus Geospatial (the "specialist") in evaluating the Association's capacity usage of the landfill and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that could reasonably be thought to impact the independence or objectivity of the specialist.
25. We agree with the findings of AECOM Canada Ltd. (the "specialist") in evaluating the Association's closure and post closure costs of the landfill and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that could reasonably be thought to impact the independence or objectivity of the specialist.
26. We agree with the restatement of the financial statements discussed in Note 13 of the financial statements. In that regard:
 - The restatement is to correct an error in those financial statements;
 - We were not aware of the error when those financial statements were issued; and
 - We are not aware of any other errors in those financial statements.

We do not believe it is necessary to recall those financial statements and the users of those financial statements will receive a copy of the financial statements and independent auditor's report.

27. The terms of your engagement, as set out in your letter to us dated April 1, 2021, are still in effect and we agree with the terms as set out.

Journal entry approval

28. We approve of and acknowledge responsibility for the journal entries summarized in the accompanying schedule.

Yours very truly,

Tammi Nygaard, Executive Director

Appendix F

Summary of adjusting journal entries



Drumheller & District Solid Waste Management Association

Year End: December 31, 2020

Journal Entries: Adjusting

Date: 01/01/2020 To 12/31/2020

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
1	12/31/2020	Retained Earnings	3900			254.93				
1	12/31/2020	ADMINISTRATION:BANK CHARGES	5000.5002				254.93			
		To adjust opening retained earnings.								Factual
2	12/31/2020	OTHER ACCOUNTS PAYABLE	2002	6100	LEAD	3,499.96				
2	12/31/2020	ADMINISTRATION:LEGAL ACCOUNTING & AU	5000.5006	6100	LEAD		3,499.96			
		To adjust RSM audit fee accrual.								Factual
3	12/31/2020	CLOSURE/POST CLOSURE LIABILITY	2060	6201			3,684,439.46			
3	12/31/2020	Landfill closure reserve	5100.5105	6201		3,680,613.06				
3	12/31/2020	Change in Closure/ post closure Liability	5100.5190	6201		3,826.40				
		To adjust provision for landfill closure and post closure costs.								Factual
4	12/31/2020	ACCTS REC - TRANSTOR REPLACE 2020	1152				149,604.22			
4	12/31/2020	Loan - transtor replacement proj.	1280			136,707.76				
4	12/31/2020	Current portion of Loan-transtor replacement pr	1281			15,405.43				
4	12/31/2020	Government transfers for capital	4000.4001			1,335.98				
4	12/31/2020	LANDFILL REVENUE:INTEREST EARNED	4000.4004				3,844.95			
		To adjust loan on transtor replacement project								Factual
						3,841,643.52	3,841,643.52			
Net Income (Loss)			368,294.55							

Appendix G

Summary of uncorrected misstatements

Description	Effect: Debit / (Credit)					
	Assets	Liabilities	Accumulated surplus	Revenue	Expenses	Revenue over (under) expenses
Unrecorded misstatement - factual						
SLAM 1 - To record error on opening accumulated amortization on transfer station	\$ (29,633)	\$ -	\$ -	\$ -	\$ 29,633	\$ (29,633)
SLAM 2 - To carry forward and record current year long-term service benefit and accrue current year benefit.	-	18,400	(17,062)	-	1,339	(1,339)
Unrecorded misstatement - Projected						
None present						
Unrecorded misstatement - Judgmental						
None present						
Total uncorrected misstatements	\$ (29,633)	\$ 18,400	\$ (17,062)	\$ -	\$ 30,972	\$ (30,972)
Cumulative accumulated surplus misstatements			\$ (48,034)			

Appendix H

Impact of new professional standards - CPA Canada

CAS 540 – Auditing Accounting Estimates and Related Disclosure

Impacted Area	Key Changes	Impact on Audit Work
Risk Assessment	<ul style="list-style-type: none">• There are more detailed requirements related to obtaining an understanding of the entity and its environment, including the processes and internal controls for accounting estimates.• The revised standard introduces the concept of inherent risk factors (characteristics that drive risks of material misstatement), including estimation uncertainty, complexity, subjectivity, and others.• The revision introduces an assessment of inherent risk and control risk for accounting estimates to determine the audit response.	<ul style="list-style-type: none">• In some situation, we may have spent more time with management and had additional inquiries of personnel to obtain a better understanding of the environment, estimation processes, and internal controls for accounting estimates, which may have resulted in additional audit risks identified and changes to the audit strategy in response to these risks.
Response to Risk Assessment	<ul style="list-style-type: none">• There is more importance placed on appropriately responding to the levels of estimation uncertainty, complexity, and subjectivity in accounting estimates. This includes an emphasis on the consideration of testing the operating effectiveness of relevant controls identified during the risk assessment stage.• The revision provides more detailed audit requirements that are specifically directed at the components of an accounting estimate, which include testing management's process, methods (including models), and significant assumptions and data.• The standards have expanded the requirements pertaining to audit evidence obtained when developing the auditor's own point estimate or range.	<ul style="list-style-type: none">• We may have requested for more supporting documentation from management and personnel as a result of the additional procedures and requirements to obtain sufficient audit evidence over the components of an accounting estimate, including the methods and significant assumptions and data.• In some situations, there may be an increase in testing and reliance on internal controls.

Impacted Area	Key Changes	Impact on Audit Work
Disclosures	<ul style="list-style-type: none"> The revised standard emphasizes on the adequacy of information in accounting estimate disclosures, particularly regarding estimation uncertainty. 	<ul style="list-style-type: none"> We may have performed additional procedures if the risk of material misstatement is higher for certain disclosures, as well as requested for more supporting documentation for such disclosures.
Communications	<ul style="list-style-type: none"> There is increased emphasis on the requirements for communications with those charged with governance for matters regarding accounting estimates. 	<ul style="list-style-type: none"> Additional matters relating to accounting estimates may be required to be communicated to those charged with governance. In some situations, we may have required new or changed representations from management compared to previous years.

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