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## AUDITORS' REPORT

To the Members of the Essex-Windsor Solid Waste Authority

We have audited the statement of financial position of the Essex-Windsor Solid Waste Authority as at December 31, 2009 and the statements of operations and accumulated surplus (deficit), changes in net debt and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2009 and the results of its operations and changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Windsor, Canada  
July 5, 2010

# ESSEX - WINDSOR SOLID WASTE AUTHORITY

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009, WITH COMPARATIVE FIGURES FOR 2008

	2009	2008
	\$	\$
		(Restated - Note 2)
<b>FINANCIAL ASSETS</b>		
Cash	16,776,383	19,036,406
Accounts receivable	3,158,391	2,436,731
Due from City of Windsor (Note 3)	11,991,190	11,956,717
Other current assets	9,475	10,135
<b>TOTAL FINANCIAL ASSETS</b>	<u>31,935,439</u>	<u>33,439,989</u>
<b>FINANCIAL LIABILITIES</b>		
Due to County of Essex	155,315	153,382
Accounts payable and accrued liabilities	1,916,517	3,075,187
Holdbacks payable	4,500	88,896
Employee benefits payable (Note 5)	274,500	265,700
Regional landfill post closure costs (Note 6)	1,841,000	1,473,000
Net long term liability (Note 7)	67,689,063	67,121,980
<b>TOTAL FINANCIAL LIABILITIES</b>	<u>71,880,895</u>	<u>72,178,145</u>
<b>NET DEBT</b>	<u>(39,945,456)</u>	<u>(38,738,156)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	36,500,315	38,809,958
Prepaid expenses and deposits	87,866	85,637
<b>TOTAL NON-FINANCIAL ASSETS</b>	<u>36,588,181</u>	<u>38,895,595</u>
Contingency (Note 12)		
<b>ACCUMULATED SURPLUS (DEFICIT)</b> (Note 9)	<u>(3,357,275)</u>	<u>157,439</u>

The accompanying notes are an integral part of these financial statements.

# ESSEX - WINDSOR SOLID WASTE AUTHORITY

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT) FOR THE YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE FIGURES FOR 2008

	Budget 2009 \$ (Unaudited - Note 10)	Actual 2009 \$	Actual 2008 \$ (Restated - Note 2)
<b>Revenue</b>			
Tipping fees	14,280,483	12,353,727	15,193,518
Sale of recyclable materials	2,659,050	2,213,563	4,006,192
Recovery of perpetual care costs	857,996	857,997	772,971
Rent	79,000	78,982	78,982
Interest income	1,167,272	235,970	1,690,700
Sale of scrap metal - public drop-off depots	150,000	42,612	151,062
Other	353,099	491,803	331,204
Stewardship Ontario - recycling operating funding	900,000	905,686	939,994
Stewardship Ontario - recycling capital funding	-	-	194,400
Stewardship Ontario - municipal household and special waste	186,400	279,431	178,000
Stewardship Ontario - tires	-	22,383	-
Stewardship Ontario - public education and advertising	18,400	30,311	-
Stewardship Ontario - electronics	66,000	79,398	-
Sale of blue boxes	45,000	37,674	48,876
Sale of organic material	150,000	189,925	162,511
Insurance proceeds	-	152,586	9,256
Gain on sale of vehicles	-	-	252,982
Gain on sale of regional landfill heavy equipment	-	-	243,000
<b>Total Revenue</b>	<b>20,912,700</b>	<b>17,972,048</b>	<b>24,253,648</b>
<b>Expenses</b>			
Administration	1,109,100	1,131,219	1,095,348
Realty	22,200	13,894	14,412
Recycling	5,861,430	5,293,972	5,663,254
Municipal Hazardous or Special Waste	424,800	474,747	443,115
Waste reduction and reuse	814,500	710,629	844,911
Advertising and public education	347,650	355,444	334,027
Perpetual Care - Landfill Site # 2	218,000	174,843	195,741
Perpetual Care - Landfill Site # 3	732,925	673,926	594,043
Regional landfill	2,347,250	1,934,119	2,238,232
Regional Landfill - initial construction and future cell development	-	567,083	725,673
Windsor Transfer Station #1	1,317,800	921,014	1,378,362
Kingsville Transfer Station #2	558,050	552,662	551,274
Windsor Public Depot	856,465	574,730	828,079
Regional landfill debenture/rental payments	3,664,400	3,648,766	3,451,879
Regional landfill cell #2 north & south construction interest charges	-	-	3,100
Town of Essex compensation	1,326,100	1,159,207	1,409,696
Residents compensation	38,600	34,577	34,850
Post employment/retirement employee benefits	-	8,800	(13,600)
Regional landfill post closure costs (Note 6)	-	368,000	(285,000)
Amortization of tangible capital assets	2,889,130	2,889,130	2,871,834
<b>Total Expenses</b>	<b>22,528,400</b>	<b>21,486,762</b>	<b>22,379,230</b>
<b>Annual surplus (deficit)</b>	<b>(1,615,700)</b>	<b>(3,514,714)</b>	<b>1,874,418</b>
<b>Accumulated surplus (deficit), beginning of year</b>		<b>157,439</b>	<b>(1,716,979)</b>
<b>Accumulated surplus (deficit), end of year</b>		<b>(3,357,275)</b>	<b>157,439</b>

The accompanying notes are an integral part of these financial statements.

# ESSEX - WINDSOR SOLID WASTE AUTHORITY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE FIGURES FOR 2008

	2009 \$	2008 \$ (Restated - Note 2)
Cash provided by (used in):		
<b>Operating Activities</b>		
Annual surplus (deficit)	(3,514,714)	1,874,418
Items not involving cash		
Amortization of tangible capital assets	2,889,130	2,871,834
Gain on sale of tangible capital assets	-	(495,982)
Employee benefits payable	8,800	(13,600)
Regional landfill post closure costs	368,000	(285,000)
Change in non-cash assets and liabilities		
Accounts receivable	(721,660)	915,340
Due from City of Windsor	(34,473)	355,559
Prepaid expenses and deposits	(2,229)	392,925
Other current assets	660	-
Due to County of Essex	1,933	(327,759)
Accounts payable and accrued liabilities	(1,158,670)	(8,625)
Holdbacks payable	(84,396)	(110,116)
<b>Net change in cash from operating activities</b>	<b>(2,247,619)</b>	<b>5,168,994</b>
<b>Capital Activities</b>		
Proceeds on sale of tangible capital assets	-	1,143,000
Cash used to acquire tangible capital assets	(579,487)	(5,225,077)
<b>Net change in cash from capital activities</b>	<b>(579,487)</b>	<b>(4,082,077)</b>
<b>Financing Activities</b>		
Increase in net long term liability	567,083	725,673
<b>Net change in cash from financing activities</b>	<b>567,083</b>	<b>725,673</b>
<b>Net change in cash</b>	<b>(2,260,023)</b>	<b>1,812,590</b>
<b>Cash, beginning of year</b>	<b>19,036,406</b>	<b>17,223,816</b>
<b>Cash, end of year</b>	<b>16,776,383</b>	<b>19,036,406</b>

The accompanying notes are an integral part of these financial statements.

# ESSEX - WINDSOR SOLID WASTE AUTHORITY

## STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE FIGURES FOR 2008

	BUDGET \$	2009 \$	2008 \$
	(Unaudited - Note 10)		
Annual surplus (deficit)	(1,615,700)	(3,514,714)	1,874,418
Acquisition of tangible capital assets	(350,100)	(579,487)	(5,225,077)
Amortization of tangible capital assets	2,889,130	2,889,130	2,871,834
Gain on sale of tangible capital assets	-	-	(495,982)
Proceeds on sale of tangible capital assets	-	-	1,143,000
	<u>923,330</u>	<u>(1,205,071)</u>	<u>168,193</u>
Acquisition of prepaid expenses and deposits	-	(87,866)	(85,637)
Use of prepaid expenses and deposits	-	85,637	478,562
Change in net debt	923,330	(1,207,300)	561,118
Net debt, beginning of year	<u>(38,738,156)</u>	<u>(38,738,156)</u>	<u>(39,299,274)</u>
Net debt, end of year	<u><u>(37,814,826)</u></u>	<u><u>(39,945,456)</u></u>	<u><u>(38,738,156)</u></u>

The accompanying notes are an integral part of these financial statements.

**Essex-Windsor Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**

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The Essex-Windsor Solid Waste Authority (the "Authority") is a Joint Board of Management created by the Corporation of the County of Essex (the "County") and the Corporation of the City of Windsor (the "City") pursuant to an agreement dated May 18, 1994, (the "EWSWA Agreement") to establish, operate and manage, among other things, the Regional Landfill, recycling and waste diversion programs.

**1. Summary of Significant Accounting Policies and Reporting Practices:**

The financial statements of the Authority are prepared in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of accounting:

(i) **Accrual:**

The accrual basis of accounting recognizes revenue as it becomes available and is measurable. Expenditures are recognized as they are incurred and are measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(ii) **Non-financial Assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(iii) **Tangible Capital Assets:**

Tangible Capital Assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

**Asset Classification & Amortization Schedule**

<b>Classification</b>	<b>Useful Life (Years)</b>
Buildings	15-20
Machinery & Equipment	5-15
Vehicles	7-10
Land Improvements	10-20
Heavy Machinery	7-10
Office Equipment	10

The Regional Landfill has an estimated service capacity of 8,000,000 tonnes and is being amortized using the units of production method based on capacity used during the year.

Land has an infinite life and accordingly is not amortized.

**1. Summary of Significant Accounting Policies and Reporting Practices (continued):**

**(iv) Regional Landfill closure and post closure liability:**

The liability for closure and post closure care of the Regional Landfill is recognized over the term of operation of the landfill, beginning when the site first accepts waste and will be fully recognized when the site stops accepting waste. The change in the liability and annual expenditure is determined pro-ratably based on the percentage of cumulative cubic metres used over total estimated cubic metres of capacity, to estimated total closure and post-closure expenditures, less expenditures previously recognized.

**(v) Employee future benefit obligations:**

The Authority has adopted the accrued method of accounting for employee future benefits as required by the Canadian Institute of Chartered Accountants. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rate. Actuarial gains and losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumption used to determine the accrued benefit obligation. Actuarial gains and losses for non-pension post-retirement benefits are amortized over the average remaining service period of active employees, which is 14 years. Actuarial gains and losses for post-employment benefits are fully recognized in the year they arise.

**(vi) Use of estimates:**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the valuation of employee future benefits, the carrying value of Regional Landfill post-closure costs and the carrying value of tangible capital assets. Actual results could differ from those estimates.

**2. Change in Accounting Policies:**

The Authority has implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

**Methods used for determining the cost of each major category of tangible capital assets**

The financial information recorded includes the actual historical cost of the tangible capital assets.

**2. Change in Accounting Policies (continued):**

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

<b>Accumulated surplus at January 1, 2008:</b>	
Capital fund	\$ (11,043,044)
Reserve funds	38,897,939
Amounts to be recovered	(66,675,607)
Accumulated surplus, as previously reported	(38,820,712)
Net book value of tangible capital assets recorded	37,103,733
Accumulated surplus, as restated	\$ (1,716,979)

  

<b>Annual surplus for 2008:</b>	
Net revenues, as previously reported	\$ 168,193
Assets capitalized but previously expensed	5,225,077
Amortization expense not previously recorded	(2,871,834)
Gain on disposal of tangible capital assets	495,982
Proceeds on disposal of tangible capital assets previously reported as revenue	(1,143,000)
Annual surplus, as restated	\$ 1,874,418

**3. Due from City of Windsor:**

As more fully described in note 7, the Authority received certain proceeds and investments in settlement of certain litigation. These investments are held in trust by the City on behalf of the Authority and consist of the following:

	<i>Market Value 2009</i>	<i>Market Value 2008</i>
	\$	\$
Government of Canada Stripped Coupon Bond Matured December 1, 2009 - \$4,797,000	-	4,748,550
Province of Ontario Stripped Coupon Bond Maturing December 12, 2016 - \$5,961,150	4,486,362	4,271,760
Government of Canada Stripped Coupon Bond Maturing December 1, 2024 - \$5,317,650	2,727,954	2,936,407
CIBC Stripped Coupon Bond Maturing March 28, 2011 - \$4,531,352	4,445,257	-
RBC Dominion Securities - Cash	331,617	-
	<u>\$11,991,190</u>	<u>\$11,956,717</u>

**4. Pension Agreements**

The Authority contributes to the Ontario Municipal Employees Retirement System (OMERS) on behalf of 27 employees. OMERS is a multi-employer, defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on their length of service and earnings.

The amount contributed to OMERS for 2009 was \$101,567 (2008 - \$107,856) for current service. Contributions in the current year have been included as an expense within the statement of operations and accumulated surplus (deficit).

**5. Employee Benefits Payable**

Employee future benefit obligations are future liabilities of the Authority to its employees and retirees for benefits earned but not taken as at December 31, 2009 and consists of the following:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Post retirement benefits	237,400	217,600
Post employment benefits	37,100	48,100
	<u>\$274,500</u>	<u>\$265,700</u>

The Authority measures its post retirement and post employment benefit obligation for accounting purposes as at December 31 each year. A valuation date of December 31, 2009 has been used. The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligations are as follows:

	<b>2009</b>	<b>2008</b>
Discount rate	4.41%	5.25%
<i>Medical trend rate</i>		
Initial	12%	10%
Ultimate	6%	6%
Dental trend rate	4%	4%

Information about the Authority's future obligation with respect to post retirement and employment benefits are as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Accrued benefit liability at the beginning of the year	265,700	279,300
Current service cost	11,700	12,100
Interest	13,100	13,000
Amortization of net actuarial gains	(9,600)	(29,300)
Benefits paid	(6,400)	(9,400)
Accrued benefit liability at the end of the year	<u>274,500</u>	<u>265,700</u>
Unamortized net actuarial gains	(17,800)	(27,500)
Accrued benefit obligations at the end of the year	<u>\$256,700</u>	<u>\$238,200</u>

**6. Regional Landfill Post-Closure Costs:**

The Statement of Financial Position reflects a balance of \$1,841,000 (2008 - \$1,473,000) for Regional Landfill closure and post-closure care expenditures, representing an estimate of expenditures that would otherwise be incurred had the Regional Landfill ceased receiving waste as of December 31, 2009. This liability for perpetual care is to be recognized over the term of the Regional Landfill operation, the balance of which is currently estimated to be an additional 35 years, based on past and projected waste levels. The site has an approximate capacity of 12.2 million cubic metres, of which 3.3 million has been consumed to December 31, 2009. The nature of closure and post-closure expenditures will relate to final cover and vegetation; monitoring, hauling and treating leachate; monitoring ground and surface water; monitoring gas and maintenance of drainage system and final cover.

It is being estimated that by the time the Regional Landfill ceases operating in 2044, \$104 million will be required for closure and post-closure care for a period of 40 years subsequent to its closure, which is management's current best estimate of the period such care will be necessary.

The Authority has established a reserve to fund these future expenditures, and at December 31, 2009, the balance in this reserve fund approximated \$6.7 million.

**7. Net Long-Term Liability:**

In July 2005, the County, City and Authority (the "Plaintiff") settled a legal action commenced in the Ontario Superior Court of Justice against MFP Financial Services, Leasing-Infrastructure Financing Trust 1 ("LIFT") and others in which the Plaintiffs had alleged that certain of the defendants had fraudulently and negligently misrepresented the rate of interest payable by the Plaintiffs in respect of a head lease and sublease intended to be a loan to finance certain costs incurred by the Authority to develop the Regional Landfill and pay the costs of future landfill expansions.

Under the terms of the mediated and Court approved settlement, LIFT assigned its rights under the original head lease which the Court ruled was a loan from LIFT to the County and City, to Sun Life Assurance Company Limited ("Sun Life"). Sun Life restructured the loan, in favour of the debenture in the amount of \$62,808,331, bearing interest at 6.427% per annum, issued by the County, on behalf of the County and the Authority. The County and the City are jointly liable for the debenture, which provided for principal and interest payments on January 15 and July 15 of each year, commencing January 15, 2006 (interest only) and maturing on July 31, 2031. Total interest over the term of the debenture will aggregate \$88,454,959. Other significant terms and conditions of the settlement are as follows:

- (a) Cash proceeds of \$5,728,000 held by LIFT on account of a payment previously owing under the head lease were distributed to the County and City and used to retire certain indebtedness incurred in prior years by the Authority with respect to Regional Landfill expenditures.
- (b) Investments held by another defendant with a book value of \$10,195,743 at the date of settlement were distributed to the County and the Authority. At their respective maturity dates, these investments will be considered as further advances by LIFT as provided under the original head lease agreement.
- (c) Payment of \$7,146,880 by LIFT to the County and City, which was used, along with interest earned thereon, towards payments otherwise due with respect to the Sun Life debenture during the period commencing January 15, 2006 and ended on January 15, 2008. Those proceeds were intended to effectively reduce the original cost of borrowing included in the head lease and sub-lease during this period. As part of the agreement, no other payments with respect to the debenture are payable during this timeframe.

The investments noted in paragraph (b) above are currently being held by the City in trust for the Authority.

**7. Net Long-Term Liability (continued):**

- (d) Payment of \$2,400,000 by MFP Financial Services Limited on account of costs of the legal action incurred by the Plaintiffs.

Net Long term liability consists of:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Debenture payable	65,732,988	65,182,292
Accrued Interest	1,956,075	1,939,688
	<u>\$67,689,063</u>	<u>\$67,121,980</u>

Under the terms of the debenture agreement, no principal repayments are required until July 2012 and the excess of interest otherwise payable over the actual amount of the debenture payments due annually is capitalized as part of the debenture payable.

Essex-Windsor Solid Waste Authority  
Notes to the Financial Statements  
For the Year Ended December 31, 2009

8. Tangible Capital Assets:

2009

	Regional Landfill Construction	Land	Land Improvements	Building and Improvements	Vehicles	Heavy Machinery	Machinery and Equipment	Office Equipment	Total
<b>Cost</b>									
Balance, beginning of year	\$ 28,147,426	\$4,096,984	\$ 2,857,483	\$ 12,527,475	\$ 2,286,275	\$ 3,360,481	\$ 5,005,481	\$ 15,984	\$ 58,297,589
Additions	-	-	-	40,095	-	138,793	400,599	-	579,487
<b>Balance, end of year</b>	<b>28,147,426</b>	<b>4,096,984</b>	<b>2,857,483</b>	<b>12,567,570</b>	<b>2,286,275</b>	<b>3,499,274</b>	<b>5,406,080</b>	<b>15,984</b>	<b>58,877,076</b>
<b>Accumulated Amortization</b>									
Balance, beginning of year	10,839,845	-	1,546,730	3,669,506	1,633,520	997,194	792,844	7,992	19,487,631
Amortization Expense	1,055,288	-	139,908	568,647	262,140	351,829	509,720	1,598	2,889,130
<b>Balance, end of year</b>	<b>\$ 11,895,133</b>	<b>-</b>	<b>\$ 1,686,638</b>	<b>\$ 4,238,153</b>	<b>\$ 1,895,660</b>	<b>\$ 1,349,023</b>	<b>\$ 1,302,564</b>	<b>\$ 9,590</b>	<b>\$ 22,376,761</b>
<b>Net Book Value, end of year</b>	<b>\$ 16,252,293</b>	<b>\$4,096,984</b>	<b>\$ 1,170,845</b>	<b>\$ 8,329,417</b>	<b>\$ 390,615</b>	<b>\$ 2,150,251</b>	<b>\$ 4,103,516</b>	<b>\$ 6,394</b>	<b>\$ 36,500,315</b>

Essex-Windsor Solid Waste Authority  
Notes to the Financial Statements  
For the Year Ended December 31, 2009

8. Tangible Capital Assets (continued):

2008 (note 2)

	Regional Landfill Construction	Land	Land Improvements	Building and Improvements	Vehicles	Heavy Machinery	Machinery and Equipment	Office Equipment	Total
<b>Cost</b>									
Balance, beginning of year	\$ 28,147,426	\$ 4,096,984	\$ 2,808,191	\$ 11,896,725	\$ 4,690,460	\$ 2,161,189	\$ 1,678,678	\$ 15,984	\$ 55,495,637
Additions	-	-	49,292	630,750	18,940	1,199,292	3,326,803	-	5,225,077
Disposals	-	-	-	-	(2,423,125)	-	-	-	(2,423,125)
<b>Balance, end of year</b>	<b>28,147,426</b>	<b>4,096,984</b>	<b>2,857,483</b>	<b>12,527,475</b>	<b>2,286,275</b>	<b>3,360,481</b>	<b>5,005,481</b>	<b>15,984</b>	<b>58,297,589</b>
<b>Accumulated Amortization</b>									
Balance, beginning of year	9,540,392	-	1,404,473	3,117,630	3,142,245	714,610	466,159	6,394	18,391,903
Disposals	-	-	-	-	(1,776,106)	-	-	-	(1,776,106)
Amortization Expense	1,299,453	-	142,257	551,876	267,381	282,584	326,685	1,598	2,871,834
<b>Balance, end of year</b>	<b>\$ 10,839,845</b>	<b>-</b>	<b>\$ 1,546,730</b>	<b>\$ 3,669,506</b>	<b>\$ 1,633,520</b>	<b>\$ 997,194</b>	<b>\$ 792,844</b>	<b>\$ 7,992</b>	<b>\$ 19,487,631</b>
<b>Net Book Value, end of year</b>	<b>\$ 17,307,581</b>	<b>\$ 4,096,984</b>	<b>\$ 1,310,753</b>	<b>\$ 8,857,969</b>	<b>\$ 652,755</b>	<b>\$ 2,363,287</b>	<b>\$ 4,212,637</b>	<b>\$ 7,992</b>	<b>\$ 38,809,958</b>
<b>Net Book Value, beginning of year</b>	<b>\$ 18,607,034</b>	<b>\$ 4,096,984</b>	<b>\$ 1,403,718</b>	<b>\$ 8,779,095</b>	<b>\$ 1,548,215</b>	<b>\$ 1,446,579</b>	<b>\$ 1,212,519</b>	<b>\$ 9,590</b>	<b>\$ 37,103,733</b>

**Essex-Windsor Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**

**9. Accumulated Surplus (Deficit):**

Accumulated surplus (deficit) consists of individual fund surplus (deficit) and reserves as follows:

	<b>2009</b>	<b>2008</b>
<b>DEFICIT</b>	<b>\$</b>	<b>\$</b>
Invested in tangible capital assets	25,208,883	26,667,862
Unfunded		
Net long-term liability	(67,689,063)	(67,121,980)
Landfill closure costs	(1,841,000)	(1,473,000)
Employee benefits	(274,500)	(265,700)
Total deficit	<u><b>(44,595,680)</b></u>	<u><b>(42,192,818)</b></u>
 <b>RESERVES</b>		
Equipment Replacement	5,692,806	6,467,589
Rate Stabilization	1,304,611	2,282,520
Working Capital	650,000	650,000
Regional Landfill	1,382,225	1,308,303
Regional Landfill Perpetual Care	6,741,161	6,199,606
Regional Landfill Debt Retirement	12,492,534	12,398,372
Regional Landfill Future Cell Construction	11,991,190	11,956,717
Landfill 2 Perpetual Care	65,856	32,549
Landfill 3 Perpetual Care	168,022	192,101
Recycling	750,000	862,500
Total reserves	<u><b>41,238,405</b></u>	<u><b>42,350,257</b></u>
 Total accumulated surplus (deficit)	<u><b>(3,357,275)</b></u>	<u><b>157,439</b></u>

**Essex-Windsor Solid Waste Authority**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2009**

**10. Budget Data:**

The unaudited budget data presented in these financial statements is based upon the 2009 operating and capital budgets approved by the Authority on December 9, 2008. Amortization was not contemplated on development of the budget and, as such, has been included based on the actual 2009 figure. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating Budget	\$ 21,485,930
Capital Budget	350,100
Less:	
Transfers from other funds	(923,330)
<b>Total Revenue</b>	<b>\$ 20,912,700</b>
Expenses:	
Operating Budget	\$ 22,528,400
Capital Budget	350,100
Less:	
Capital Expenditures	(350,100)
<b>Total Expenses</b>	<b>\$22,528,400</b>
<b>Annual Deficit</b>	<b>\$ (1,615,700)</b>

**11. Expenditures by Object:**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Operating goods and services	11,751,849	12,577,778
Regional Landfill financing costs	3,648,766	3,454,979
Municipal and residential compensation	1,193,784	1,444,546
Salaries, wages and employees benefits	2,003,233	2,030,093
Amortization	2,889,130	2,871,834
	<u>\$21,486,762</u>	<u>\$22,379,230</u>

**12. Contingency:**

During the normal course of operations, the Authority may be subject to various legal actions. The settlement of these actions, if any, is not expected to have a material effect on the financial statements of the Authority.