

**The Crowsnest/Pincher Creek  
Landfill Association  
Financial Statements**

*For the year ended December 31, 2009*



**The Crowsnest/Pincher Creek  
Landfill Association  
Contents**

*For the year ended December 31, 2009*

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To the Directors of Crowsnest/Pincher Creek Landfill Association:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.


In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

February 17, 2010

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## Auditors' Report

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To the Directors of Crowsnest/Pincher Creek Landfill Association:

We have audited the statement of financial position of Crowsnest/Pincher Creek Landfill Association as at December 31, 2009 and the statements of operations, changes in members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local government enterprises.

Lethbridge, Alberta

February 17, 2010

*Meyus Norris Penny LLP*


Chartered Accountants




**The Crowsnest/Pincher Creek  
Landfill Association  
Statement of Financial Position**  
*As at December 31, 2009*

	2009	2008
<b>Assets</b>		
<b>Current</b>		
Cash	230,321	331,320
Accounts receivable	415,545	202,418
Current portion of term deposits (Note 3)	343,704	270,759
	989,570	804,497
Term deposits (Note 3)	1,195,028	1,136,749
Capital assets (Note 4)	1,306,544	768,193
	3,491,142	2,709,439
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	88,513	72,345
Current portion of capital lease obligations (Note 5)	183,666	-
	272,179	72,345
Capital lease obligations (Note 5)	352,029	-
Landfill closure and post-closure liability (Note 6)	779,967	657,638
	1,404,175	729,983
<b>Commitments (Note 11)</b>		
<b>Members' equity</b>		
Capital fund	770,849	768,193
Operating fund	1,316,118	1,211,263
	2,086,967	1,979,456
	3,491,142	2,709,439

Approved on behalf of the Board

  
Director

  
Director

The accompanying notes are an integral part of these financial statements

**The Crowsnest/Pincher Creek  
Landfill Association  
Statement of Operations**

*For the year ended December 31, 2009*

	<i>2009 Budget</i>	<i>2009</i>	<i>2008</i>
<b>Revenue</b>			
Domestic and industrial waste disposal fees <i>(Note 8)</i>	1,319,501	1,144,227	1,058,732
Regional District of East Kootenay disposal fees	-	198,681	-
Land lease	1,200	1,500	1,500
Road maintenance fees	34,400	29,046	22,961
Freon disposal	7,500	7,040	7,900
Investment income	52,386	46,818	52,672
Sale of scrap and miscellaneous	5,000	6,064	7,518
Electronics recycling fees	-	6,657	4,460
Gain (loss) on sale of capital assets	-	53,974	(432)
	<b>1,419,987</b>	<b>1,494,007</b>	<b>1,155,311</b>
<b>Expenses</b>			
Amortization	-	323,822	241,379
CCS Landfill Services - 25% share	162,500	109,122	101,158
Dust control expense	30,000	13,750	13,750
Freon removal	5,000	4,080	3,696
Fuel and oil	66,000	55,783	83,523
Future site restoration provision	-	122,329	192,842
Hazardous material disposal	5,000	7,197	11,682
Industrial waste expense	22,000	37,844	9,856
Insurance and licences	56,456	57,906	57,999
Lands lease	800	800	800
Litter control	5,500	1,442	2,363
Meetings	10,000	8,716	13,288
Monitoring	25,429	34,668	19,129
Office	23,500	16,877	13,257
Other projects	225,500	53,644	70,012
Professional fees	100,300	49,894	25,995
Recycle upgrades	18,000	11,629	-
Rental	20,000	6,247	21,003
Repairs and maintenance - general	38,500	26,372	20,057
Repairs and maintenance - machinery and equipment	44,500	17,140	44,150
Repairs and maintenance - road	44,400	46,423	32,172
Salaries, wages and benefits	406,803	361,068	394,783
Site beautification	5,000	92	4,903
Utilities	16,000	19,651	16,278
	<b>1,331,188</b>	<b>1,386,496</b>	<b>1,394,075</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>88,799</b>	<b>107,511</b>	<b>(238,764)</b>

The accompanying notes are an integral part of these financial statements

**The Crowsnest/Pincher Creek  
Landfill Association**  
**Statement of Changes in Members' Equity**  
*For the year ended December 31, 2009*

	<i>Capital Fund</i>	<i>Operating Fund</i>	<i>2009</i>	<i>2008</i>
Members' equity, beginning of year	768,193	1,211,263	1,979,456	2,218,220
Excess (deficiency) of revenues over expenses	-	107,511	107,511	(238,764)
Amortization of capital assets	(323,822)	323,822	-	-
Purchase of capital assets	863,200	(863,200)	-	-
Purchase of capital assets financed by lease	(535,694)	535,694	-	-
Disposal of capital assets at net book value	(1,028)	1,028	-	-
<b>Members' equity, end of year</b>	<b>770,849</b>	<b>1,316,118</b>	<b>2,086,967</b>	<b>1,979,456</b>

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

**The Crowsnest/Pincher Creek  
Landfill Association  
Statement of Cash Flows**  
*For the year ended December 31, 2009*

	2009	2008
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	107,511	(238,764)
Amortization	323,822	241,379
Landfill closure and post-closure accrual	122,329	192,842
Loss (gain) on disposal of capital assets	(53,974)	432
	499,688	195,889
Changes in working capital accounts		
Accounts receivable	(213,127)	557,275
Accounts payable and accruals	16,169	(55,649)
	302,730	697,515
<b>Financing activities</b>		
Advances by way of capital lease obligations	551,000	-
Repayment of capital lease obligations	(15,305)	-
	535,695	-
<b>Investing activities</b>		
Purchase of capital assets	(863,200)	(47,451)
Proceeds on disposal of capital assets	55,000	-
Purchase of term deposits	(293,418)	(824,543)
Redemption of term deposits	162,194	106,090
	(939,424)	(765,904)
<b>Decrease in cash resources</b>	<b>(100,999)</b>	<b>(68,389)</b>
<b>Cash resources, beginning of year</b>	<b>331,320</b>	<b>399,709</b>
<b>Cash resources, end of year</b>	<b>230,321</b>	<b>331,320</b>
<b>Supplementary cash flow information</b>		
Cash paid for interest	1,502	898

The accompanying notes are an integral part of these financial statements

**The Crowsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2009*

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**1. Operations**

The Crowsnest/Pincher Creek Landfill Association ("the Association") is directed by a Board of Directors who are councilors from the Municipality of Crowsnest Pass, Village of Cowley, Town of Pincher Creek, and Municipal District of Pincher Creek #9, and operates to provide waste management services to the surrounding area.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government as established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants and include the following significant accounting policies:

***Fund accounting***

The Association uses the deferral method of fund accounting that result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The funds have been amalgamated for the purpose of presentation in the financial statements.

The Association maintains the following funds:

- Operating fund reports on the general activities of the Association administration
- Capital fund reports on the capital assets of the Association with any related capital financing

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks.

***Investments***

Investments consist of term deposits and are recorded at cost and are classified in accordance with the nature of the investment.

***Income tax status***

The Association is registered as a society under the *Income Tax Act* ("the Act") and as such is exempt from income taxes. In order to maintain its status as a society under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

**The Crownsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2009*

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2. **Significant accounting policies** *(Continued from previous page)*

**Capital assets**

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution. The costs to acquire capital assets are reported as interfund transfers in the operating fund with a corresponding interfund contribution recognized in the capital fund.

Amortization is provided using methods and rates intended to amortize the cost of assets over their useful lives.

	<b>Method</b>	<b>Rate</b>
Roads	declining balance	4 %
Buildings	declining balance	5 %
Irrigation equipment	declining balance	6 %
Fences and wells	declining balance	10 %
Office property, equipment, scales, furniture and fixtures	declining balance	20 %
Automotive, computer equipment, heavy machinery and waste containers	declining balance	30 %
Computer software	declining balance	100 %
Site preparation	declining balance	50 %

In the year of acquisition, amortization is taken at one-half of the above rates.

During the year it was determined that the estimated useful life of the site preparation would not be beyond December 31, 2010 as such amortization on these costs has been adjusted to 50% declining balance prospectively.

**Contributed assets**

Contributed assets are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Association's operations and would otherwise have been purchased.

**Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in the statement of changes in members' equity in the capital fund for the year.

**Landfill closure and post-closure liability**

The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The costs associated with this care are being provided for over the estimated remaining life of the landfill site and industrial waste cell based on usage.

**The Crownsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2009*

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2. **Significant accounting policies** *(Continued from previous page)*

**Revenue recognition**

The Association recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues. Income from investments are recognized when earned.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Landfill closure and post closure costs are recognized based upon assumptions and estimates related to the costs of future removal and site restoration. Annual provision for these costs are amortized over the estimated remaining life of the landfill site and industrial waste cells based on usage. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. **Term deposits**

	<b>2009</b>	<b>2008</b>
Four year non-redeemable term deposit, bearing interest at 3.375%, matured March 4, 2012	<b>206,485</b>	200,000
Four year non-redeemable term deposit, bearing interest at 3.375%, matured March 4, 2012	<b>206,485</b>	200,000
Four year non-redeemable term deposit, bearing interest at 3.375%, matured March 4, 2012	<b>258,107</b>	250,000
Two year non-redeemable term deposit, bearing interest at 1.625%, maturing July 12, 2011	<b>113,648</b>	110,075
Five year redeemable term deposit, bearing interest at 3.375%, maturing October 14, 2010	<b>114,199</b>	110,473
Three year non-redeemable term deposit, bearing interest at 2.250%, maturing Dec 18, 2012	<b>250,000</b>	-
Three year non-redeemable term deposit, bearing interest at 3.75%, maturing March 4, 2011	<b>160,303</b>	154,522
Five year non-redeemable term deposit, bearing interest at 3.50%, matured July 12, 2010	<b>229,505</b>	221,753
Redeemed during the year	-	160,685
Less: Current portion	<b>(343,704)</b>	<b>(270,759)</b>
	<b>1,195,028</b>	<b>1,136,749</b>

All of the term deposits are at the Pincher Creek Credit Union Limited.

**The Crownsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2009*

**4. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2009 Net book value</i>	<i>2008 Net book value</i>
Automotive	62,014	40,767	21,247	30,353
Buildings	169,080	106,767	62,313	65,593
Computer equipment	12,982	9,879	3,103	4,432
Computer software	10,546	10,546	-	2,389
Equipment	103,624	76,511	27,113	33,891
Fences	98,269	65,930	32,339	35,933
Furniture and fixtures	11,928	8,097	3,831	4,789
Heavy machinery	1,036,714	526,598	510,116	359,406
Irrigation equipment	2,599	1,718	881	937
Roads	125,562	93,187	32,375	33,724
Scales	72,184	58,384	13,800	17,251
Site preparation	100,451	83,014	17,437	34,874
Waste containers	546,631	461,272	85,359	113,199
Wells	105,400	77,120	28,280	31,422
	<b>2,457,984</b>	<b>1,619,790</b>	<b>838,194</b>	<b>768,193</b>
Assets under capital lease				
Heavy machinery	551,000	82,650	468,350	-
	<b>3,008,984</b>	<b>1,702,440</b>	<b>1,306,544</b>	<b>768,193</b>

**5. Capital lease obligation**

	<i>2009</i>	<i>2008</i>
0% Capital lease obligation payable in equal monthly installments of \$5,431, due December 15, 2012 secured by a 32DLRR Excavator, having a net book value of \$166,175.	190,070	-
0% Capital lease obligation payable in equal monthly installments of \$9,875, due December 15, 2012 secured by 725 Articulated Truck, having a net book value of \$302,175, pledged as collateral.	345,625	-
	<b>535,695</b>	<b>-</b>
Less: Current portion	183,666	-
	<b>352,029</b>	<b>-</b>

2010	183,666
2011	183,666
2012	168,363
<b>Balance of obligation</b>	<b>535,695</b>

**The Crownsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2009*

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**6. Landfill closure and post-closure liability**

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

The estimated total liability is typically based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a reasonable discount rate and annual inflation rate. In this case, the costs are provided at present value, of the costs as at December 31, 2006. Future liability will be based on a roll-forward of the information from the engineers for costs calculated plus estimates as at December 31, 2006 adjusted for time value of money.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated to be 459,590 cubic meters. The remaining capacity of the site is estimated to be 65,942 cubic meters.

	2009	2008
Balance, beginning of year	657,638	464,796
Provision for post-closure liability	122,329	192,842
Balance, end of year	779,967	657,638

The estimated remaining life is one to two years for the MSW cell and one year for the industrial cells.

The liability for closure has been adjusted for time value of money using the inflationary rate of 2% as recommended by the Association's contracted engineers. The closure and post-closure calculations include a \$70,000 contingency, which is calculated at 10% of the total cost. In addition, the post-closure costs lists a \$100,000 retention for insurance deductible.

These costs are estimates prepared by management and actual costs could vary significantly.

**7. Bank indebtedness**

Bank indebtedness includes an overdraft protection agreement authorized to \$60,000 (2008 - \$60,000) bearing interest at prime plus 1.00%. The overdraft is secured by all deposits and paid up shares in the Credit Union. The Association has not utilized this overdraft protection during the 2008 or 2009 years.

**The Crowsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2009*

**8. Tonnage and disposal fees**

	2009	2008
<b>Tonnage (tonne)</b>		
Municipality of Crowsnest Pass	3,307	3,802
Municipal District of Pincher Creek #9	3,418	3,706
Town of Pincher Creek	2,821	2,473
Village of Cowley	126	179
CCS Landfill Services	16,668	12,415
Other	13,971	139,357
	40,311	161,932
<b>Disposal fees (\$)</b>		
Municipality of Crowsnest Pass	139,357	149,727
Municipal District of Pincher Creek #9	144,043	144,805
Town of Pincher Creek	118,874	97,405
Village of Cowley	5,321	6,945
CCS Landfill Services	327,367	303,475
Other	409,265	356,375
	1,144,227	1,058,732

**9. Related party transaction**

During the year, the Association carried out transactions with related parties as follows:

	2009	2008
<b>Domestic and industrial waste disposal fees (including road maintenance fees):</b>		
Municipality of Crowsnest Pass	142,003	152,789
Municipal District of Pincher Creek #9	146,777	147,849
Town of Pincher Creek	121,130	100,063
Village of Cowley	5,422	7,089
	415,332	407,790
<b>Accounts receivable included amounts from related parties as follows:</b>		
Municipality of Crowsnest Pass	16,997	16,205
Municipal District of Pincher Creek #9	5,877	8,241
Town of Pincher Creek	6,641	6,056
Village of Cowley	304	420
	29,819	30,922

All transactions are in the normal course of operations and carried out on the same terms and conditions as those with independent third parties, and are measured at the exchange amount, which is the amount agreed to between the parties.

Accounts payable included an amount due to the Municipal District of Pincher Creek #9 of \$31,344 (2008 - \$24,436) for remittance of road maintenance fees accumulated by the Association during the year.

**The Crownsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2009*

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**10. Financial instruments**

All significant financial assets, financial liabilities and equity instruments of the Association are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

***Credit concentration***

The Association has a concentration of credit risk because 60% of its accounts receivable are from one customer. The Association believes that there is no unusual exposure associated with the collection of these receivables. The Association performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivables.

***Fair value of financial instruments***

The carrying amount of cash, accounts receivable and accounts payable and accruals is approximated by their fair value due to their short-term nature. The carrying amount of term deposits also approximates the fair value, as they bear interest rates that are comparable to current market conditions. The Carrying value of the landfill closure and post-closure liability also approximates it's fair value as this liability has been determined based on discounted future cashflows.

**11. Commitments**

The landfill is situated on land owned by the Alberta Government. The Association has an agreement to rent the land for \$800 per year. The agreement is effective to the year 2021.

On July 1, 2008, the Association entered into an agreement with CCS Landfill Services, a Division of CCS Inc., for a term of five years. Under the agreement, the Association agrees to accept non-hazardous industrial waste at the Landfill Facility. The gross tipping fee is to be agreed upon between the Association and CCS for each generator and from each site. CCS Landfill Services, is entitled to receive fees equal to 25% of the gross tipping fees received under this agreement.

On September 1, 2009, the Association entered into an agreement with the Regional District of East Kootenay (RDEK), for a term of three years. Under the agreement, the Association agrees to accept municipal solid wastes at the Landfill Facility. The gross tipping fee for municipal solid waste, received from RDEK will increase at a rate of 3% per year as follows:

2009 - \$58.00 per tonne  
2010 - \$59.74 per tonne  
2011 - \$61.53 per tonne

All fees are entitled to be received by the Crownsnest/Pincher Creek Landfill facility.

**12. Budget**

The 2009 budget for the Crownsnest/Pincher Creek Landfill association was approved by the Board and has been reported for information purposes only. These budget amounts have not been audited, reviewed or otherwise verified.

**13. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.