

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

*For the year ended December 31, 2008*



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

*For the year ended December 31, 2008*

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	<b>Page</b>
<b>Management's Responsibility</b>	
<b>Auditors' Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Members' Equity.....	3
Statement of Cash Flows.....	4
<b>Notes to the Financial Statements.....</b>	<b>5</b>

## Management's Responsibility

To the Directors of The Crownsnest/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 18, 2009

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## Auditors' Report

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To the Directors of The Crowsnest/Pincher Creek Landfill Association:

We have audited the statement of financial position of The Crowsnest/Pincher Creek Landfill Association as at December 31, 2008 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, 2008 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 18, 2009

*Megus Norris Penny LLP*


Chartered Accountants

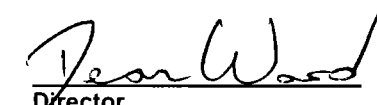


**The Crowsnest/Pincher Creek  
Landfill Association  
Statement of Financial Position**  
*As at December 31, 2008*

	2008	2007
<b>Assets</b>		
<b>Current</b>		
Cash	331,320	399,709
Accounts receivable	202,418	759,693
Current portion of term deposits <i>(Note 3)</i>	270,759	368,204
	<b>804,497</b>	1,527,606
<b>Term deposits</b> <i>(Note 3)</i>	<b>1,136,749</b>	320,851
<b>Capital assets</b> <i>(Note 4)</i>	<b>768,193</b>	962,553
	<b>2,709,439</b>	2,811,010
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	72,345	127,994
<b>Landfill closure and post-closure liability</b> <i>(Note 6)</i>	<b>657,638</b>	464,796
	<b>729,983</b>	592,790
<b>Commitments</b> <i>(Note 10)</i>		
<b>Members' equity</b>		
Capital fund	768,193	962,553
Operating fund	1,211,263	1,255,667
	<b>1,979,456</b>	2,218,220
	<b>2,709,439</b>	2,811,010

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

*For the year ended December 31, 2008*

	<i>2008 Budget</i>	<i>2008</i>	<i>2007</i>
<b>Revenue</b>			
Domestic and industrial waste disposal fees (Note 7)	1,319,501	1,058,732	1,925,547
Land lease	1,200	1,500	1,200
Road maintenance fees	34,400	22,961	60,492
Freon disposal	7,500	7,900	7,800
Investment income	52,386	52,672	37,315
Sale of scrap and miscellaneous	5,000	7,518	8,841
Electronics recycling fees	-	4,460	-
Gain (loss) on sale of property, plant and equipment	-	(432)	40,646
	<b>1,419,987</b>	<b>1,155,311</b>	<b>2,081,841</b>
<b>Expenses</b>			
Amortization	-	241,379	241,074
CCS Landfill Services - 25% share	162,500	101,158	295,733
Dust control expense	30,000	13,750	-
Freon removal	5,000	3,696	4,356
Fuel and oil	66,000	83,523	63,282
Future site restoration provision	-	192,842	154,781
Hazardous material disposal	5,000	11,682	6,377
Industrial waste expense	22,000	9,856	22,406
Insurance and licences	56,456	57,999	55,711
Lands lease	800	800	800
Litter control	5,500	2,363	5,384
Meetings	10,000	13,288	10,498
Monitoring	25,429	19,129	22,605
Office	23,500	13,257	14,156
Other projects	225,500	70,012	20,348
Professional fees	100,300	25,995	34,114
Rental	20,000	21,003	42,548
Repairs and maintenance - general	38,500	20,057	26,992
Repairs and maintenance - machinery and equipment	44,500	44,150	117,832
Repairs and maintenance - road	44,400	32,172	72,058
Salaries, wages and benefits	406,803	394,783	355,716
Site beautification	5,000	4,903	5,063
Utilities	16,000	16,278	15,070
	<b>1,313,188</b>	<b>1,394,075</b>	<b>1,586,904</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>106,799</b>	<b>(238,764)</b>	<b>494,937</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, 2008*

	<i>Capital Fund</i>	<i>Operating Fund</i>	<b>2008</b>	<b>2007</b>
<b>Members' equity, beginning of year</b>	962,553	1,255,667	2,218,220	1,723,283
<b>Excess (deficiency) of revenues over expenses</b>	-	(238,764)	(238,764)	494,937
<b>Amortization of capital assets</b>	(241,379)	241,379	-	-
<b>Purchase of capital assets</b>	47,451	(47,451)	-	-
<b>Disposal of capital assets at net book value</b>	(432)	432	-	-
<b>Members' equity, end of year</b>	768,193	1,211,263	1,979,456	2,218,220

*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, 2008*

	2008	2007
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	(238,764)	494,937
Amortization	241,379	241,074
Landfill closure and post-closure accrual	192,842	154,781
Loss (gain) on disposal of capital assets	432	(40,646)
	<b>195,889</b>	<b>850,146</b>
Changes in working capital accounts		
Accounts receivable	557,275	(540,786)
Accounts payable and accruals	(55,649)	43,826
	<b>697,515</b>	<b>353,186</b>
<b>Investing activities</b>		
Purchase of capital assets	(47,451)	(412,827)
Proceeds on disposal of capital assets	-	45,000
Purchase of term deposits	(824,543)	(22,429)
Redemption of term deposits	106,090	205,500
	<b>(765,904)</b>	<b>(184,756)</b>
<b>Increase (decrease) in cash resources</b>	<b>(68,389)</b>	<b>168,430</b>
<b>Cash resources, beginning of year</b>	<b>399,709</b>	<b>231,279</b>
<b>Cash resources, end of year</b>	<b>331,320</b>	<b>399,709</b>
<b>Supplementary cash flow information</b>		
Cash paid for interest	898	1,661

*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, 2008*

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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 local 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 fund accounting procedures 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.

**The Crownsnest/Pincher Creek  
Landfill Association  
Notes to the Financial Statements**  
*For the year ended December 31, 2008*

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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, signs and wells	declining balance	10 %
Shop, office property, equipment and scales	declining balance	20 %
Automotive, computer equipment, machinery and waste containers	declining balance	30 %
Computer software	declining balance	100 %
Site preparation	straight line	40 years

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

**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.

**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.

**The Crownsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2008*

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

***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.

***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>2008</b>	<b>2007</b>
Four year non-redeemable term deposit, bearing interest at 3.25%, maturing March 4, 2012	<b>200,000</b>	-
Four year non-redeemable term deposit, bearing interest at 3.25%, maturing March 4, 2012	<b>200,000</b>	-
Four year non-redeemable term deposit, bearing interest at 3.25%, maturing March 4, 2012	<b>250,000</b>	-
Four year non-redeemable term deposit, bearing interest at 3.25%, maturing July 12, 2009	<b>110,075</b>	106,606
Five year redeemable term deposit, bearing interest at 3.375%, maturing October 14, 2010	<b>110,473</b>	106,864
Three year non-redeemable term deposit, bearing interest at 3.75%, maturing March 4, 2011	<b>154,522</b>	-
Three year redeemable term deposit, bearing interest at 3.50%, maturing December 11, 2009	<b>160,685</b>	155,250
Five year non-redeemable term deposit, bearing interest at 3.50%, maturing July 12, 2010	<b>221,753</b>	214,245
Redeemed during the year	-	106,090
Less: Current portion	<b>(270,759)</b>	<b>(368,204)</b>
	<b>1,136,749</b>	<b>320,851</b>

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

**The Crowsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2008*

**4. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2008 Net book value</i>	<i>2007 Net book value</i>
Automotive	62,014	31,661	30,353	5,944
Buildings	169,080	103,487	65,593	69,045
Computer equipment	12,982	8,550	4,432	5,906
Computer software	10,546	8,157	2,389	45
Equipment	103,624	69,733	33,891	41,814
Fences	98,269	62,336	35,933	11,124
Furniture and fixtures	11,928	7,139	4,789	6,748
Heavy machinery	1,024,253	664,847	359,406	513,573
Irrigation equipment	2,599	1,662	937	997
Roads	125,562	91,838	33,724	35,130
Scales	72,184	54,933	17,251	21,563
Site preparation	100,451	65,577	34,874	37,385
Waste containers	539,431	426,232	113,199	161,712
Wells	105,400	73,978	31,422	34,913
Work in progress	-	-	-	16,654
	<b>2,438,323</b>	<b>1,670,130</b>	<b>768,193</b>	<b>962,553</b>

**5. Bank indebtedness**

Bank indebtedness includes an overdraft protection agreement authorized to \$60,000 (2007 - \$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 2007 or 2008 years.

**The Crownsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2008*

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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 117,525 cubic meters.

	<b>2008</b>	2007
Balance, beginning of year	<b>464,796</b>	310,015
Provision for post-closure liability	<b>192,842</b>	154,781
<hr/>		
Balance, end of year	<b>657,638</b>	464,796

The estimated remaining life is three to four 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.

**The Crowsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2008*

**7. Tonnage and disposal fees**

	2008	2007
<b>Tonnage (tonne)</b>		
Municipality of Crowsnest Pass	3,802	4,959
Municipal District of Pincher Creek #9	3,706	3,924
Town of Pincher Creek	2,473	2,750
Village of Cowley	179	139
CCS Landfill Services	12,415	56,956
Other	7,618	10,701
	30,193	79,429
<b>Disposal fees (\$)</b>		
Municipality of Crowsnest Pass	149,727	199,380
Municipal District of Pincher Creek #9	144,805	155,537
Town of Pincher Creek	97,405	110,885
Village of Cowley	6,945	5,597
CCS Landfill Services	303,475	1,182,931
Other	356,375	271,217
	1,058,732	1,925,547

**8. Related party transaction**

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

	2008	2007
<b>Domestic and industrial waste disposal fees (including road maintenance fees):</b>		
Municipality of Crowsnest Pass	152,789	199,380
Municipal District of Pincher Creek #9	147,849	155,537
Town of Pincher Creek	100,063	110,885
Village of Cowley	7,089	5,597
	407,790	471,399
<b>Accounts receivable included amounts from related parties as follows:</b>		
Municipality of Crowsnest Pass	16,205	7,556
Municipal District of Pincher Creek #9	8,241	7,228
Town of Pincher Creek	6,056	15,827
Village of Cowley	420	348
	30,922	30,959

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 \$24,436 (2007 - \$60,834) for remittance of road maintenance fees accumulated by the Association during the year.

**The Crowsnest/Pincher Creek  
Landfill Association**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2008*

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**9. 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 45% 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.

**10. 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.

**11. Budget**

The 2008 budget for the Crowsnest/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.

**12. Subsequent event**

Subsequent to the year end the Association purchased new equipment for \$305,000 and trade-in old equipment for \$25,000. The net difference of \$280,000 was paid from current cash resources.

**13. Comparative figures**

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