

**MUNICIPALITY OF
CROWSNEST PASS**

**FINANCIAL STATEMENTS
DECEMBER 31, 2005**

MUNICIPALITY OF CROWSNEST PASS

FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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AUDITORS' REPORT

To the Mayor and Council
Municipality of Crowsnest Pass

We have audited the statement of financial position of the Municipality of Crowsnest Pass as at December 31, 2005 and the statement of financial activities and change in fund balance, and statement of changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality'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 Municipality of Crowsnest Pass as at December 31, 2005 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Lethbridge, Alberta
March 9, 2006, except as to Note 17 which is as of May 15, 2006

BDO Dunwoody LLP
Chartered Accountants


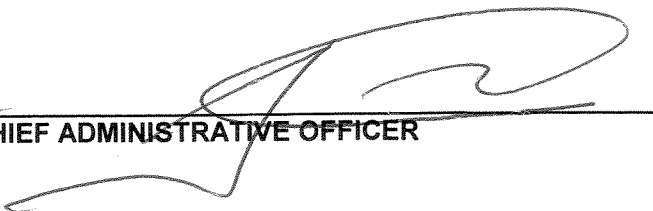
MUNICIPALITY OF CROWSNEST PASS

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2005

	2005	2004
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	\$ 1,926,996	\$ 947,639
Taxes and grants in place of taxes receivable (note 3)	248,076	280,272
Trade and other receivables	1,848,893	1,619,054
Land held for resale	335,643	335,643
Prepaid expenses	44,419	68,127
	4,404,027	3,250,735
 PHYSICAL ASSETS		
Inventory for consumption	234,604	245,100
Capital assets (note 4)	61,650,118	60,690,371
	61,884,722	60,935,471
	\$ 66,288,749	\$ 64,186,206
 LIABILITIES AND MUNICIPAL EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,188,649	\$ 905,717
Employee benefit obligations (note 5)	376,939	355,353
Accrued interest payable	9,056	9,917
Deposits	11,160	11,110
Deferred revenue (note 6)	1,369,819	118,033
Long term debt (note 7)	2,712,952	2,774,394
	5,668,575	4,174,524
 MUNICIPAL EQUITY		
Fund balances		
Operating Fund - (Schedule 1)	(264,958)	(73,360)
Capital - (Schedule 2)	12,464	-
Reserves - (Schedule 3, note 8)	1,935,502	2,169,065
	1,683,008	2,095,705
Equity in capital assets (Schedule 4)	58,937,166	57,915,977
	60,620,174	60,011,682
	\$ 66,288,749	\$ 64,186,206

CONTINGENCIES (note 13)

APPROVED BY COUNCIL:

 <hr style="border: 0.5px solid black;"/> <p>MAYOR</p>	 <hr style="border: 0.5px solid black;"/> <p>CHIEF ADMINISTRATIVE OFFICER</p>
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The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

MUNICIPALITY OF CROWNEST PASS

STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES YEAR ENDED DECEMBER 31, 2005

	Budget (Unaudited)	2005 Actual	2004 Actual
REVENUE			
Net municipal property taxes (Schedule 5)	\$ 4,942,927	\$ 4,965,203	\$ 4,690,987
User fees and sale of goods	2,770,390	2,812,111	2,608,923
Penalties and costs of taxes	64,000	52,871	67,910
Franchise and concession contracts	231,066	277,949	238,185
Investment income	98,500	41,197	30,541
Licenses and permits	89,680	89,278	67,426
Rentals	199,360	187,800	181,443
Government transfers (Schedule 6)	725,501	1,395,526	2,321,227
Proceeds from disposal of capital assets	-	467	25,900
Other	117,704	332,189	594,551
	9,239,128	10,154,591	10,827,093
EXPENDITURES (Schedule 7)			
Operating			
Legislative	130,070	145,005	132,136
Administrative	933,732	1,082,822	1,031,794
Police, fire, disaster, ambulance and bylaw enforcement	1,238,664	1,664,819	1,389,181
Roads, streets, walks and lighting	1,887,144	2,335,500	2,209,123
Water and wastewater	943,834	1,005,814	907,924
Waste management	571,174	616,374	609,382
Recreation and parks	1,673,815	1,645,737	1,705,224
Electrical distribution	389,411	377,168	335,072
Other	498,335	589,140	619,269
	8,266,179	9,462,379	8,939,105
Capital			
Administration	41,100	47,606	46,074
Police, fire, disaster, ambulance and bylaw enforcement	673,739	713,350	319,603
Roads, streets, walks and lighting	642,700	156,905	1,392,914
Water and wastewater	35,000	-	1,133,649
Recreation and parks	193,507	125,606	428,528
Electrical distribution	-	-	-
Other	-	-	4,119
	1,586,046	1,043,467	3,324,887
TOTAL EXPENDITURES	9,852,225	10,505,846	12,263,992

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

MUNICIPALITY OF CROWSNEST PASS

STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES YEAR ENDED DECEMBER 31, 2005

	Budget (Unaudited)	2005 Actual	2004 Actual
DEFICIENCY OF REVENUE OVER EXPENDITURES	(613,097)	(351,255)	(1,436,899)
CAPITAL FINANCING TRANSACTION			
Capital debt issued	1,211,000	799,151	1,169,944
Capital debt repaid	(525,000)	(860,593)	-
CHANGE IN FUND BALANCE	72,903	(412,697)	(266,955)
FUND BALANCE AT BEGINNING OF YEAR	2,095,705	2,095,705	2,362,660
FUND BALANCE AT END OF YEAR	\$ 2,168,608	\$ 1,683,008	\$ 2,095,705

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

MUNICIPALITY OF CROWNEST PASS

STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31, 2005

	2005	2004
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (351,255)	\$ (1,436,899)
Net change in non-cash operating working capital balances:		
Taxes and grants in place of taxes receivable	32,196	121,138
Trade and other receivables	(229,839)	890,705
Land held for resale	-	-
Prepaid expenses	23,708	1,629
Inventory for consumption	10,496	(21,095)
Accounts payable, accrued liabilities and employee benefit obligations	303,657	(877,463)
Deposits	50	1,180
Deferred revenue	1,251,786	(123,624)
	1,040,799	(1,444,429)
FINANCING ACTIVITIES		
Long term debt issued	799,151	1,169,944
Long term debt repaid	(860,593)	-
	(61,442)	1,169,944
INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	979,357	(274,485)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	947,639	1,222,124
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 1,926,996	\$ 947,639

The accompanying notes and supporting schedules to which the financial statements are cross-referenced are an integral part of these financial statements.

MUNICIPALITY OF CROWNEST PASS

SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 1

	Budget (Unaudited)	2005 Actual	2004 Actual
REVENUE			
Net municipal property taxes (schedule 5)	\$ 4,942,927	\$ 4,965,203	\$ 4,690,987
User fees and sale of goods	2,770,390	2,812,111	2,608,923
Penalties and costs of taxes	64,000	52,871	67,910
Franchise and concession contracts	231,066	277,949	238,185
Investment income	83,500	41,197	27,936
Licenses and permits	89,680	89,278	67,426
Rentals	199,360	187,800	181,443
Government transfers	634,401	1,338,594	538,485
Other	117,704	269,132	553,800
	9,133,028	10,034,135	8,975,095
EXPENDITURES (Schedule 6)			
Legislative	130,070	145,005	132,136
Administration	933,732	1,082,822	1,031,794
Police, fire, disaster, ambulance and bylaw enforcement	1,238,664	1,664,819	1,389,181
Roads, streets, walks, and lighting	1,887,144	2,335,500	2,209,123
Water and wastewater	943,834	1,005,814	907,924
Waste management	571,174	616,374	609,382
Recreation and parks	1,673,815	1,645,737	1,705,224
Electrical distribution	389,411	377,168	335,072
Other	498,335	589,140	619,269
	8,266,179	9,462,379	8,939,105
EXCESS OF REVENUE OVER EXPENDITURES	866,849	571,756	35,990
NET INTERFUND TRANSFERS			
Transfer from Reserves	-	358,873	203
Transfer to Reserves	(10,000)	(261,634)	(215,366)
Transfer to Capital	(309,405)	-	(8,780)
Capital debt repaid (Schedule 4)	(525,000)	(860,593)	-
CHANGE IN FUND BALANCE	22,444	(191,598)	(187,953)
FUND BALANCE, BEGINNING OF YEAR	(73,360)	(73,360)	114,593
FUND BALANCE, END OF YEAR	\$ (50,916)	\$ (264,958)	\$ (73,360)

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 2

	Budget (Unaudited)	2005 Actual	2004 Actual
REVENUE			
Government transfers	\$ 91,100	\$ 56,932	\$ 1,782,742
Investment income	15,000	-	2,605
Other	-	63,057	40,751
Proceeds from disposal of capital assets	-	467	25,900
	106,100	120,456	1,851,998
EXPENDITURES			
Administration	41,100	47,606	46,074
Police, fire, disaster, ambulance and bylaw enforcement	673,739	713,350	319,603
Roads, streets, walks and lighting	642,700	156,905	1,392,914
Water and wastewater	35,000	-	1,133,649
Recreation and parks	193,507	125,606	428,528
Electrical distribution	-	-	-
Other	-	-	4,119
	1,586,046	1,043,467	3,324,887
DEFICIENCY OF EXPENDITURES OVER REVENUE	(1,479,946)	(923,011)	(1,472,889)
CAPITAL FINANCING TRANSACTION AND NET INTERFUND TRANSFERS			
Transfer from Reserves	189,016	136,324	294,165
Transfer from Operating	309,405	-	8,780
Debt issued	1,211,000	799,151	1,169,944
CHANGE IN FUND BALANCE	229,475	12,464	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ 229,475	\$ 12,464	\$ -

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF RESERVE FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE YEAR ENDED DECEMBER 31, 2005

SCHEDULE 3

	Budget (Unaudited)	2005 Actual	2004 Actual
FUND BALANCE, BEGINNING OF YEAR	\$ 2,169,065	\$ 2,169,065	\$ 2,248,067
NET INTERFUND TRANSFERS			
Transfer to Operating	-	(358,873)	(203)
Transfer from Operating	10,000	261,634	215,366
Transfer to Capital	(189,016)	(136,324)	(294,165)
	<u>(179,016)</u>	<u>(233,563)</u>	<u>(79,002)</u>
FUND BALANCE, END OF YEAR (note 8)	<u>\$ 1,990,049</u>	<u>\$ 1,935,502</u>	<u>\$ 2,169,065</u>

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF EQUITY IN CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2005

SCHEDULE 4

	Budget (Unaudited)	2005 Actual	2004 Actual
ACQUISITION OF CAPITAL ASSETS			
Land	\$ -	\$ 117,735	\$ 262,864
Buildings	87,663	44,561	50,456
Engineering structures	656,544	122,485	2,291,394
Machinery, equipment and furnishings	157,300	109,507	397,228
Vehicles	684,539	649,179	322,945
	<u>1,586,046</u>	<u>1,043,467</u>	<u>3,324,887</u>
DISPOSAL OF CAPITAL ASSETS (Cost)			
Machinery, equipment and furnishings	-	(83,720)	(119,979)
CAPITAL FINANCING			
Capital debt issued (Schedule 2)	(1,211,000)	(799,151)	(1,169,944)
Capital debt repaid from Operating Fund (Schedule 1)	525,000	860,593	-
	<u>(686,000)</u>	<u>61,442</u>	<u>(1,169,944)</u>
CHANGE IN EQUITY BALANCE	900,046	1,021,189	2,034,964
EQUITY BALANCE, BEGINNING OF YEAR	<u>57,915,977</u>	<u>57,915,977</u>	<u>55,881,013</u>
EQUITY BALANCE, END OF YEAR (note 14)	<u><u>\$ 58,816,023</u></u>	<u><u>\$ 58,937,166</u></u>	<u><u>\$ 57,915,977</u></u>

MUNICIPALITY OF CROWNEST PASS

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2005

SCHEDULE 5

	<u>Budget</u> (Unaudited)	<u>2005</u> <u>Actual</u>	<u>2004</u> <u>Actual</u>
TAXATION			
Real property taxes	\$ 6,167,458	\$ 6,150,715	\$ 5,779,907
Linear property taxes	873,167	893,812	966,228
Government grants in place of property taxes	158,842	176,318	193,157
Special assessments and local improvement taxes	14,080	14,978	14,872
	<u>7,213,547</u>	<u>7,235,823</u>	<u>6,954,164</u>
REQUISITIONS			
Alberta School Foundation Fund	2,144,570	2,144,570	2,137,127
Crowsnest Pass Senior Housing	126,050	126,050	126,050
	<u>2,270,620</u>	<u>2,270,620</u>	<u>2,263,177</u>
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	<u>\$ 4,942,927</u>	<u>\$ 4,965,203</u>	<u>\$ 4,690,987</u>

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2005

SCHEDULE 6

	<u>2005 Actual</u>	<u>2004 Actual</u>
FEDERAL TRANSFERS		
Shared cost agreements and grants	\$ -	\$ 29,611
PROVINCIAL TRANSFERS		
Shared cost agreements and grants	<u>1,395,526</u>	<u>2,291,616</u>
	<u>\$ 1,395,526</u>	<u>\$ 2,321,227</u>

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF EXPENDITURES BY OBJECT YEAR ENDED DECEMBER 31, 2005

SCHEDULE 7

	<u>2005</u> <u>Actual</u>	<u>2004</u> <u>Actual</u>
OPERATING		
Salaries, wages, and benefits	\$ 3,593,322	\$ 3,307,136
Contracted and general services	3,158,666	3,264,821
Materials, goods, supplies, and utilities	2,086,362	1,799,844
Bank charges and short term interest	1,385	932
Interest on long term debt	128,477	86,819
Other expenditures	494,167	479,553
Capital assets acquired	1,043,467	3,324,887
TOTAL EXPENDITURES	<u>\$ 10,505,846</u>	<u>\$ 12,263,992</u>

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Municipality of Crowsnest Pass are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Significant aspects of these accounting policies adopted by Municipality of Crowsnest Pass are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statement exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Fund Accounting

Management funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Proceeds from subdivision development land sales are recorded as operating fund revenues.

e) Temporary Investments

Temporary investments are recorded at cost. 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.

f) Inventories

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the first-in, first-out method.

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

g) Capital Assets

Capital assets are reported as expenditures in the period they are acquired.

Capital assets are reported at cost except for donated assets, which are reported at estimated fair value.

Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related asset costs.

Capital assets for government purposes are not depreciated.

h) Operating Fund

Operating fund represents the amounts available to offset future operational revenue requirements (or the shortfall which will be financed from future operational revenues).

i) Capital Fund

Capital fund represents the amounts available to finance (or the shortfall in financing available for) capital projects.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Reserve Fund

Reserve fund represents the amounts set aside to finance future operating and capital expenditures. Reserves are established at the discretion of Council. Transfers to and/or from the reserve fund are reflected as an adjustment to the respective fund.

k) Equity in Capital Assets

Equity in capital assets represents the municipality's net investment in its total capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

l) Financial Instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivables, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2005</u>	<u>2004</u>
Cash	\$ 524,463	\$ 443,060
Temporary investments	<u>1,402,533</u>	<u>504,579</u>
	<u>\$ 1,926,996</u>	<u>\$ 947,639</u>

Temporary investments are short-term deposits, interest between 3.0% and 3.25%, with original maturity of three months or less.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2005	2004
Current year	\$ 156,081	\$ 174,563
Arrears	91,995	105,709
	\$ 248,076	\$ 280,272

4. CAPITAL ASSETS

	2005	2004
Land	\$ 1,350,908	\$ 1,233,173
Buildings	8,443,125	8,463,564
Roads, streets, walks, lighting	41,551,048	41,428,564
Machinery, equipment and furnishings	7,436,674	7,327,166
Vehicles	2,868,363	2,237,904
	\$ 61,650,118	\$ 60,690,371

5. EMPLOYEE BENEFIT OBLIGATIONS

	2005	2004
Vacation	\$ 7,319	\$ 2,765
Sick time	369,620	352,588
	\$ 376,939	\$ 355,353

The vacation and sick time liability is comprised of the vacation and sick time that employees are deferring to future years.

The employees accumulate two days sick leave for each month of employment, up to a total accumulation of 120 working days. Upon death (after five years of service) or retirement (after ten years of service), fifty percent (50%) of accumulated sick pay shall be payable upon retirement to the employee. Therefore, the municipality has accrued fifty percent (50%) of the total liability for accumulated sickness benefits.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

6. DEFERRED REVENUE

The deferred revenue balance represents restricted funds received in the current period that are related to the subsequent period. Changes in the deferred revenue balance is as follows:

	2005	2004
Beginning balance	\$ 118,033	\$ 241,657
Change in balance during the year	1,251,786	(123,624)
Ending balance	\$ 1,369,819	\$ 118,033

7. LONG-TERM DEBT

	2005	2004
Bank loans	\$ 2,712,952	\$ 2,774,394

Community Savings Credit Union Ltd. demand loans are repayable on demand with interest calculated and payable monthly at the credit union prime rate. The bank loans are secured by an Account Set Off Agreement and a General Security Agreement.

Principal and interest repayments are planned as follows:

	Principal	Interest	Total
2006	\$ 619,010	\$ 94,227	\$ 713,237
2007	593,200	67,534	660,734
2008	593,200	40,839	634,039
2009	575,465	14,944	590,409
2010	57,756	12,344	70,100
Thereafter	274,321	24,362	298,683
	\$ 2,712,952	\$ 254,250	\$ 2,967,202

In December 2005, a line of credit was established for the purpose of financing operating expenditures during the fiscal period 2006, with an overdraft limit of \$1,000,000, interest payable monthly at the credit union prime rate, due on demand, secured by a general security agreement.

The municipality's interest on long-term debt amounted to \$121,594 (2004 - \$86,819).
The municipality's total cash payments for interest in 2005 were \$122,455 (2004 - \$76,903).

MUNICIPALITY OF CROWNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

8. RESERVES

Reserves for operating and capital activities changed as follows:

	2004	Increases	Decreases	2005
Police, fire, disaster, ambulance and bylaw enforcement	\$ 96,951	\$ 75	\$ 65,835	\$ 31,191
Roads, streets, walks and lighting	218,003	-	-	218,003
Sanitary sewer equipment	351,643	27,719	351,643	27,719
Family Community Support Services	3,609	1,127	1,353	3,383
Land/housing	777,356	206,171	40,000	943,527
Recreational facilities	188,233	26,542	36,366	178,409
Electrical distribution	15,312	-	-	15,312
Millrate stabilization	517,958	-	-	517,958
	<u>\$ 2,169,065</u>	<u>\$ 261,634</u>	<u>\$ 495,197</u>	<u>\$ 1,935,502</u>

9. COMMITMENTS

a. The municipality has entered into a lease for a 2005 truck. Payments of \$580 per month for 60 months commencing September 2005.

b. Fee for Service Contracts

The municipality has entered into various contracts whereby third party agencies provide services to the community on behalf of the Municipality of Crownsnest Pass. These fees for service contracts vary in length, terms, and conditions.

i. Pass Recycling

Three year contract for the pick-up collection, and removal of recyclable material in seven locations throughout the community for \$3,500 plus GST per month. The contract is in effect between September 1, 2004 to August 31, 2007.

ii. C.N.P Waste Disposal Ltd.

Five year contract for pick-up, collection, and transport of refuse from the Municipality of Crownsnest Pass to the landfill. The contract is in effect between June 1, 2002 and May 31, 2007. The fee shall be paid monthly. The fee and periods remaining are:

June 1, 2005 - May 31, 2006	\$ 219,274
June 1, 2006 - May 31, 2007	\$ 223,659

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

9. COMMITMENTS (continued)

iii. 695382 Alberta Ltd.

Ambulance and emergency services agreement for the period June 1, 2005 to December 31, 2011. The fees are as follows and payable in equal monthly payments.

2006 \$	154,572	+ GST
2007	157,668	+ GST
2008	160,824	+ GST
2009	164,040	+ GST
2010	167,316	+ GST
2011	170,664	+ GST

iv. Enmax Energy Corporation

This contract is in effect for a five year term, effective January 1, 2006 to December 31, 2010. Under the terms of the contract, Enmax Energy Corporation will provide electricity retail billing, collection, and customer care for the electricity customers within the municipality. The contract rate is fixed for the five year period.

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected Municipality officials, the chief administrative officer and designated officers as required by Alberta Regulation 379/94 are as follows:

	Salary (1)	Benefits & Allowances (2)	2005 Total	2004 Total
Mayor Irwin	\$ 13,617	\$ 6,798	\$ 20,415	\$ 18,900
Councillor Chorney	8,121	4,054	12,175	13,100
Councillor Cole	-	-	-	8,885
Councillor Ham	8,231	4,109	12,340	3,147
Councillor Marra	-	-	-	8,470
Councillor Rejman	-	-	-	8,845
Councillor Stanley	-	-	-	6,700
Councillor Sterling	-	-	-	8,065
Councillor Stolarik	8,648	4,317	12,965	3,187
Councillor Sygutek	7,364	3,676	11,040	3,037
Councillor Taje	10,889	5,436	16,325	3,577
Councillor Ward	8,067	4,028	12,095	2,522
	<u>\$ 64,937</u>	<u>\$ 32,418</u>	<u>\$ 97,355</u>	<u>\$ 88,435</u>
Chief Administrative Officer	\$ 89,019	\$ 12,588	\$ 101,607	\$ 56,033
Designated Officers	129,000	19,482	148,482	117,946
Assessor - Contract fees	-	-	106,993	107,190

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

10. SALARY AND BENEFITS DISCLOSURE (continued)

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan (CPP), Employment Insurance (EI), pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality of Crowsnest Pass participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The Plan serves about 133,000 people and about 389 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipality of Crowsnest Pass is required to make current service contributions to the Plan of 5.525% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 7.4% for the excess. Employees of the municipality are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% of pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2005 were \$166,309 (2004 - \$129,850). Total current service contributions by the employees of the municipality to the LAPP in 2005 were \$144,578 (2004 - \$110,538).

At December 31, 2004, the Plan disclosed an actuarial deficiency of \$1,288.9 million.

MUNICIPALITY OF CROWNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

12. DEBT LIMITS

Section 267(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Municipality of Crownsnest Pass be disclosed as follows:

	<u>2005</u>	<u>2004</u>
Total debt limit	\$ 15,051,203	\$ 13,462,642
Total debt	<u>2,712,952</u>	<u>2,774,394</u>
Total unused debt limit	<u>\$ 12,338,251</u>	<u>\$ 10,688,248</u>
Debt servicing limit	\$ 2,508,534	\$ 2,243,774
Debt servicing	<u>713,237</u>	<u>664,908</u>
Amount of unused debt servicing limit	<u>\$ 1,795,297</u>	<u>\$ 1,578,866</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

13. CONTINGENCY

The Municipality of Crownsnest Pass is a member of MUNIX. Under the terms of the membership, the Municipality of Crownsnest Pass could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year losses are determined.

The Municipality has been named in a claim in order to preserve a limitation period. The claim will only be served on the Municipality in the event that the Government of Alberta attempts to deflect responsibility to the Municipality.

14. EQUITY IN CAPITAL ASSETS

	<u>2005</u>	<u>2004</u>
Capital assets (note 4)	\$ 61,650,118	\$ 60,690,371
Long-term debt (note 6)	<u>(2,712,952)</u>	<u>(2,774,394)</u>
	<u>\$ 58,937,166</u>	<u>\$ 57,915,977</u>

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

15. BUDGET FIGURES

The budgeted figures have been presented for comparative purposes only, they have not been audited or reviewed.

16. CHANGE IN ACCOUNTING POLICY

During the year, the municipality changed the policy for accounting for its inventories from average cost method to the first-in first-out method. Generally, a change in accounting policy requires retroactive restatement of the inventory figures. However, the change in this case is insignificant. Therefore, no retroactive change was necessary.

17. CONTRIBUTION RECEIVABLE - ALBERTA CENTENNIAL LEGACIES PROGRAM

The Municipality of Crowsnest Pass has been awarded a grant in the amount of \$250,000 from the Alberta Government's Centennial Legacies Grant Program, under a contribution agreement. The grant funds and corresponding monthly interest are being held by the Alberta Government in a Consolidated Cash Investment Trust Fund to be used by the Municipality exclusively for community sports fields. As at December 31, 2005, the balance in the fund is \$252,482, including \$2,482 interest and \$642 accrued interest.

As of December 31, 2005, the contributions receivable have been recorded based on the expenditures incurred to date on these projects, \$30,000 for the Horace Allen School field development and \$70,774 for the ball complex development, which is included in trade and other receivables.