

**MUNICIPALITY OF
CROWSNEST PASS**

**FINANCIAL STATEMENTS
DECEMBER 31, 2004**

MUNICIPALITY OF CROWNEST PASS

FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2004

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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, 2004 and the statement of financial activities and change in fund balance, and statement of changes 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, 2004 and the results of its financial activities and changes in its financial position for the year then ended in accordance with the disclosed basis of accounting as described in Note 1.

Lethbridge, Alberta
March 2, 2005

BDO Dunwoody LLP
Chartered Accountants

MUNICIPALITY OF CROWNEST PASS

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2004

	2004	2003 As restated
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments (note 2)	\$ 947,639	\$ 1,222,124
Taxes and grants in place of taxes receivable (note 3)	280,272	401,410
Trade and other receivables	1,619,054	2,509,759
Land held for resale	335,643	335,643
Prepaid expenses	68,127	69,756
	3,250,735	4,538,692
PHYSICAL ASSETS		
Inventory for consumption	245,100	224,005
Capital assets (note 4)	60,690,371	57,485,463
	60,935,471	57,709,468
	\$ 64,186,206	\$ 62,248,160
LIABILITIES AND MUNICIPAL EQUITY		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,261,070	\$ 2,141,037
Accrued interest payable	9,917	7,413
Deposits	11,110	9,930
Deferred revenue (note 5)	118,033	241,657
Long term debt (note 6)	2,774,394	1,604,450
	4,174,524	4,004,487
MUNICIPAL EQUITY		
Fund balances		
Operating Fund - (Schedule 1)	(73,360)	114,593
Capital - (Schedule 2)	-	-
Reserves - (Schedule 3, note 7)	2,169,065	2,248,067
	2,095,705	2,362,660
Equity in capital assets (Schedule 4)	57,915,977	55,881,013
	60,011,682	58,243,673
	\$ 64,186,206	\$ 62,248,160

CONTINGENCIES (note 13)

APPROVED BY COUNCIL:


MAYOR


CHIEF ADMINISTRATIVE OFFICER

IBDO

MUNICIPALITY OF CROWNEST PASS

STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES YEAR ENDED DECEMBER 31, 2004

	Budget (Unaudited)	2004 Actual	2003 Actual As restated
REVENUE			
Net municipal property taxes (Schedule 5)	\$ 4,718,873	\$ 4,690,987	\$ 4,770,352
User fees and sale of goods	2,663,966	2,608,923	2,868,693
Penalties and costs of taxes	62,000	67,910	62,805
Franchise and concession contracts	231,066	238,185	232,426
Investment income	128,500	30,541	183,349
Licenses and permits	91,700	67,426	84,262
Rentals	171,058	181,443	175,533
Government transfers	2,240,257	2,321,227	6,962,926
Gain on disposal of capital assets	-	25,900	-
Other	96,569	594,551	222,460
	10,403,989	10,827,093	15,562,806
EXPENDITURES (Schedule 6)			
Operating			
Legislative	124,672	132,136	144,487
Administrative	918,507	1,031,794	1,068,141
Police, fire, disaster, ambulance and bylaw enforcement	1,208,658	1,389,181	3,743,067
Roads, streets, walks and lighting	1,568,715	2,209,123	1,896,455
Water and wastewater	930,654	907,924	1,134,474
Waste management	512,472	609,382	546,254
Recreation and parks	1,010,662	1,705,224	1,424,802
Electrical distribution	506,811	335,072	410,807
Other	509,853	619,269	487,244
	7,291,004	8,939,105	10,855,731
Capital			
Administration	73,294	46,074	55,675
Police, fire, disaster, ambulance and bylaw enforcement	865,800	319,603	38,927
Roads, streets, walks and lighting	2,575,119	1,392,914	7,337,112
Water and wastewater	187,000	1,133,649	377
Recreation and parks	661,185	428,528	402,750
Electrical distribution	-	-	12,473
Other	4,119	4,119	48,923
	4,366,517	3,324,887	7,896,237
TOTAL EXPENDITURES	11,657,521	12,263,992	18,751,968

MUNICIPALITY OF CROWSNEST PASS

STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES YEAR ENDED DECEMBER 31, 2004

	<u>Budget (Unaudited)</u>	<u>2004 Actual</u>	<u>2003 Actual As restated</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	(1,253,532)	(1,436,899)	(3,189,162)
CAPITAL FINANCING TRANSACTION			
New debt issued	<u>1,028,333</u>	<u>1,169,944</u>	<u>1,137,075</u>
CHANGE IN FUND BALANCE	(225,199)	(266,955)	(2,052,087)
FUND BALANCE AT BEGINNING OF YEAR	<u>2,362,660</u>	<u>2,362,660</u>	<u>4,414,747</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,137,461</u>	<u>\$ 2,095,705</u>	<u>\$ 2,362,660</u>

MUNICIPALITY OF CROWSNEST PASS

STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31, 2004

	2004	2003
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (1,436,899)	\$ (3,189,162)
Net change in non-cash operating working capital balances:		
Taxes and grants in place of taxes receivable	121,138	(111,270)
Trade and other receivables	890,705	(1,733,280)
Land held for resale	-	(259,000)
Prepaid expenses	1,629	4,217
Inventory for consumption	(21,095)	-
Accounts payable and accrued liabilities	(877,463)	1,042,568
Deposits	1,180	(410)
Deferred revenue	(123,624)	(1,760,900)
	(1,444,429)	(6,007,237)
FINANCING ACTIVITIES		
Proceeds from long term debt	1,169,944	1,137,075
DECREASE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	(274,485)	(4,870,162)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	1,222,124	6,092,286
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 947,639	\$ 1,222,124

MUNICIPALITY OF CROWNEST PASS

SCHEDULE OF OPERATING FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE YEAR ENDED DECEMBER 31, 2004

SCHEDULE 1

	Budget (Unaudited)	2004 Actual	2003 Actual As restated
REVENUE			
Net municipal property taxes (schedule 5)	\$ 4,718,873	\$ 4,690,987	\$ 4,770,352
User fees and sale of goods	2,663,966	2,608,923	2,868,693
Penalties and costs of taxes	62,000	67,910	62,805
Franchise and concession contracts	231,066	238,185	232,426
Investment income	128,500	27,936	183,349
Licenses and permits	91,700	67,426	84,262
Rentals	171,058	181,443	175,533
Government transfers	341,890	538,485	6,962,926
Other	96,569	553,800	222,460
	8,505,622	8,975,095	15,562,806
EXPENDITURES (Schedule 6)			
Legislative	124,672	132,136	144,487
Administration	918,507	1,031,794	1,068,141
Police, fire, disaster, ambulance and bylaw enforcement	1,208,658	1,389,181	3,743,067
Roads, streets, walks, and lighting	1,568,715	2,209,123	1,896,455
Water and wastewater	930,654	907,924	1,134,474
Waste management	512,472	609,382	546,254
Recreation and parks	1,010,662	1,705,224	1,424,802
Electrical distribution	506,811	335,072	410,807
Other	509,853	619,269	487,244
	7,291,004	8,939,105	10,855,731
EXCESS OF REVENUE OVER EXPENDITURES	1,214,618	35,990	4,707,075
NET INTERFUND TRANSFERS			
Transfer from Reserves	-	203	256,252
Transfer to Reserves	-	(215,366)	(536,268)
Transfer to Capital	(1,016,817)	(8,780)	(5,824,389)
CHANGE IN FUND BALANCE	197,801	(187,953)	(1,397,330)
FUND BALANCE, BEGINNING OF YEAR	114,593	114,593	1,511,923
FUND BALANCE, END OF YEAR	\$ 312,394	\$ (73,360)	\$ 114,593

MUNICIPALITY OF CROWNEST PASS

SCHEDULE OF CAPITAL FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE YEAR ENDED DECEMBER 31, 2004

SCHEDULE 2

	Budget (Unaudited)	2004 Actual	2003 Actual
REVENUE			
Government transfers	\$ 1,898,367	\$ 1,782,742	\$ -
Investment income	-	2,605	-
Other	-	40,751	-
Proceeds from disposal of capital assets	-	25,900	-
	<u>1,898,367</u>	<u>1,851,998</u>	<u>-</u>
EXPENDITURES			
Administration	73,294	46,074	55,675
Police, fire, disaster, ambulance and bylaw enforcement	865,800	319,603	38,927
Roads, streets, walks and lighting	1,075,119	1,392,914	7,337,112
Water and wastewater	1,687,000	1,133,649	377
Recreation and parks	661,185	428,528	402,750
Electrical distribution	-	-	12,473
Other	4,119	4,119	48,923
	<u>4,366,517</u>	<u>3,324,887</u>	<u>7,896,237</u>
DEFICIENCY OF EXPENDITURES OVER REVENUE	(2,468,150)	(1,472,889)	(7,896,237)
CAPITAL FINANCING TRANSACTION AND NET INTERFUND TRANSFERS			
Transfer from Reserves	423,000	294,165	934,773
Transfer from Operating	1,016,817	8,780	5,824,389
Debt issued	1,028,333	1,169,944	1,137,075
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF RESERVE FUND FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCE YEAR ENDED DECEMBER 31, 2004

SCHEDULE 3

	Budget (Unaudited)	2004 Actual	2003 Actual
FUND BALANCE, BEGINNING OF YEAR	\$ 2,248,067	\$ 2,248,067	\$ 2,902,824
NET INTERFUND TRANSFERS			
Transfer to Operating	-	(203)	(256,252)
Transfer from Operating	-	215,366	536,268
Transfer to Capital	(423,000)	(294,165)	(934,773)
	(423,000)	(79,002)	(654,757)
FUND BALANCE, END OF YEAR (note 7)	\$ 1,825,067	\$ 2,169,065	\$ 2,248,067

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF EQUITY IN CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2004

SCHEDULE 4

	Budget (Unaudited)	2004 Actual	2003 Actual
ACQUISITION OF CAPITAL ASSETS			
Land	\$ 255,000	\$ 262,864	\$ 203,044
Buildings	82,700	50,456	105,316
Engineering structures	2,500,000	2,291,394	7,312,949
Machinery, equipment and furnishings	511,317	397,228	254,935
Vehicles	1,017,500	322,945	19,992
	<u>4,366,517</u>	<u>3,324,887</u>	<u>7,896,236</u>
DISPOSAL OF CAPITAL ASSETS (Cost)			
Machinery, equipment and furnishings	-	119,979	-
CAPITAL FINANCING			
Capital debt issued (Schedule 2)	1,028,333	1,169,944	1,137,075
Capital debt repaid from Operating Fund	-	-	-
	<u>1,028,333</u>	<u>1,169,944</u>	<u>1,137,075</u>
CHANGE IN EQUITY BALANCE	3,338,184	2,034,964	6,759,161
EQUITY BALANCE, BEGINNING OF YEAR	55,881,013	55,881,013	49,121,852
EQUITY BALANCE, END OF YEAR (note 15)	<u>\$ 59,219,197</u>	<u>\$ 57,915,977</u>	<u>\$ 55,881,013</u>

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2004

SCHEDULE 5

	<u>Budget (Unaudited)</u>	<u>2004 Actual</u>	<u>2003 Actual</u>
TAXATION			
Real property taxes	\$ 5,990,299	\$ 5,779,907	\$ 5,929,174
Linear property taxes	837,364	966,228	840,700
Government grants in place of property taxes	139,516	193,157	148,876
Special assessments and local improvement taxes	14,872	14,872	15,083
	<u>6,982,051</u>	<u>6,954,164</u>	<u>6,933,833</u>
REQUISITIONS			
Alberta School Foundation Fund	2,137,128	2,137,127	2,048,884
Crowsnest Pass Senior Housing	126,050	126,050	114,597
	<u>2,263,178</u>	<u>2,263,177</u>	<u>2,163,481</u>
NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES	<u>\$ 4,718,873</u>	<u>\$ 4,690,987</u>	<u>\$ 4,770,352</u>

MUNICIPALITY OF CROWSNEST PASS

SCHEDULE OF EXPENDITURES BY OBJECT YEAR ENDED DECEMBER 31, 2004

SCHEDULE 6

	<u>2004</u> <u>Actual</u>	<u>2003</u> <u>Actual</u>
OPERATING		
Salaries, wages, and benefits	\$ 3,307,136	\$ 3,627,205
Contracted and general services	3,264,821	4,385,830
Materials, goods, supplies, and utilities	1,799,844	2,367,127
Bank charges and short term interest	932	1,598
Interest on long term debt	86,819	-
Other expenditures	479,553	473,971
Capital assets acquired	<u>3,324,887</u>	<u>7,896,237</u>
TOTAL EXPENDITURES	<u>\$ 12,263,992</u>	<u>\$ 18,751,968</u>

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Municipality of Crowsnest Pass are the representations of management prepared in accordance with local government accounting standards 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 non-consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Municipality, and are therefore, accountable to the Municipality Council for the administration of their financial affairs and resources, except for the Crowsnest Centre and the Crowsnest Pass Municipal Library.

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, 2004

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 average cost 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 CROWNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

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>2004</u>	<u>2003</u>
Cash	\$ 443,060	\$ 971,538
Temporary investments	<u>504,579</u>	<u>250,586</u>
	<u>\$ 947,639</u>	<u>\$ 1,222,124</u>

Temporary investments are short-term deposits, interest at 2.34%, with original maturity of three months or less.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2004	2003
Current year	\$ 174,563	\$ 294,914
Arrears	105,709	106,496
	\$ 280,272	\$ 401,410

4. CAPITAL ASSETS

	2004	2003
Land	\$ 1,233,173	\$ 970,309
Buildings	8,463,564	8,413,108
Roads, streets, walks, lighting	41,428,564	39,137,169
Machinery, equipment and furnishings	7,327,166	7,049,918
Vehicles	2,237,904	1,914,959
	\$ 60,690,371	\$ 57,485,463

5. 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:

	2004	2003
Beginning balance	\$ 241,657	\$ 2,002,557
Change in balance during the year	(123,624)	(1,760,900)
Ending balance	\$ 118,033	\$ 241,657

6. EMPLOYEE BENEFIT OBLIGATIONS

	2004	2003
Vacation	\$ 2,765	\$ 16,843
Sick time	352,588	369,132
	\$ 355,353	\$ 385,975

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

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

6. EMPLOYEE BENEFIT OBLIGATIONS (continued)

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.

7. LONG-TERM DEBT

	<u>2004</u>	<u>2003</u>
Bank loans	<u>\$ 2,774,394</u>	<u>\$ 1,604,450</u>

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. The municipality's total cash payments for interest in 2004 were \$76,903.

Principal and interest repayments are planned as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 554,879	\$ 110,029	\$ 664,908
2006	554,879	86,447	641,326
2007	554,879	62,865	617,744
2008	554,879	39,282	594,161
2009	554,878	15,700	570,578
	<u>\$ 2,774,394</u>	<u>\$ 314,323</u>	<u>\$ 3,088,717</u>

In December 2004, a line of credit was established for the purpose of financing operating expenditures during the fiscal period 2004, 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.

MUNICIPALITY OF CROWNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

8. RESERVES

Reserves for operating and capital activities changed as follows:

	2003	Increases	Decreases	2004
Police, fire, disaster, ambulance and bylaw enforcement	\$ 310,909	\$ 80,207	\$ 294,165	\$ 96,951
Roads, streets, walks and lighting	168,003	50,000	-	218,003
Sanitary sewer equipment	321,154	30,489	-	351,643
Family Community Support Services	3,812	-	203	3,609
Land/housing	767,071	10,285	-	777,356
Recreational facilities	143,848	44,385	-	188,233
Electrical distribution	15,312	-	-	15,312
Millrate stabilization	517,958	-	-	517,958
	<u>\$ 2,248,067</u>	<u>\$ 215,366</u>	<u>\$ 294,368</u>	<u>\$ 2,169,065</u>

9. COMMITMENTS

The Municipality has committed to purchase fire trucks for approximately \$647,000, these trucks will be financed with long-term debt from the Community Savings Credit Union to be repaid over ten equal annual instalments of principal plus interest, at the credit union's prime rate.

MUNICIPALITY OF CROWSNEST PASS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

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)	2004 Total	2003 Total
Mayor Irwin	\$ 18,900	\$ -	\$ 18,900	\$ 17,635
Councillor Chorney	13,100	-	13,100	13,100
Councillor Cole	8,885	-	8,885	12,955
Councillor Ham	3,147	-	3,147	-
Councillor Marra	8,470	-	8,470	10,605
Councillor Rejman	8,845	-	8,845	11,255
Councillor Stanley	6,700	-	6,700	12,890
Councillor Sterling	8,065	-	8,065	10,130
Councillor Stolarik	3,187	-	3,187	-
Councillor Sygutek	3,037	-	3,037	-
Councillor Taje	3,577	-	3,577	-
Councillor Ward	2,522	-	2,522	-
	<u>\$ 88,435</u>	<u>\$ -</u>	<u>\$ 88,435</u>	<u>\$ 88,570</u>
Chief Administrative Officer	\$ 54,923	\$ 1,110	\$ 56,033	\$ 81,632

(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.

MUNICIPALITY OF CROWSNEST PASS

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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 2004 were \$129,850 (2003 - \$100,854). Total current service contributions by the employees of the municipality to the LAPP in 2004 were \$110,538 (2003 - \$83,117).

At December 31, 2003, the Plan disclosed an actuarial deficiency of \$445.0 million.

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 Crowsnest Pass be disclosed as follows:

	<u>2004</u>	<u>2003</u>
Total debt limit	\$ 13,462,642	\$ 13,261,275
Total debt	<u>2,808,109</u>	<u>1,604,450</u>
Total unused debt limit	<u>\$ 10,654,533</u>	<u>\$ 11,656,825</u>
Debt servicing limit	\$ 2,243,774	\$ 2,210,213
Debt servicing	<u>664,908</u>	<u>642,044</u>
Amount of unused debt servicing limit	<u>\$ 1,578,866</u>	<u>\$ 1,568,169</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.

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13. CONTINGENCY

The Municipality of Crowsnest Pass is a member of MUNIX. Under the terms of the membership, the Municipality of Crowsnest 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 as a defendant in a lawsuit regarding the sale of a property to recover property taxes in arrears. It is management's opinion, in consultation with legal counsel, that a settlement, if any, will be covered by the Municipality's liability insurance.

14. COMPARATIVE FIGURES

The comparative figures for the operating fund and equity in capital assets (formerly equity in physical assets) have been changed to exclude inventory for consumption as part of equity in capital assets, as recommended by Alberta Municipal Affairs. This results in a decrease to the opening balance of equity in capital assets and an increase in the operating fund of \$216,593.

15. EQUITY IN CAPITAL ASSETS

	<u>2004</u>	<u>2003</u>
Capital assets (note 4)	\$ 60,690,371	\$ 57,485,463
Long-term debt (note 6)	<u>(2,774,394)</u>	<u>(1,604,450)</u>
	<u>\$ 57,915,977</u>	<u>\$ 55,881,013</u>

16. BUDGET FIGURES

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