

**MUNICIPALITY OF  
CROWSNEST PASS**

**NON-CONSOLIDATED  
FINANCIAL STATEMENTS  
DECEMBER 31, 2002**



**BDO Dunwoody LLP**  
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and Consultants

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## **AUDITORS' REPORT**

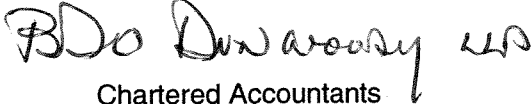
To the Mayor and Council  
Municipality of Crowsnest Pass

We have audited the non-consolidated statement of financial position of the Municipality of Crowsnest Pass as at December 31, 2002 and the non-consolidated statement of financial activities and change in fund balance, and non-consolidated 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 non-consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of Crowsnest Pass as at December 31, 2002 and the results of its financial activities and cash flows for the year then ended in accordance with accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants, except that they are non-consolidated as explained in note 1(a).

Lethbridge, Alberta  
February 28, 2003

  
Chartered Accountants

# MUNICIPALITY OF CROWSNEST PASS

## NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2002

	2002	2001
<b>ASSETS</b>		
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (note 2)	\$ 6,092,286	\$ 6,207,108
Taxes and grants in place of taxes receivable (note 3)	290,140	307,232
Trade and other receivables	776,479	690,744
Land held for resale	76,643	87,094
Prepaid expenses	73,973	65,130
	7,309,521	7,357,308
<b>PHYSICAL ASSETS</b>		
Inventory for consumption	234,816	244,231
Physical assets (note 4)	49,589,226	47,310,671
	49,824,042	47,554,902
	\$ 57,133,563	\$ 54,912,210
<b>LIABILITIES AND MUNICIPAL EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,098,470	\$ 2,005,792
Accrued interest payable	2,312	-
Deposits	10,340	10,035
Deferred revenue (note 5)	2,002,557	1,047,639
Long term debt (note 6)	467,375	-
	3,581,054	3,063,466
<b>MUNICIPAL EQUITY</b>		
Fund balances		
Operating Fund - (Schedule 1)	1,295,330	1,330,525
Capital - (Schedule 2)	-	-
Reserves - (Schedule 3, note 7)	2,902,824	2,963,317
	4,198,154	4,293,842
Equity in physical assets	49,354,355	47,554,902
	53,552,509	51,848,744
	\$ 57,133,563	\$ 54,912,210

APPROVED BY COUNCIL:

  
MAYOR

  
CHIEF ADMINISTRATIVE OFFICER

# MUNICIPALITY OF CROWNEST PASS

## NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN FUND BALANCES YEAR ENDED DECEMBER 31, 2002

	Budget	2002 Actual	2001 Actual
<b>REVENUE</b>			
Net municipal property taxes (Schedule 4)	\$ 4,344,680	\$ 4,532,444	\$ 4,271,732
User fees and sale of goods	2,703,161	2,806,496	2,852,641
Penalties and costs of taxes	70,000	61,300	72,686
Franchise and concession contracts	285,308	190,563	231,065
Investment income	129,000	205,671	265,380
Licenses and permits	99,500	91,534	68,805
Rentals	150,040	155,774	136,457
Government transfers (note 8)	3,740,528	1,406,770	938,194
Gain on disposal of land held for resale	2,500	76,643	23,867
Other	218,033	210,963	260,557
	<b>11,742,750</b>	<b>9,738,158</b>	<b>9,121,384</b>
<b>EXPENDITURES (Schedule 5)</b>			
Legislative	119,355	128,163	105,427
Administrative	1,049,127	1,292,257	1,237,737
Police, fire, disaster, ambulance and bylaw enforcement	1,310,933	1,284,502	1,305,657
Roads, streets, walks and lighting	6,696,928	3,766,829	2,509,081
Water and wastewater	947,153	922,402	794,376
Waste management	517,699	516,066	464,357
Recreation and parks	1,531,872	1,361,603	1,410,776
Electrical distribution	514,698	532,494	499,446
Other	577,570	496,905	351,314
	<b>13,265,335</b>	<b>10,301,221</b>	<b>8,678,171</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(1,522,585)</b>	<b>(563,063)</b>	<b>443,213</b>
<b>CAPITAL FINANCING TRANSACTION</b>			
Repayment of long term debt	-	-	(27,939)
New debt issued	-	467,375	-
	<b>\$ (1,522,585)</b>	<b>\$ (95,688)</b>	<b>\$ 415,274</b>
<b>CHANGE IN FUND BALANCES</b>	<b>\$ (1,522,585)</b>	<b>\$ (95,688)</b>	<b>\$ 415,274</b>

# MUNICIPALITY OF CROWSNEST PASS

## NON-CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED DECEMBER 31, 2002

	2002	2001
CASH FLOWS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ (563,063)	\$ 443,213
Net change in non-cash operating working capital balances:		
Taxes and grants in place of taxes receivable	17,092	108,469
Trade and other receivables	(85,735)	366,250
Land held for resale	10,451	2,634
Prepaid expenses	(8,844)	(4,921)
Accounts payable and accrued liabilities	(907,321)	207,836
Deposits	305	(9,768)
Deferred revenue	954,918	614,441
	(582,197)	1,728,154
FINANCING ACTIVITIES		
Proceeds from long term debt	467,375	-
Repayment of long term debt	-	(27,939)
	467,375	(27,939)
INCREASE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	(114,822)	1,700,215
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	6,207,108	4,506,893
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 6,092,286	\$ 6,207,108

# MUNICIPALITY OF CROWNEST PASS

## OPERATING FUND YEAR ENDED DECEMBER 31, 2002

### SCHEDULE 1

	Budget	2002 Actual	2001 Actual
<b>REVENUE</b>			
Net municipal property taxes (schedule 4)	\$ 4,344,680	\$ 4,532,444	\$ 4,271,732
User fees and sale of goods	2,703,161	2,806,496	2,852,641
Penalties and costs of taxes	70,000	61,300	72,686
Franchise and concession contracts	285,308	190,563	231,065
Investment income	129,000	205,671	265,380
Licenses and permits	99,500	91,534	68,805
Rentals	150,040	155,774	136,457
Government transfers (note 8)	3,740,528	1,406,770	938,194
Gain on disposal of land held for resale	2,500	76,643	23,867
Other	218,033	210,963	220,215
	<b>11,742,750</b>	<b>9,738,158</b>	<b>9,081,042</b>
<b>EXPENDITURES (Schedule 5)</b>			
Legislative	119,355	128,163	105,427
Administration	1,040,377	1,205,879	1,193,168
Police, fire, disaster, ambulance and bylaw enforcement	1,208,061	1,180,152	1,155,819
Roads, streets, walks, and lighting	1,480,149	1,981,285	1,864,260
Water and wastewater	897,713	872,962	794,376
Waste management	517,699	516,066	464,357
Recreation and parks	1,261,701	1,196,105	1,275,209
Electrical distribution	514,698	532,494	499,446
Other	577,570	409,560	351,314
	<b>7,617,323</b>	<b>8,022,666</b>	<b>7,703,376</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>4,125,427</b>	<b>1,715,492</b>	<b>1,377,666</b>
<b>NET INTERFUND TRANSFERS</b>			
Transfer to Capital - repayment of long term debt	-	-	(27,939)
Transfer from Reserves	1,829,971	1,330	-
Transfer to Reserves	-	(227,665)	-
Transfer to Capital	(5,556,977)	(1,524,352)	(650,720)
	<b>398,421</b>	<b>(35,195)</b>	<b>699,007</b>
<b>CHANGE IN FUND BALANCE</b>	<b>398,421</b>	<b>(35,195)</b>	<b>699,007</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>1,330,525</b>	<b>1,330,525</b>	<b>631,518</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,728,946</b>	<b>\$ 1,295,330</b>	<b>\$ 1,330,525</b>

# MUNICIPALITY OF CROWSNEST PASS

CAPITAL FUND  
YEAR ENDED DECEMBER 31, 2002

SCHEDULE 2

	Budget	2002 Actual	2001 Actual
REVENUE			
Other	\$ -	\$ -	\$ 40,342
EXPENDITURES			
Administration	8,750	86,378	44,569
Police, fire, disaster, ambulance and bylaw enforcement	102,872	104,350	149,838
Roads, streets, walks and lighting	5,216,779	1,785,544	644,821
Water and wastewater	49,440	49,440	-
Recreation and parks	270,171	165,498	135,567
Other	-	87,345	-
	5,648,012	2,278,555	974,795
EXCESS OF EXPENDITURES OVER REVENUE	(5,648,012)	(2,278,555)	(934,453)
CAPITAL FINANCING TRANSACTION AND NET INTERFUND TRANSFERS			
Repayment of long term debt	-	-	(27,939)
Transfer from Operating - repayment of long term debt	-	-	27,939
Transfer from Reserves	91,035	286,828	283,733
Transfer from Operating	5,556,977	1,524,352	650,720
Debt issued	-	467,375	-
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

# MUNICIPALITY OF CROWSNEST PASS

## RESERVE FUND YEAR ENDED DECEMBER 31, 2002

### SCHEDULE 3

	<u>Budget</u>	<u>2002 Actual</u>	<u>2001 Actual</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 2,963,317	\$ 2,963,317	\$ 3,247,050
NET INTERFUND TRANSFERS			
Transfer to Operating	(1,829,971)	(1,330)	-
Transfer from Operating	-	227,665	-
Transfer to Capital	(91,035)	(286,828)	(283,733)
	<u>(1,921,006)</u>	<u>(60,493)</u>	<u>(283,733)</u>
FUND BALANCE, END OF YEAR (note 7)	\$ 1,042,311	\$ 2,902,824	\$ 2,963,317

# MUNICIPALITY OF CROWSNEST PASS

## TAXES LEVIED YEAR ENDED DECEMBER 31, 2002

### SCHEDULE 4

	Budget	2002 Actual	2001 Actual
<b>TAXATION</b>			
Real property taxes	\$ 5,294,174	\$ 5,486,138	\$ 5,113,076
Linear property taxes	919,513	919,399	941,874
Government grants in place of property taxes	152,485	167,308	151,970
Special assessments and local improvement taxes	32,978	14,069	29,647
	<b>6,399,150</b>	<b>6,586,914</b>	<b>6,236,567</b>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	1,950,289	1,950,289	1,870,125
Crowsnest Pass Senior Housing	104,181	104,181	94,710
	<b>2,054,470</b>	<b>2,054,470</b>	<b>1,964,835</b>
<b>NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES</b>	<b>\$ 4,344,680</b>	<b>\$ 4,532,444</b>	<b>\$ 4,271,732</b>

# MUNICIPALITY OF CROWNEST PASS

## NON-CONSOLIDATED EXPENDITURES BY OBJECT YEAR ENDED DECEMBER 31, 2002

### SCHEDULE 5

	<u>Budget</u>	<u>2002 Actual</u>	<u>2001 Actual</u>
<b>OPERATING</b>			
Salaries, wages, and benefits	\$ 2,908,652	\$ 2,982,788	\$ 2,727,995
Contracted and general services	2,513,868	2,541,582	2,465,753
Materials, goods, supplies, and utilities	1,770,602	1,945,595	1,914,097
Bank charges and short term interest	1,000	8,234	57,232
Interest on long term debt	29,200	-	2,662
Other expenditures	394,001	544,467	535,637
	<u>7,617,323</u>	<u>8,022,666</u>	<u>7,703,376</u>
<b>CAPITAL</b>			
Purchase of physical assets	<u>5,648,012</u>	<u>2,278,555</u>	<u>974,795</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 13,265,335</b></u>	<u><b>\$ 10,301,221</b></u>	<u><b>\$ 8,678,171</b></u>

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2002

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

(b) Fund Accounting

Municipality funds consist of the operating, capital, and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account.

(c) Basis of Accounting

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures as disclosed in note 1(m).

(d) Financial Instruments

The Municipality of Crowsnest Pass' financial instruments consist of cash and temporary investments, receivables, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risk arising from these financial statements. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

(e) Temporary Investments

Temporary investments are stated at cost.

(f) Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the average cost method.

(g) Physical Assets

Physical assets, comprising capital property and inventories of materials and supplies are recognized as expenditures in the period they are acquired. Further, physical assets are carried on the statement of financial position at cost except for donated assets, which are recorded at estimated fair value when acquired.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2002

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Physical Assets

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

Physical assets for tax supported operations are not depreciated.

#### (h) Prepaid Local Improvements Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

#### (i) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from operating reserves are reflected as an adjustment to the operating fund while transfers to and/or from capital reserves are shown as an adjustment to capital equity.

#### (j) Over-Levies

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and shown as an operating expenditure.

In situations where the actual levy is less than the requisition amount, the resulting under-levy is not adjusted for in the financial statements.

Requisition mill-rates in the subsequent year are adjusted for any excess collections or under-levies of the prior year. Amounts previously accrued for excess collections are included in operating revenue.

#### (k) Equity in Physical Assets

Equity in physical assets represents the Municipality's net investment in its total physical assets after deducting long term capital borrowings and other capital liabilities.

# MUNICIPALITY OF CROWNEST PASS

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2002

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Government Transfers

Government transfers are recognized in the financial statements as revenues or capital finances acquired in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, and eligibility criteria have been met by the Municipality, and reasonable estimates of the amounts can be made.

#### (m) Pension

The Municipality participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

#### (n) Deferred Revenue

Deferred revenue represents grant and other funds received for which the corresponding expenditure has not been incurred. The deferred revenue will be taken into income when the corresponding expenditures have occurred, which is likely to occur in the ensuing fiscal year.

#### (o) 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.

### 2. CASH AND TEMPORARY INVESTMENTS

	<u>2002</u>	<u>2001</u>
Cash	\$ 563,283	\$ 401,332
Temporary investments	5,529,003	5,805,776
	<u>\$ 6,092,286</u>	<u>\$ 6,207,108</u>

The temporary investments are held in a RT Capital Management Unit Participation Fund. The investments earn varying interest rates throughout the year.

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2002</u>	<u>2001</u>
Current year	\$ 212,025	\$ 177,885
Arrears	78,115	129,347
	<u>\$ 290,140</u>	<u>\$ 307,232</u>

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2002

### 4. PHYSICAL ASSETS

	<u>2002</u>	<u>2001</u>
Land	\$ 767,266	\$ 535,820
Buildings	8,307,791	8,155,237
Engineering structures	31,824,220	30,202,582
Machinery, equipment and furnishings	6,794,982	6,584,005
Vehicles	1,894,967	1,833,027
	<u>\$ 49,589,226</u>	<u>\$ 47,310,671</u>

### 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:

	<u>2002</u>	<u>2001</u>
Beginning balance	\$ 1,047,639	\$ 433,198
Change in balance during the year	954,918	614,441
Ending balance	<u>\$ 2,002,557</u>	<u>\$ 1,047,639</u>

### 6. LONG TERM DEBT

	<u>2002</u>	<u>2001</u>
Community Savings demand loan, interest at prime, no specific terms of repayment. The overdraft limit is \$1,356,406.	\$ 467,375	\$ -
Less current portion	<u>(467,375)</u>	<u>-</u>
Current portion	<u>\$ -</u>	<u>\$ -</u>

# MUNICIPALITY OF CROWNEST PASS

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2002

### 7. RESERVES

Reserves for operating and capital activities changed as follows:

	2001	Increases	Decreases	2002
Administration	\$ 336,706	\$ -	\$ 15,566	\$ 321,140
Police, fire, disaster, ambulance and bylaw enforcement	200,079	50,000	45,872	204,207
Roads, streets, walks and lighting	183,073	-	14,905	168,168
Sanitary sewer equipment	280,000	-	-	280,000
Family Community Support Services	4,911	-	1,226	3,685
Land/housing	958,071	104,236	141,639	920,668
Recreational facilities	310,519	73,429	68,950	314,998
Electrical distribution	172,000	-	-	172,000
Millrate stabilization	517,958	-	-	517,958
	<u>\$ 2,963,317</u>	<u>\$ 227,665</u>	<u>\$ 288,158</u>	<u>\$ 2,902,824</u>

### 8. GOVERNMENT TRANSFERS

	Budget	2002 Actual	2001 Actual
<b>Federal transfers</b>			
Shared-cost agreements and grants	\$ 559,328	\$ -	\$ 49,683
<b>Provincial transfers</b>			
Shared-cost agreements and grants	3,177,200	1,402,770	884,511
<b>Local government transfers</b>			
Shared-cost agreements and grants	4,000	4,000	4,000
	<u>\$ 3,740,528</u>	<u>\$ 1,406,770</u>	<u>\$ 938,194</u>

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2002

### 9. 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)	2002 Total	2001 Total
Mayor Irwin	\$ 18,300	\$ -	\$ 18,300	\$ 12,287
Councillor Bellerose	-	-	-	5,475
Councillor Chorney	12,885	-	12,885	2,910
Councillor Cole	11,710	-	11,710	2,862
Councillor Littlewood	-	-	-	5,150
Councillor Marra	11,215	-	11,215	2,570
Councillor Montgomery	-	-	-	4,453
Councillor Prince	-	-	-	5,162
Councillor Rejman	11,365	-	11,365	8,334
Councillor Stanley	12,445	-	12,445	2,773
Councillor Sterling	11,840	-	11,840	2,638
Councillor Sygutek	-	-	-	5,138
	<u>\$ 89,760</u>	<u>\$ -</u>	<u>\$ 89,760</u>	<u>\$ 59,752</u>
Chief Administrative Officer	\$ 94,519	\$ 1,723	\$ 96,242	\$ 91,566

(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

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2002

### 10. 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.

The Municipality of Crowsnest Pass is required to make current service contributions to the Plan of 5.025% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 6.9% for the excess.

At December 31, 2001, the Plan disclosed an actuarial surplus of \$635.0 million.

### 11. 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>2002</u>	<u>2001</u>
Total debt limit	\$ 14,607,237	\$ 13,621,563
Total debt	<u>469,687</u>	<u>-</u>
Total unused debt limit	<u>\$ 14,137,550</u>	<u>\$ 13,621,563</u>
Debt servicing limit	\$ 2,434,540	\$ 2,270,260
Debt servicing	<u>469,687</u>	<u>-</u>
Amount of unused debt servicing limit	<u>\$ 1,964,853</u>	<u>\$ 2,270,260</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.

### 12. CONTINGENCY

The Municipality of Crowsnest Pass is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of 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.

### 13. COMPARATIVE FIGURES

Comparative figures for the 2001 year have been reclassified to conform with 2002 financial statement presentation.